

Waitakere City Council

Operating and Capital Expenditure Summary for April 2008

83.33% of the Year

Details	Actual Cost to Date	Percentage Spent (%)	Budget Provision
Net Operating Cost			
Executive Suite	2,246,879	101.5%	2,213,000
Public Affairs	4,188,226	84.3%	4,970,000
Quality Assurance & City Development	781,202	40.2%	1,944,000
Finance	2,030,164	86.7%	2,342,000
Corporate & Civic Services	25,033,261	86.6%	28,915,000
Strategy Unit	7,458,418	64.4%	11,581,000
City Services			
Service Management	3,417,114	59.8%	5,710,000
Customer Services & Cemetery	2,774,640	96.5%	2,876,000
Project Services	45,937	64.7%	71,000
Planning & Community Services	5,481,918	62.1%	8,833,000
Regulatory Service - Consents	436,608	38.7%	1,129,000
Asset Management	49,830,726	78.7%	63,320,000
Total City Services	61,986,943	75.7%	81,939,000
Interest Provision (Excludes Water Supply)	15,356,706	84.8%	18,101,000
Aotea Centre Levy	0	0.0%	82,000
ARC Rates	263,874	188.5%	140,000
Museum Levy	1,949,311	100.0%	1,949,000
Beacon Funding	200,000	100.0%	200,000
Zoo Levy	26,000	96.3%	27,000
MOTAT	662,100	100.0%	662,000
Total Net Operating Cost	122,183,084	78.8%	155,065,000
Net Capital Expenditure			
Public Affairs	92,317	2.7%	3,427,000
Quality Assurance & City Development	2,089	0.0%	26,741,000
Corporate & Civic Services	9,417,174	16.2%	58,239,000
Strategy Unit	0	0.0%	2,000,000
Finance			
City Services			
Service Management - Solid Waste	157,138	22.4%	700,000
Customer Services & Cemetery	862,699	56.4%	1,530,000
Project Services	694,795	49.3%	1,410,000
Planning & Community Services	6,763,191	53.8%	12,562,000
Regulatory Service - Consents	0	0.0%	505,000
Asset Management	45,674,394	39.1%	116,755,000
Total City Services	42,188,301	31.6%	133,462,000
Total Net Capital Expenditure	63,663,797	28.4%	223,869,000
Total Net Council Costs	185,846,881	49.0%	378,934,000

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Waitakere City Council

Special Funds as at 30 April 2008

Special Fund	Opening Balance	Receipts and Transfers	Expenditure / Grants	Interest Receipts	Interest Allocation	Closing balance	Committed Expenditure	Estimated Year End Balance
Restricted Funds								
Community Sport Fund (Note 1)	810,771.19	34,147.47	(36,270.00)	1,981.24	49,553.34	860,183.24	(6,730.00)	851,453.24
Auckland Regional Services Trust	839,179.11		(264,445.00)			574,734.11	(264,445.00)	310,289.11
Land Subdivision Reserve Fund	7,965,307.00	5,664,579.69	(951,497.74)			12,678,388.95	(1,430,502.26)	11,247,886.69
Waikomete Cemetery & Park Fund	1,356,872.13	80,000.00	(72,754.44)			1,364,117.69	(102,245.56)	1,261,872.13
Harbourview Oranghina Fund	988,104.97				60,532.93	1,048,637.90		1,048,637.90
Total Restricted Funds	11,960,234.40	5,778,727.16	(1,324,967.18)	1,981.24	110,086.28	16,526,061.90	(1,805,922.82)	14,720,139.08
Non Restricted Funds								
Waitemata Asset Acquisition Fund	93,071.44					93,071.44		93,071.44
Disaster Recovery Fund	2,497,271.90					2,497,271.90		2,497,271.90
Rural Fire Recovery Fund	9,916.01					9,916.01		9,916.01
Quarry Aftercare Fund	955,172.78	95,833.33				1,051,006.11		1,051,006.11
Testing Station Plant Renewal Fund	30,000.00					30,000.00		30,000.00
Community Wellbeing Fund	646,947.76		(30,000.00)		34,550.88	651,498.64		651,498.64
Total Non Restricted Funded	4,232,379.89	95,833.33	(30,000.00)		34,550.88	4,332,764.10		4,332,764.10
Total Special Funds	16,192,614.29	5,874,560.49	(1,354,967.18)	1,981.24	144,637.15	20,858,826.00	(1,805,922.82)	19,052,903.18

