greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

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Committee	Council
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Preliminary Finance report for the year ended 30 June 2012

1. Purpose

To inform the Council of Greater Wellington's preliminary financial performance for the year ended 30 June 2012 including WRC Holdings and to provide an explanation of major variances to budget by Group.

2. The decision-making process and significance

The matter requiring decision in the report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining considering of the decision-making process is required in this instance.

3. Background

Financial statements are prepared and presented to management for review each month. More detailed reports and review by operational Group are undertaken each quarter by the Chief Executive and the Chief Financial Officer.

This report is a summary of the year end detailed reports which are provided to Councillors. In the intervening months, reports to the Council are done by exception.

These accounts are preliminary as the final audit is yet to commence.

The results of the WRC Holdings are reported to the Council on a quarterly basis and are included in section 7.

The Funding Impact Statement and Balance Sheet for Greater Wellington are attached (refer **Attachments 1 and 2**).

4. Council Summary

Overall, the financial results for the year was favourable compared to budget. The organisation has delivered on the work programme outlined in the 2011/12 Annual Plan. These will be reported back in the 2011/12 Annual Report,

4.1 Council Financial Performance

4.1.1 Year ended 30 June

Greater Wellington achieved an operating surplus of $2,044k (budget, a deficit of $2,800k) for the year, a $4,844k favourable result. This result excludes revenue and expenditure for public transport capital improvement projects and revaluations. Including these amounts, Greater Wellington made a deficit of $7,878k (budget, a deficit of $12,203k), a favourable variance of $4,325k.

Of the total favourable variance ($4,325k) a significant portion is made up additional investment management income ($2,336k). The balance of the variance ($1,989k) is 1% of total operational revenue. This represents an excellent result relative to budget.

Further details on the performance by Group for the year are discussed in section 5.

4.1.2 Financial Summary

Greater Wellington Regional Council	For the year ended 30 June 2012			
Summary income statement	**Actual**	**Budget**	**Variance**	**Last Year**
	$000s	**$000s**	**$000s**	**$000s**
Regional rates	84,629	84,852	(223)	81,933
Water supply levy	24,164	24,164	-	23,460
Other operating revenue	89,761	87,456	2,305	84,201
Total operating revenue	**198,554**	**196,472**	**2,082**	**189,594**
Operational expenditure	(196,510)	(199,272)	2,762	(184,445)
Operating surplus/(deficit) before transport improvements	**2,044**	**(2,800)**	**4,844**	**5,149**
Operating (deficit) from transport improvements	(9,618)	(47,026)	37,408	(7,458)
Operating surplus/(deficit) before unrealised items	**(7,574)**	**(49,826)**	**42,252**	**(2,309)**
Non-operational movements	(304)	37,623	(37,927)	15,850
Operating surplus/(deficit)	**(7,878)**	**(12,203)**	**4,325**	**13,541**

4.1.3 Financial Summary by Group

Greater Wellington Regional Council Summary income statement	Actual $000s	Budget $000s	Variance $000s	Last Year $000s
	For the year ended 30 June 2012			
Operational Groups				
Catchment Management	3,885	3,192	693	3,580
Environmental Management	(49)	96	(145)	(27)
Forestry	(1,488)	(1,534)	46	(368)
Regional Parks	(266)	(223)	(43)	(223)
Public Transport	(803)	(1,774)	971	(1,750)
Total rates funded operational surplus / (deficit)	**1,279**	**(243)**	**1,522**	**1,212**
Corporate				
Strategy & Community Engagement	878	577	301	315
Finance and Support	(274)	(964)	690	1,102
Other corporate activities	367	170	196	48
Investment Management	13,757	11,421	2,336	9,941
Business unit rates contribution	(10,434)	(10,433)	(1)	(6,550)
Total rates funded operating surplus / (deficit)	**5,572**	**528**	**5,044**	**6,068**
Water	(3,528)	(3,328)	(200)	(919)
Total rates & levy funded operating surplus / (deficit)	**2,044**	**(2,800)**	**4,844**	**5,149**
Non-operational movements				
Revaluation of debt and stadium advance	(8,384)	(290)	(8,094)	(4,036)
Revaluation of forestry	2,683	1,400	1,283	8,162
NZ emission units (carbon credits)	1,960		1,960	
Forestry cost of goods sold	(521)	(467)	(54)	(1,899)
Warm Greater Wellington	-	(2,801)	2,801	282
EMU investment - GW Rail	3,958	39,781	(35,823)	13,341
Public Transport - improvements	(9,618)	(47,026)	37,408	(7,458)
Total Council surplus / (deficit)	**(7,878)**	**(12,203)**	**4,325**	**13,541**