Note 1 - Balance of outstanding loans as at 1 July 2007

Glen Eden Tennis Club	5,138
Oratia District School	7,351
Samanaki Tuvalu Pre-School	2,344
Waitakere Badminton Association (Loan 3)	66,691
Waitakere City Association Football Club	13,381
Waitakere City Association Football Club 2	17,197
Waitakere City Rackets Sports Trust	27,020
Total	139,122

Less: Receipts to date as per above

(34,147)

Balance as at 30 April 2008

104,975

**WAITAKERE CITY COUNCIL ESTIMATED DEBT PORTFOLIO AT
30 April 2008**

	TERM DEBT (to fund long term assets)	(\$'000's)
<i>Budget year end term debt position per 2007/2008 Annual Plan</i>	Approved Annual Plan term debt	466,418
	Further term debt approved by Council during 2007/2008	-
	Budget 2007/2008 year end gross term debt	466,418
	Less Current and future funding for strategic land acquisitions	115,763
	Forecast year end Sinking Fund Commissioner funds	-
	Anticipated 2007/2008 Year End Net Term Debt	350,655

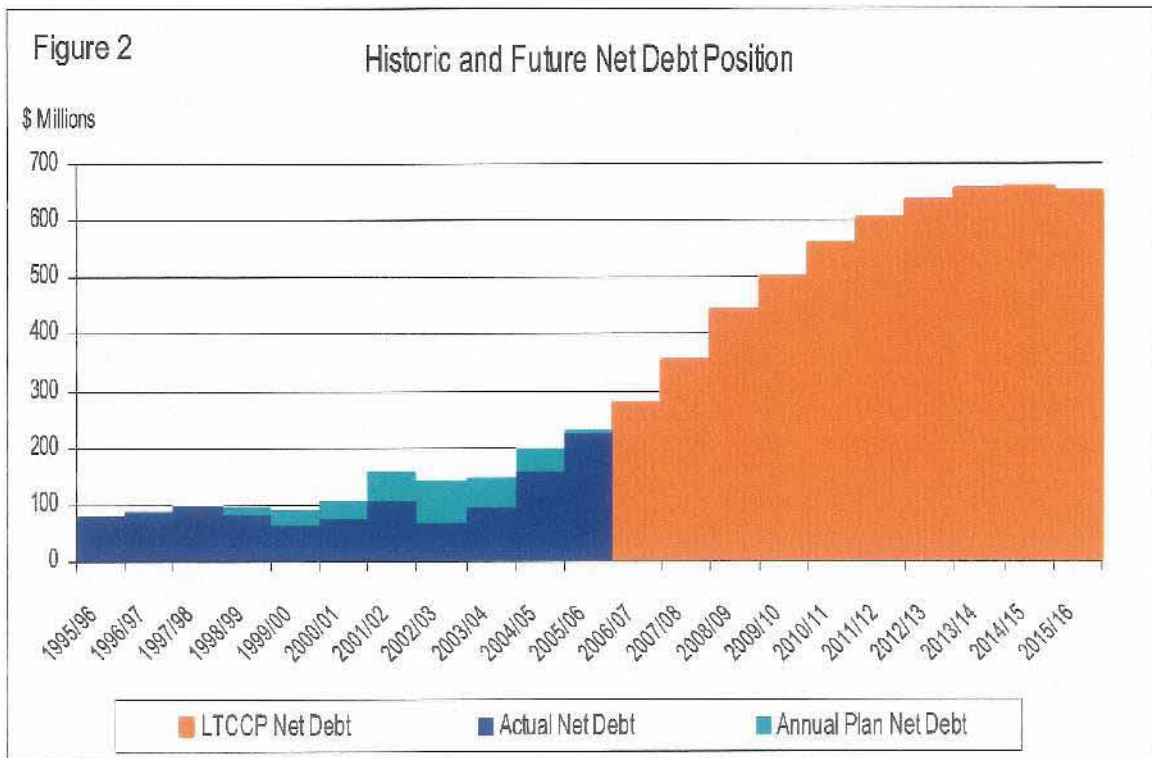
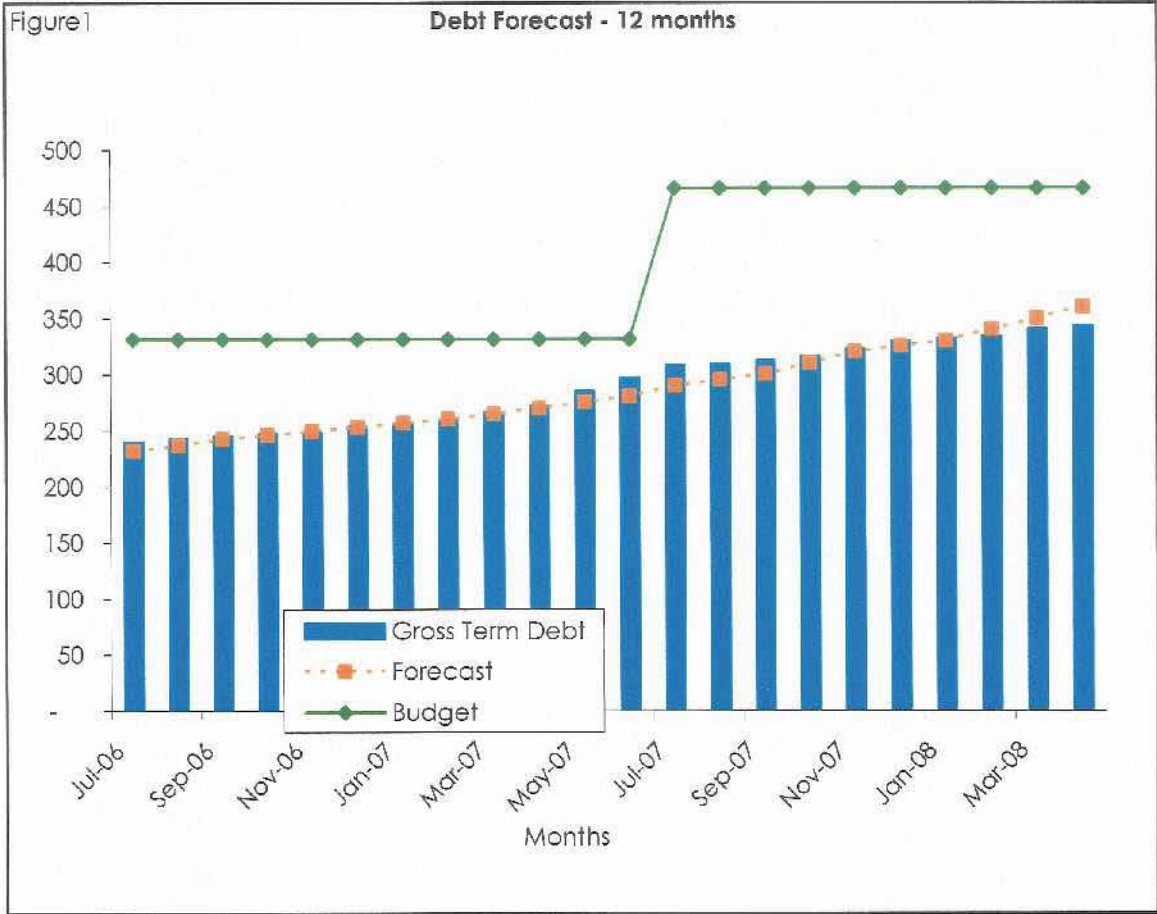
	April 08 Estimated (\$'000's)	March 08 Estimated (\$'000's)	
TERM DEBT PORTFOLIO			
<i>Term debt position at 30 April 2008</i>	Term debt borrowed externally	348,784	346,025
	Special funds (used to reduce Council's external borrowing)	0	259
	Gross term debt	348,784	346,284
	Total Sinking Fund Commissioner assets	-	-
	Net term debt	348,784	346,284