4.2 Capital expenditure

4.2.1 Capital expenditure by Group

Capital expenditure was $10,679k below budget for the year. This is primarily due to the extended rollout of the Real Time Information system and significant savings and project timings in the Water Supply capital programme (Savings on the Stuart Macaskill lakes upgrades and the deferral of the land purchase for the 3rd storage lake).

Details by Group are discussed in section 5

Greater Wellington Regional Council Capital expenditure by Group	For the year ended 30 June 2012			
	Actual $(000)'s	Budget $(000)'s	Variance $(000)'s	Last Year $(000)'s
Operational Groups				
Catchment Management	7,100	5,553	(1,547)	4,256
Environmental Management	348	369	21	178
Forestry	221	360	139	414
Regional Parks	426	512	86	194
Public Transport	2,460	3,990	1,530	3,334
Operational Groups capital expenditure	**10,555**	**10,784**	**229**	**8,376**
Corporate				
Strategy & Community Engagement	1,103	1,332	229	178
Finance and Support	421	1,072	651	660
Other corporate activities	645	958	313	93
Investment Management	499	2,424	1,925	252
Total rates funded capital expenditure	**13,223**	**16,570**	**3,347**	**9,559**
Water Supply	9,360	16,692	7,332	7,393
Total rates & levy funded capital expenditure	**22,583**	**33,262**	**10,679**	**16,952**

5. Financial Performance by Group

5.1 Catchment management

Financial Summary	For the year ended 30 June 2012			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	29,962	30,136	(174)	24,592
Operating expenditure	26,077	26,944	867	21,012
Operating surplus / (deficit)	3,885	3,192	693	3,580
Net capital expenditure	7,100	5,553	(1,547)	4,256

5.1.1 Year to date

A favourable operating variance of $693k, comprising lower revenue of $174k and lower operating costs of $867k.

- Operating revenue was lower than budget due mainly to:
  - Reduced gravel, NZTA and isolated works external revenue of $214k for Flood Protection.
- Operating expenditure was lower than budget due mainly to:

- Reduced Western River maintenance in Hutt and Kapiti which resulted in reduced expenditure of $294k.
- Lower levels of drainage maintenance required which resulted in lower expenditure of $77k.
- Biodiversity programmes were $340k below budget due to timing of QEII, Key Native Ecosystem and pest control operations for Parks. Work has been re-budgeted to the 2012/13 year.

- Capital expenditure was $1,547k ahead of budget, primarily due to:
  - Expenditure on Boulcott was $532k above budget as the programme has been brought forward
  - Chrystalls expenditure was $366k above budget for land acquisition ahead of schedule.
  - LWVD stopbank and land acquisition expenditure was $368k above budget as the programme has been brought forward

5.2 Environmental management

Financial Summary	For the year ended 30 June 2012			
	Actual	Budget	Variance	Last Year
	$000s	$000s	$000s	$000s
Operating revenue	13,544	12,472	1,072	12,476
Operating expenditure	13,593	12,376	(1,217)	12,503
Operating surplus / (deficit)	(49)	96	(145)	(27)
Net capital expenditure	348	369	21	178

5.2.1 Year to date

Overall, an unfavourable operating variance of $145k, comprising higher revenue of $1,072k and higher expenditure of $1,217k.

- Operating revenue was higher than budget primarily due to:

- Additional invoicing by the consents team which resulted in a favourable variance of $832k. This invoicing includes on-charging of consultants costs of around $800k.
- There was additional external income of $136k from contributions towards ambient coastal monitoring as well as recovery of costs for staff who assisted with the Rena effort.

- Operating expenditure was more than budget due mainly to:

- Materials spend is $348k more than budget and includes spend which was budgeted under consultants in Environmental Monitoring.