<i>Term debt - source of funds at 30 April 2008</i>	Debenture stock - fixed rate (security: Debenture Trust Deed)	108,500	108,500
	Debenture stock - floating rate (security: Debenture Trust Deed)	205,025	205,025
	Secured bank loans (security: Debenture Trust Deed)	35,000	15,000
	Unsecured bank loans / (investments)	259	17,500
	External borrowing	348,784	346,025
	Special funds (used to reduce Council's external borrowing)	0	259
	Gross term debt requirement	348,784	346,284

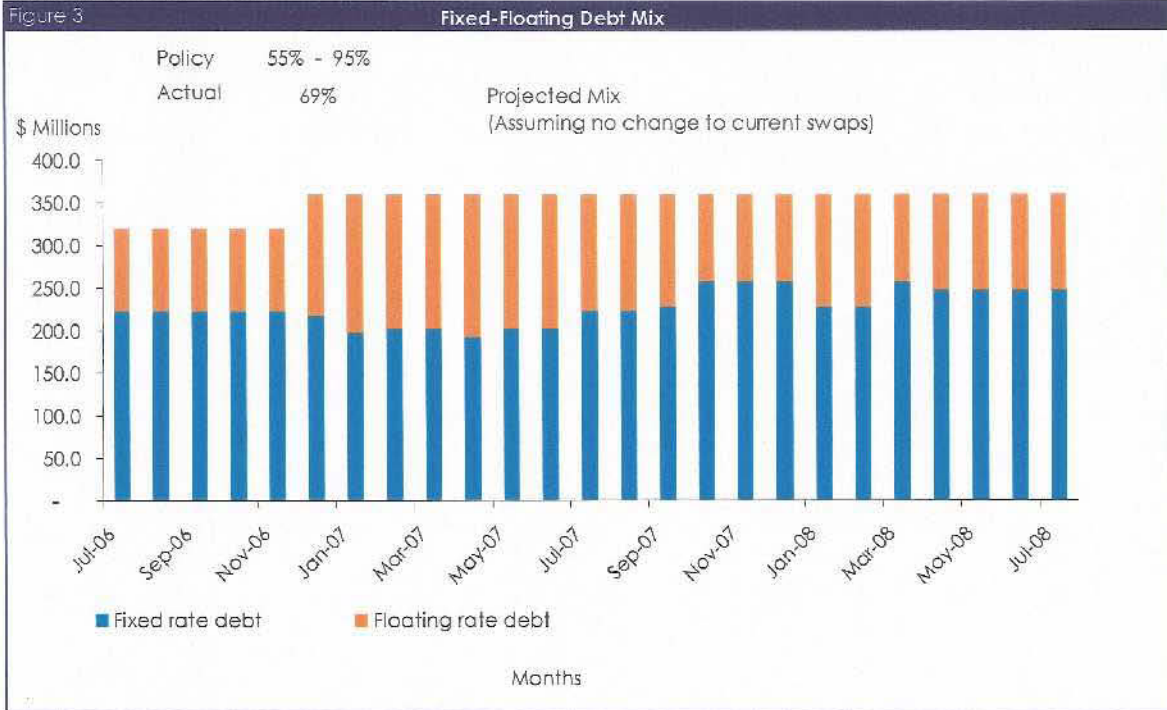
	(\$'000's)	(\$'000's)	
WORKING CAPITAL			
<i>Working capital borrowing at 30 April 2008</i>	Unsecured bank loans / (investments)	14,741	-
	Special funds (used to reduce Council's external borrowing)	20,859	20,098
	Council working capital borrowing requirement	35,600	20,098

	(\$'000's)	(\$'000's)	
CASH INVESTMENTS			
<i>Cash investments held 30 April 2008</i>	Other Cash Investments	-	-
	Total cash investments	-	-

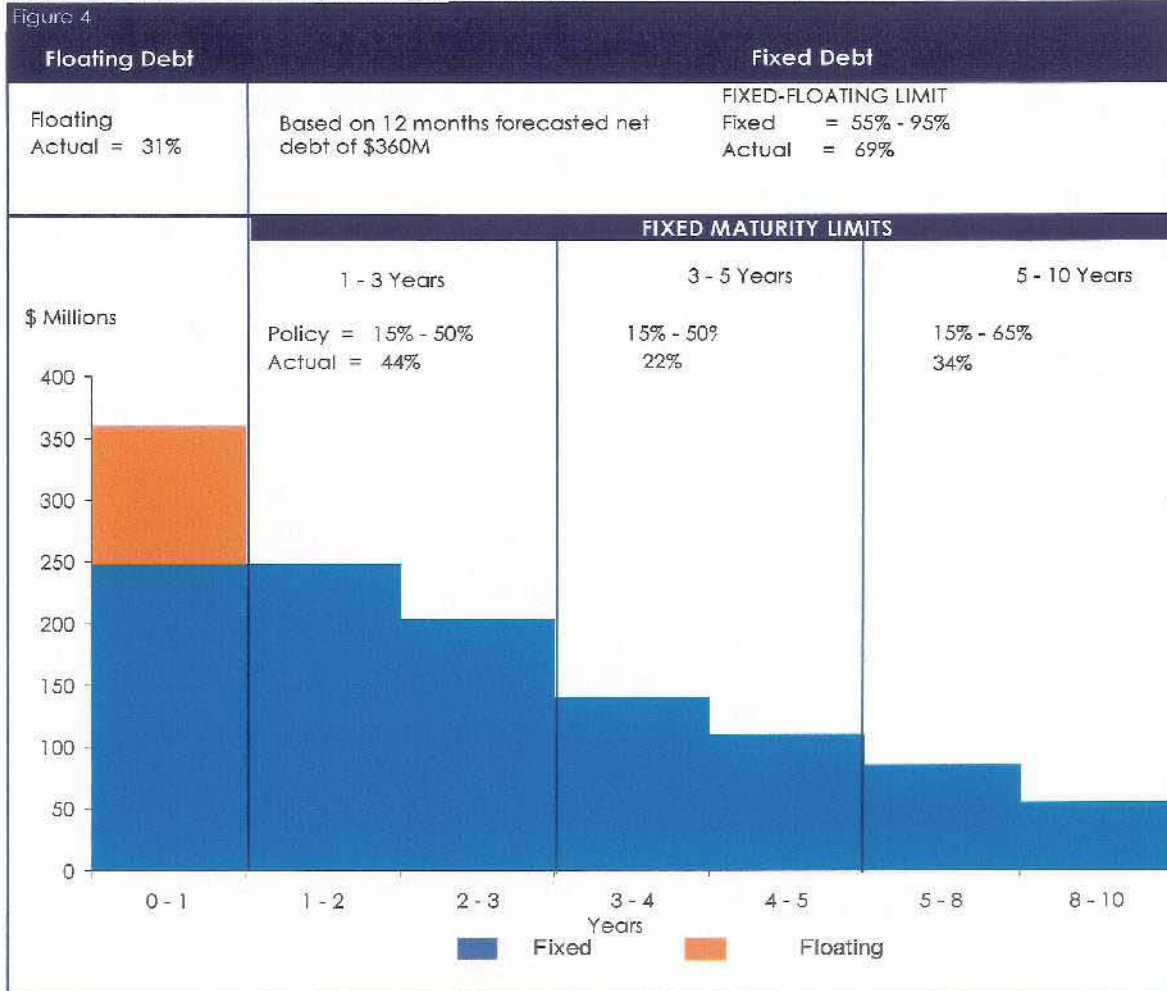
Debt Forecast



Fixed-Floating Debt Mix



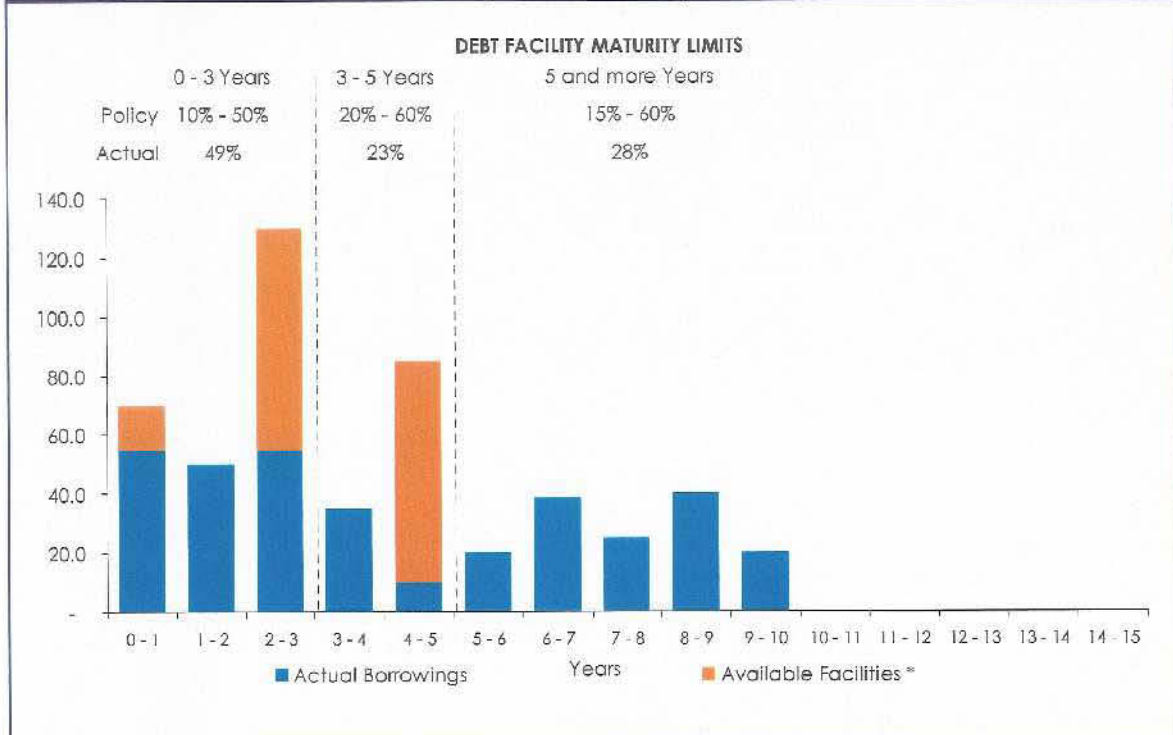
Net Interest Rate Repricing Risk Profile



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Figure 5

Funding Risk: Debt Maturity Profile



* Council is in the unique position of having \$185 million committed funding facilities. The nature of these facilities may, depending on the utilisation, result in a breach of the funding maturity limit. As this facility is very much in Council's favour this is an acceptable breach of policy.