- Consultants spend $768k more than budget due to projects getting underway earlier than was planned. In addition costs have been incurred in the Regulation department which have been on-charged to the consent applicants as discussed in external income above.

- Capital expenditure was in line with budget.

5.3 Forestry

Financial Summary	For the year ended 30 June 2012			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	6,824	6,639	185	7,415
Operating expenditure	8,312	8,173	(139)	7,783
Operating surplus / (deficit) before non cash movements	(1,488)	(1,534)	46	(368)
Cost of goods sold*	(521)	(467)	54	(1,899)
NZ emission units (carbon credits)	1,960	-	1,960	-
Forestry valuation	2,683	1,400	1,283	8,162
Operating surplus / (deficit)	2,634	(601)	3,235	5,895
Net capital expenditure	221	360	139	414

* cost of goods sold is a non cash accounting adjustment

5.3.1 Year to date

- A favourable operating variance of $46k, prior to non cash movements due to:

- Operating revenue was higher than budget primarily due to:

  - Higher operating revenue of $185k primarily due to increased volume of logging than was planned and the sale of Greater Wellington's interest in the Spicer Forest joint forestry venture to Wellington and Porirua City councils.

- Operating expenditure was more than budget due mainly to:

  - Increased operating expenditure (harvesting and cartage) of $141k due to increased volume of logging.

  - The unfavourable non-cash variance for cost of goods sold of $54k reflects the higher volume logged this gives a higher cost of goods sold.

The movement of the forestry valuation was higher than expected.

The Council also recognised the fair value of the NZ emission units (carbon credits) received under the Emission Trading Scheme for our forestry holdings of $1,960k.

5.4 Regional Parks

Financial Summary	**For the year ended 30 June 2012**			
	Actual	**Budget**	**Variance**	**Last Year**
	$000s	**$000s**	**$000s**	**$000s**
Operating revenue	5,990	5,898	92	7,011
Operating expenditure	6,256	6,121	(135)	7,234
Operating surplus / (deficit)	(266)	(223)	(43)	(223)
Net capital expenditure	426	512	86	194

5.4.1 Year to date

- An unfavourable operating variance of $43k, due to higher expenditure in relation to:
  - Personnel costs which were $52k over budget. Unbudgeted restructuring costs have been partially offset by savings from vacancies.
  - Materials costs were also $98k over budget.
  - The above was offset by increased revenue of $92k.
- Capital expenditure was below budget due primarily to:
  - Delays in carrying out upgrade work due to poor weather conditions and timing of asset acquisitions.

5.5 Public transport

Financial Summary	For the year ended 30 June 2012			
	Actual	Budget	Variance	Last Year
	$000s	$000s	$000s	$000s
Operating revenue	90,735	91,800	(1,065)	84,550
Operating expenditure	91,538	93,574	2,036	86,300
Operating surplus / (deficit)	(803)	(1,774)	971	(1,750)
Net capital expenditure	28	32	4	37

5.5.1 Year to date

A favourable operating variance of $971k, comprising lower expenditure of $2,036k and reduced revenue of $1,065k.

- Operating revenue was $1,065k below budget due to:
  - Grants and subsidies revenue was $1,700k below budget which reflects the reduction in operational expenditure for the year
  - SuperGold card revenue was $400k above budget because of increased patronage, revenue fully funds expenditure
  - External revenue from Greater Wellington Rail Limited (GWRL) was $200k above budget because of higher administration costs. These are reimbursed to GWRL as grant expenditure.
- Operating expenditure is $2,036k below budget primarily due to:
  - Rail contract expenditure was $2,900k below budget primarily because of lower labour costs coupled with increased fare revenue through a higher than budgeted average fare recovery.
  - Rail network access charges was $200k below budget because of lower incident costs
  - Rolling stock maintenance expenditure was $900k above budget primarily because the Ganz Mavag units are running more kilometres than anticipated resulting in increased maintenance costs.
  - Rail insurance expenditure was $700k above budget due an increase in premiums.
  - SuperGold card expenditure was $400k above budget. This scheme is 100% funded by NZTA and any increased expenditure is offset by increased subsidy revenue.