Summary of Debt Sources

Figure 6

Council Approved Debt Sources	\$ Millions		
	Committed Funding Sources	Usage	Available
Bank Loans			
Short Term (uncommitted)	\$0.0	\$0.3	\$0.0
Long Term (committed)	\$200.0	\$35.0	\$164.7
Commercial Paper			
Bank Overdraft	\$1.0	\$0.0	\$1.0
Senior Bonds			
Retail	\$0.0	\$0.0	\$0.0
Wholesale	\$313.5	\$313.5	\$0.0
Other	\$0.0	\$0.0	\$0.0
TOTAL	\$514.5	\$348.8	\$165.7

The Liability Management and Investment Policy gives guideline parameter for the mix of fixed/floating interest rate management and maturity profile. From time to time the actual position may marginally be outside the recommended guideline as a result of market interest rates or the Councils' actual cash position

Notes:

Working capital borrowing is necessary due to fluctuations in the timing of operating revenue and expenditure. The working capital borrowing requirement also includes internal deficits relating to prior years. External working capital borrowing is reduced by the use of internal special funds with any surplus requirement funded by way of unsecured bank loans.

Gross Term debt is the borrowing relating to long term loan funded capital works projects. External borrowing to fund term debt is reduced by the use of internal special funds with the surplus requirement funded by way of secured or unsecured short term bank loans, fixed or floating medium or long term bonds and finance leases.

The managed debt portfolio refers to the portion of Council's total debt portfolio that is managed to reduce interest rate risk, liquidity/funding risk, counterparty risk and operational and legal risk as defined in the Liability Management and Investment Policy. The portfolio is managed on the external net term debt requirement excluding finance leases, i.e. it is net of the special funds that have been used to reduce the external term debt requirement and the sinking fund balance. Working capital is not included in the managed debt portfolio.

Special Funds are cash funds either collected through rates or vested to Council that have been 'set aside' for specific future spending. The funds are used in the interim to reduce Council's requirement to borrow externally. The fund is managed via accounting entries and a monthly interest allocation is made to the funds based on the Council's weighted average cost of borrowing for that period.

Description of Graphs:

Figure 1

Gross term debt (blue) is the actual gross term debt position of Council as defined in the notes above. The **Forecast** (orange) is the projected gross term debt level per month in the current financial year, the figures are obtained from capital works timing forecasts (provided by budget managers on a monthly basis) and the current debt maturity profile. The **Budget** (green) line represents the gross public debt as approved in the 2007/2008 Annual Plan.

Figure 2

The prior year net term debt figures (dark blue section) are obtained directly from the published Annual Reports. The Annual Plan net term debt figures (light blue section) are obtained from the published Annual Plan. The orange section is the Long Term Council Community Plan net term debt as published for 2006 - 2016.

Figure 3

The fixed (blue) and floating (orange) interest rate mix, both historic and projected, based on the 12 month rolling forecast net debt requirement. The Liability Management and Investment Policy minimum is 55% fixed and maximum 95% fixed. The positioning of the portfolio between policy minimum and policy maximum is dependent on the current and forecast financial market outlook.

Figure 4

Interest rate risk profile. Figure 4 shows, given the current fixed/floating rate mix and the debt forecast (assuming no changes to current swaps), the percentage of current fixed rate debt that will mature in future years. This enables Council to recognise and reduce significant concentrations of interest rate risk that may arise in future years. As debt forecasts change the amount of fixed cover in place may have to be adjusted to comply with the policy limits.

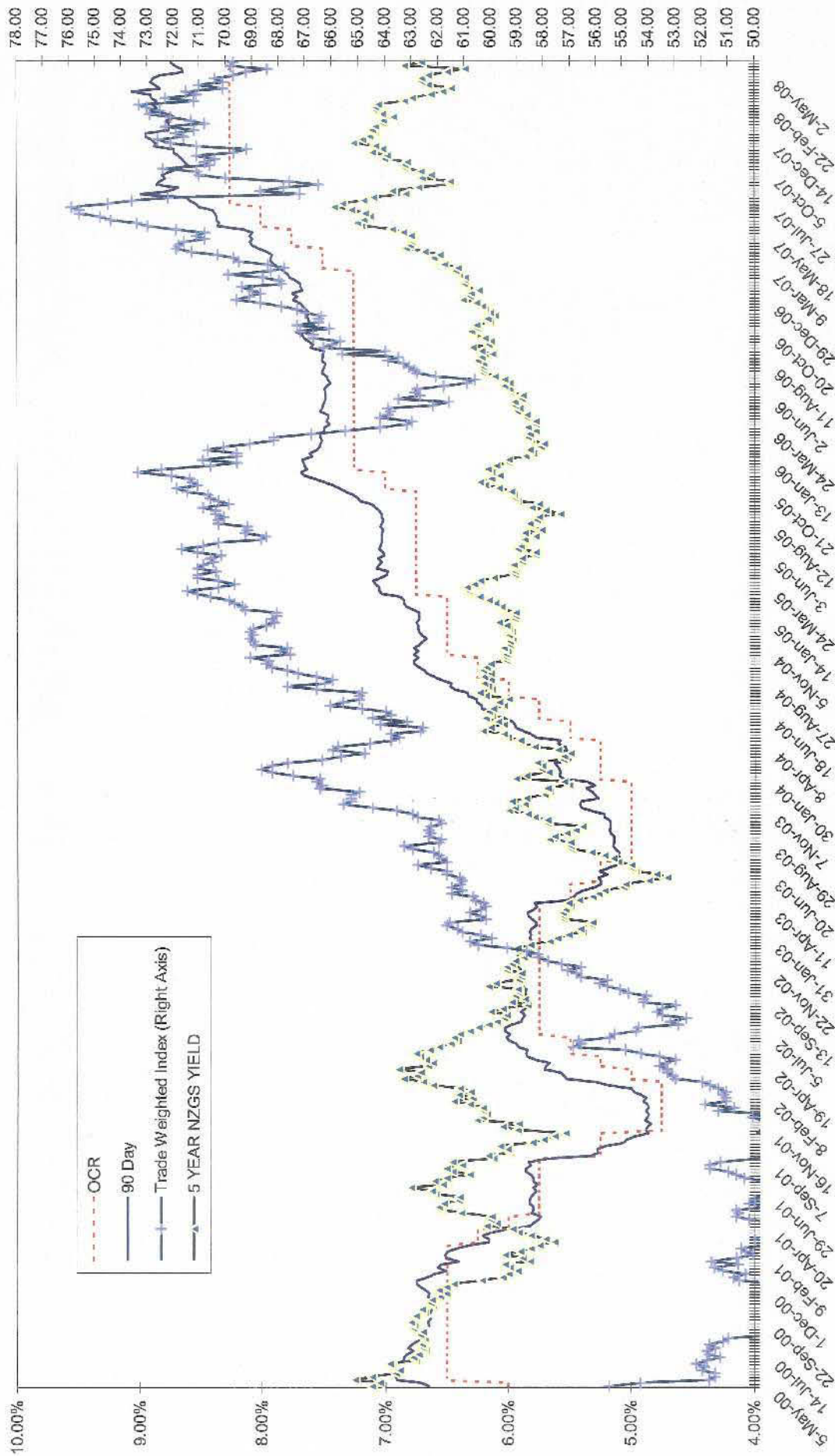
Figure 5

Funding and liquidity risk. Figure 5 varies from figure 4 in that it shows the actual maturity profile of current debt on issue as opposed to the profile of Council's exposure to interest rate risk arising when debt either reprices (in the case of floating rate debt or hedges) or matures. The debt maturity profile enables Council to identify significant concentrations of maturing debt and debt facilities. Where there are significant concentrations of debt maturing, Council is at risk of not being able to re-borrow from the market at favourable rates.

Figure 6

In order to ensure Council has the ability to borrow from the market when funding is required committed funding facilities are arranged with approved debt sources. Figure 6 shows Council's committed funding sources and the current usage of these funds. In addition to the committed sources Council also uses uncommitted lines of funding as seen in short term bank loans and bonds. Uncommitted funding is at times less expensive than committed funding, however its availability is not guaranteed.

Wholesale Market Interest Rates and the Trade Weighted Index



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