5.6 Public transport improvement projects

Financial Summary	For the year ended 30 June 2012			
	Actual	Budget	Variance	Last Year
	$000s	$000s	$000s	$000s
Operating revenue	120,820	128,090	(7,270)	116,365
Operating expenditure	130,438	175,116	44,678	123,823
Operating surplus / (deficit)	(9,618)	(47,026)	37,408	(7,458)
External debt revaluation gains /(loss)	(1,337)	-	(1,337)	(1,238)
Operating surplus / (deficit)	(10,955)	(47,026)	36,071	(8,696)
Net capital expenditure	2,583	3,968	1,385	3,159

5.6.1 Year to date

Overall a favourable operating variance of $37,408k (prior to debt revaluations). This comprised lower expenditure of $44,678k and reduced revenue of $7,270k.

- Operating expenditure was lower than budget due to:
  - Expenditure on the Matangi trains being $28,000k behind budget and reflects changes to the timing of payments.
  - Expenditure on rail stations and car park renewal is $600k behind budget due to timing.
  - There was no expenditure on Ganz Mavag refurbishment resulting in an under spend of $12,000k. Greater Wellington is fully considering the available options.
- Capital expenditure was $1,385k below budget mainly due to delays associated with the Real Time Information Systems project.

5.7 Strategy & Community Engagement

Financial Summary	For the year ended 30 June 2012			
	Actual	Budget	Variance	Last Year
	$000s	$000s	$000s	$000s
Operating revenue	10,427	10,675	(248)	8,972
Operating expenditure	9,549	10,098	549	8,657
Operating surplus / (deficit)	878	577	301	315
Net capital expenditure	1,103	1,332	229	178

5.7.1 Year to date

Overall, a favourable operating variance of $301k, comprising lower expenditure of $425k and lower revenue of $248k.

- Operating revenue was lower than budget due to:
  - Reduced grant revenue from NZTA due to lower expenditure on projects that receive funding.
- Operating expenditure was lower than budget due to:
  - Reduced expenditure on the PT Spine Study of $108k. The milestone payments for the study have changed due to delays in the initial stages of the project. With some payments now falling due in the next financial year, $108k was re-budgeted.
  - Reduced expenditure on Iwi Projects and GW capacity training of $122k to date.
  - Overall the group has also had savings in personnel costs of $231k due to vacancies in various departments.
- Capital expenditure was $229k below budget. This variance was mainly related to savings in development costs for the transport model.

5.8 Finance and Support

Financial Summary	**For the year ended 30 June 2012**			
	Actual	**Budget**	**Variance**	**Last Year**
	$000s	**$000s**	**$000s**	**$000s**
Operating revenue	7,807	7,763	44	9,108
Operating expenditure	8,081	8,727	646	8,006
Operating surplus / (deficit)	(274)	(964)	690	1,102
Net capital expenditure	421	1,072	651	660

5.8.1 Year to date

Overall, a favourable operating variance of $690k comprising higher revenue of $44k and lower expenditure of $646k.

- Operating expenditure was lower than budget due to:
  - Savings in personnel costs of $221k due to vacancies throughout the year.
  - Network operations have made savings on software licensing while the applications team also made savings by completing projects in-house.

- Capital expenditure was $651k lower than budget due to delaying the PC desktop refresh due to the need to fully assess the technical options available. This project has been rebudgeted to 2012/13.

5.9 People and Capability

Financial Summary	For the year ended 30 June 2012			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	6,145	6,124	21	5,535
Operating expenditure	5,993	6,073	80	5,627
Operating surplus / (deficit)	152	51	101	(92)
Net capital expenditure	149	107	(42)	93

5.9.1 Year to date

Overall, a favourable operating variance of $101k due to lower expenditure of $80k and slightly higher revenue.

- Operating expenditure was lower than budget due to:
  - Savings in materials costs related to projects which started later than planned.
- Capital expenditure for the year was $42k ahead of budget. This relates to the re-fit of level 5.

5.10 Development Group

Financial Summary	For the year ended 30 June 2012			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	1,450	975	475	909
Operating expenditure	1,413	931	(482)	870
Operating surplus / (deficit)	37	44	(7)	39
Net capital expenditure	443	815	372	-

5.10.1 Year to date

Overall, an unfavourable operating variance of $7k due to higher expenditure of $482k and higher revenue of $475k.

- Operating revenue was higher than budget due to:

- unbudgeted recoveries from TA's for their share of the Regional CDEM Manager

- Irrigation Acceleration Fund grant for the Wairarapa Water Use Project (WWUP)

- Operating expenditure was higher than budget due to:
  - Costs associated with setting up and finalising the CDEM structure.
  - WWUP operational expenditure due to external funding for project

- Capital expenditure for the year is $372k behind budget due to:
  - Costs related to vehicle replacements were slightly delayed.
  - Grant revenue reducing the net capital spend for the WWUP.

5.11 Investment management

Financial Summary	For the year ended 30 June 2012			
	Actual $000s	Budget $000s	Variance $000s	Last Year $000s
Operating revenue	9,685	7,083	2,602	7,159
Operating expenditure	(4,072)	(4,338)	(266)	(2,782)
Operating surplus / (deficit)	13,757	11,421	2,336	9,941
Net capital expenditure	496	2,424	1,928	252

5.11.1 Year to date

- Operating revenue is $2,602k ahead of budget due to:
  - Increased interest revenue from money market investments which was $1,600k higher than budget.
  - Dividend and subvention revenue was $1,000k ahead of budget.

- Net operating expenditure recoveries were $266k less than budget. This is mainly due to net of external interest ($1,300 k lower) being offset by lower internal debt interest recovery ($1,689k lower); as there was lower capital expenditure by other Groups.

5.12 Investment management – Non operational movements

Financial Summary	**For the year ended 30 June 2012**			
	Actual $000s	**Budget $000s**	**Variance $000s**	**Last Year $000s**
Investment - GW Rail	3,958	39,781	(35,823)	13,341
Valuation Movements	(7,050)	(288)	(6,762)	(2,798)
Operating surplus / (deficit)	(3,092)	39,493	(42,585)	10,543

5.12.1 Year to date – Matangi investment

An unfavourable variance of $42,585k was due mainly to the timing of the grant from the Public Transport Group to fund the share capital of Greater Wellington Rail. The fair value movement of assets was $6,762k unfavourable due to an adverse fair value of the swap portfolio and Stadium Advance.

5.13 Warm Greater Wellington

Financial Summary	**For the year ended 30 June 2012**			
	Actual $000s	**Budget $000s**	**Variance $000s**	**Last Year $000s**
Operating revenue	371	532	(161)	38
Operating expenditure	371	3,333	2,962	(244)
Operating surplus / (deficit)	-	(2,801)	2,801	282
Net capital expenditure	23	-	(23)	-

5.13.1 Year to date

In the Annual plan the expenditure was treated as operational expenditure. At year end 30 June 2011 it was determined that the correct accounting treatment was to treat the expenditure as a current asset which is released to the income statement in line with the rates recoveries made over the life of the project.

The programme is designed to be cost neutral to ratepayers not participating in the scheme. As the programme advances rate revenue will reduce the programmes debt.

The asset addition is for software to manage the individual accounts

Warm Wellington advances of $5.9 million were very close to the extended budget of $6 million per annum. In the annual plan the budget was $3 million per year.

5.14 Water

Financial Summary	For the year ended 30 June 2012			
	Actual	**Budget**	**Variance**	**Last Year**
	$000s	**$000s**	**$000s**	**$000s**
Operating revenue	27,401	27,299	102	27,051
Operating expenditure	30,929	30,627	(302)	27,970
Operating surplus / (deficit)	(3,528)	(3,328)	(200)	(919)
Net capital expenditure	9,360	16,692	7,332	7,393

5.14.1 Year to date

Overall an unfavourable operating variance of $200k compared to budget.

- Operating revenue was $102k higher than budget due to unbudgeted revenue from Vector and Citilink cable duct leases.
- Operating expenditure was $302k higher than budget due to:
  - Insurance premiums being $285k more than was expected due to the increases of premiums following the Christchurch earthquakes.
- Capital expenditure was $7,332k under budget due to:
  - Savings on the work carried out to date on the Stuart Macaskill Lakes amounted to $1,904k.
  - Purchase of land for lake 3 has been postponed whilst options are further reviewed. $4 million has been rebudgeted to 2012/13.

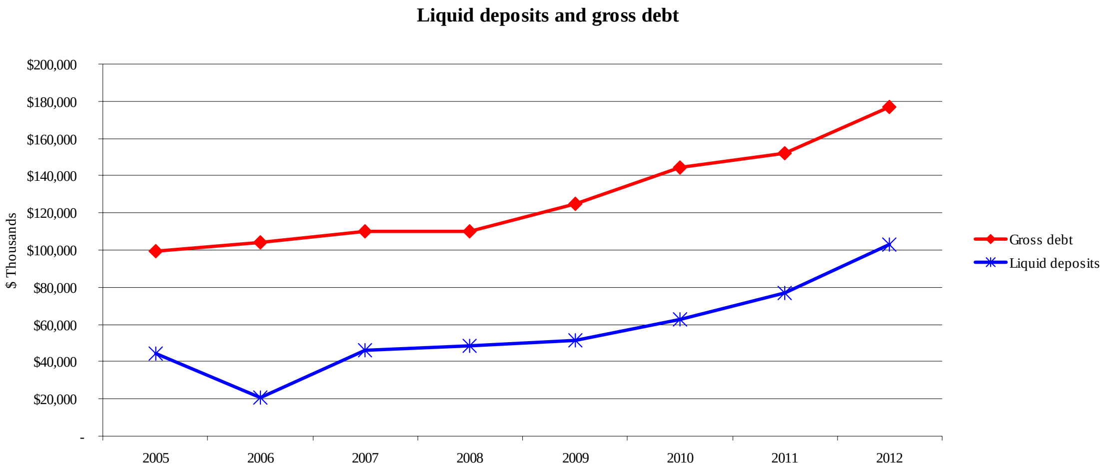
5.15 Finance costs

Finance Costs	For the year ended 30 June 2012			
	Actual	**Budget**	**Variance**	**Last Year**
	$000s	**$000s**	**$000s**	**$000s**
	7,233	8,533	1,300	5,424

5.16 Year to date

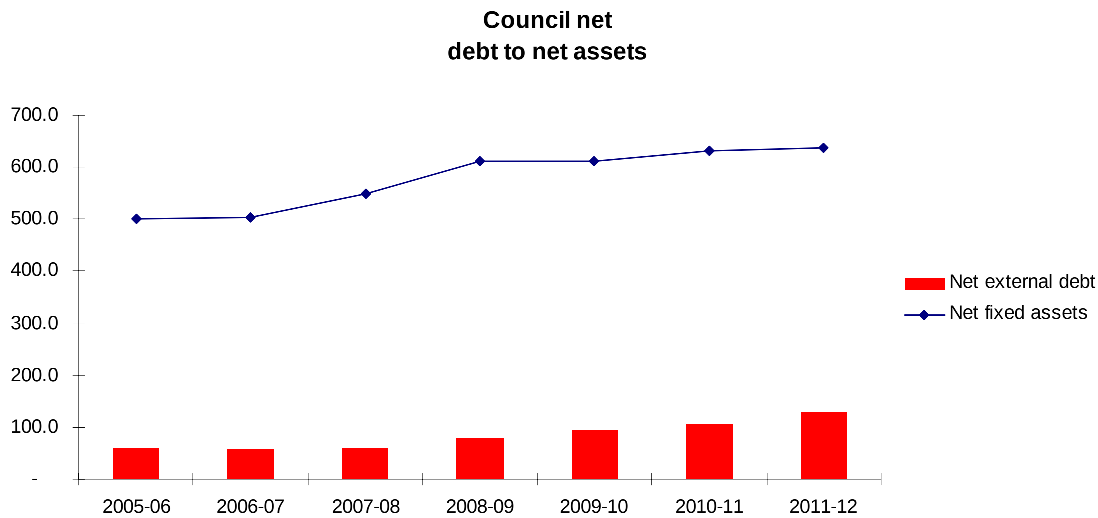
Overall finance costs are lower than budget due to reduced capital expenditure and favourable interest rates.

5.17 Deposits and debt



This graph represents Greater Wellington and WRC Holdings Ltd combined debt position and cash deposits.

Greater Wellington's debt, including WRC Holdings, was $171 million at 30 June 2012, compared with $152 million on 30 June 2011, including debt revaluations of $8.5 million downwards. The debt level is higher than 30 June 2011 due to capital expenditure during the year but offset by funding received in advance for the Matangi trains. This debt excludes CentrePort debt.



Greater Wellington had $81 million on deposit at 30 June, composed of $54.9 million of contingency funds, with the balance due to revenue in advance for the Matangi trains and working capital cash timing differences.

5.18 Stadium debt

In June 2007 the Council approved the restructuring of the Stadium debt of $18,985,000, which had been borrowed from the ANZ at a fixed interest rate of 8.55% until 2018.

Currently, an interest rate swap is in place from February 2012 until early 2018 to fix the base borrowing rate at 5.75% plus the recent LGFA lending margin, to bring the total new rate to 6.98%. Significant savings continue to result from this debt restructure.

The balance of this loan at 30 June 2012 was $11,528,355.

6. WRC Holdings

6.1 Financial result for the Parent

The following table summarises the preliminary unaudited WRC Holdings parent results for the period ending 30 June 2012.

7. Financial Results for the Parent WRC Holding Limited

WRC HOLDINGS LIMITED	**YTD as at 30 June**			**Last Year**
INCOME STATEMENT	**Actual**	**Budget**	**Variance**	**Actual**
FOR THE PERIOD ENDED 30 June 2012	**$000**	**$000**	**$000**	**$000**
REVENUE				
Interest income	1,777	2,096	(319)	1,934
Dividends	2,228	2,419	(191)	1,337
Other income	-	-	-	-
TOTAL OPERATING REVENUE	**4,005**	**4,515**	**(510)**	**3,271**
OPERATING EXPENSES	116	141	(25)	116
EARNINGS BEFORE INTEREST AND TAX	**3,889**	**4,374**	**(485)**	**3,155**
Interest expense	(1,797)	(2,070)	273	(1,952)
Taxation expense	-	-	-	-
NET SURPLUS (DEFICIT) AFTER TAX	**2,092**	**2,304**	**(212)**	**1,203**
Unrealised revaluations gain - Swaps	(340)	(114)	(226)	(654)
Write up (down) of Investment in Subsidary	(4,805)	-	(4,805)	(1,129)
NET SURPLUS (DEFICIT) FOR THE YEAR	**(3,053)**	**2,190**	**(5,243)**	**(580)**

WRC Holdings achieved a net bottom line deficit for the year of $3,053,000. This result was adverse to budget by $5,243,000 primarily due to the $4,805,000 write-down in the value of Pringle House Limited and an adverse movement of $226,000 in our swaps valuation. This is offset by a favourable operating variance of $25,000.

The dividend income is $191,000 unfavourable as Pringle House profit of $967,000 has all been treated as a subvention payment and credited to Council directly than via WRC Holdings. A $1 million subvention payment from CentrePort has also been paid directly to Council.

Interest income and expense are both down on budget due to interest rates being lower than budget.

CentrePort has yet to provide its final result for the year ended 30 June; consequently results for the group for 30 June 2012 are presently unavailable.

8. Compliance with Treasury Management Policy

All ratios for the Treasury Management Policy are in compliance at 30 June 2012.

The maturity profile of total external debt, less liquid financial investments previously had insufficient maturities in the 3-5 year band.

This has now been resolved as previously indicated, now that $26.5 million of Crown loans have moved out of the >5 year band into the3-5 year band.

Refer to **Attachment 3** for the detailed ratios.

9. Communication

No communications are necessary at this time.

10. Recommendations

That the Council:

1. ***Receives** the report.*

2. ***Notes** the content of the report are preliminary and subject to final audit.*

Report prepared by:	Report approved by:
Chris Gray Manager, Finance & Support	Bruce Simpson Chief Financial Officer

Attachment 1: Funding Impact Statement

Attachment 2: Balance Sheet

Attachment 3 Compliance with Treasury Risk Management