

Central Hawke's Bay District Council – Report

TO: Council
FROM: Chief Executive
DATE: 5 March 2009
FILE REF: ASS2-3000
SUBJECT: CENTRAL HAWKE'S BAY DISTRICT COMMUNITY TRUST ANNUAL REPORT 2008

1.0 SUMMARY

Attached is the Chairman's Report for the Central Hawke's Bay District Community Trust and financial statements for the year ended 30 June 2008.

Pat Gallagher, Chairman and Trustees will present the report.

2.0 RECOMMENDATION

THAT

The Central Hawke's Bay District Community Trust Chairman's Report and financial statements for the year ended 30 June 2008 be received.

John Freeman
Chief Executive

CENTRAL HAWKE'S BAY DISTRICT COMMUNITY TRUST

SUBMISSIONS FOR ON-GOING CONSIDERATION FOR PROVISION OF SWIMMING FACILITY

The Service Contract between the District Council and the Community Trust (dated 8 November 1996 and subsequently renewed) provides for an annual consideration paid by Council in return for the swimming facility provided by the Trust.

The Service Contract is presently supplemented by a Variation dated 12 December 2006 to cover an increase in energy charges. This supplement is \$40,000 p.a. and the term of this arrangement expires on 31 May 2009.

The Trust has, as specified in the Variation, sought advice on alternative methods of heating. Advice received from John Loughnan, senior design engineer for LHT Design, with long experience in heated pool design and construction (including the Waipukurau heated pool), has confirmed that the configuration presently in place at Waipukurau is the most efficient and effective one.

The Trust is, consequently, satisfied that it must continue with the present mode of electrically-powered heating.

The present three-year energy supply contract terminates at 31 May 2009. Indicative pricing for the 2009/10 year received from Meridian Energy suggests an energy cost at a similar, or slightly higher, level compared with that currently incurred. Meridian will not, at this early stage, commit to a contracted rate for a new period and Aqua Management Ltd is in the process of seeking prices from Meridian and other suppliers with a view to entering into a new contract by 1 June 2009.

The Trust requests that the District Council extends the variation for a further one year to 31 May 2010 at the current rate; i.e. \$40,000. Aqua Management Ltd has advised that it is prepared to meet and absorb any additional energy cost incurred beyond this contribution for the period to 31 May 2010. Following the establishment of a new contract with an energy supplier from 1 June 2009, hopefully for a further three-year period, the Trust will make submissions next year, if necessary, for an increase effective from 1 June 2010.

Water charges levied by the District Council increased on 30 November 2007 from 45 cents per cubic metre to \$1.11, an increase of 146%. For a user of the Trust's magnitude this increase is very significant. The Trust is grateful that Council saw fit to discount part of this increased charge, given that this increase was implemented after the Council's contribution to the pool for the year ending 30 June 2009 had already been established. Subsequently it has been noted that the current charge for water is \$1.17 per cubic metre. The Trust does not consider that it is feasible or proper for Aqua Management Ltd to be required to absorb an increase of this size.

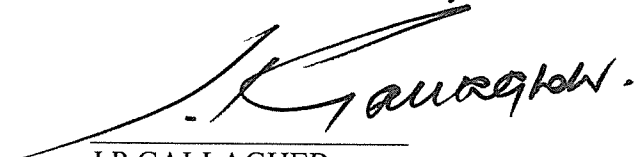
In the attached budget, provision is made to cover the increased water charge as from 1 July 2009.

Aqua Management Ltd advises that there have been recent increases of up to 50% in the cost of pool chemicals and cleaning products. Aqua Management Ltd further advises that the company is prepared to absorb these increases, which are well beyond the level of the annual CPI adjustment, in the meantime.

Improvements to the facilities referred to in the Chairman's Annual Report have now been completed and have greatly enhanced the efficiency and versatility of the pool and associated amenities. The funding (approximately \$80,000) for these particular improvements has been raised by the efforts of the Trust and Management and that these additional benefits to our community have not required any capital funding input from the District Council.

In conclusion, the Trust and Management are well aware of the constraints under which the District Council finds itself in the current economic climate. However, both the Trust and the District Council have obligations to be met under the Service Contract and the attached budget walks the tight-rope of meeting the cost of those obligations and keeping funding requests to a minimum.

For the Central Hawke's Bay District Community Trust



J P GALLAGHER
CHAIRMAN

CENTRAL HAWKE'S BAY COMMUNITY TRUST

WAIPUKURAU HEATED POOL

BUDGET 2009/2010

Outgoings (Exclusive of GST):

Aqua Management Ltd		
Additional Energy Costs (a continuation of existing arrangements)	40,000	
Management Payment (2008 amount \$88,960 + est CPI adjustment 5% \$4448 + \$4,000 for increase in water charges)	<u>97,408</u>	137,408
Trust Administration Expenses Accountancy and Audit		3,500
Insurance		15,000
Provision for Maintenance and Replacements		<u>30,000</u>
Total Expected Outgoings		<u>185,908</u>

Funded by (Exclusive of GST):

Interest earned on invested Reserves	6,500	
Continuation of Additional Energy payment from CHBDC	40,000	
Proposed Annual Payment from CHBDC	<u>139,408</u>	<u>185,908</u>

Annual Amount requested from District Council for the year ended 30 June 2010 is as follows:

1. \$40,000 plus GST = \$45,000
2. \$139,408 plus GST = \$156,834

See further notes attached.

Additional Notes to 2009/2010 Budget

1. Supplementary Energy Contribution as per Variation to Service Contract requested to be extended to 31 May 2010 at the same rate (\$40,000 pa + GST).
2. Accountancy and Audit services are no longer available to the Trust at concessionary rates. Barnes Mossman have honoured Mr Pickett's concessionary arrangements for accountancy work in respect of the year ended 30 June 2008 but have advised that there will be charges in respect of the 2009 year and onwards. Provision for these additional costs is therefore made in the Budget.
3. The Trust continues to carry its own cover for machinery breakdown risk; i.e. there is presently no premium cost included in Insurance. It is estimated that inclusion of this cover would increase premium cost by at least \$7,000. In the meantime it is intended that the Trust continues to carry this risk – but under these circumstances it is imperative that the Trust continues to be adequately funded for its maintenance and replacement reserves.
4. The proposed annual payment from CHBDC of \$139,408 for the 2009/2010 year compares with the 2008/2009 figure of \$119,944. The increase of \$19,464 is represented as follows:

a) Estimated CPI adjustment of 5%	\$5,997
b) Additional to cover increased water cost	\$4,000
c) Additional to cover accountancy and audit	\$2,000
d) Additional to provide adequate reserves for maintenance and replacement	<u>\$7,467</u>
	<u>\$19,464</u>
5. Following the establishment of the actual CPI adjustment at 1 July 2009 (as provided for in the Service Contract) the estimated adjustment of 5% used in these budget calculations will be replaced by the actual figure.
6. It is to be noted that the Trustees receive neither remuneration nor reimbursement for expenses incurred.

CENTRAL HAWKE'S BAY DISTRICT COMMUNITY TRUST

CHAIRMAN'S REPORT

I am pleased to present this report in respect of the financial year ended 30 June 2008.

The Pool, Stadium and Gymnasium facilities continue to make a significant contribution to the health, social improvement and recreational well-being of our community. Pool patronage continues to grow as does the number of people utilising other areas of the complex and it is noteworthy that much admiring comment is made by visitors to Central Hawke's Bay about the complex and how fortunate our community is to have such an extensive and excellent facility. I agree.

Nevertheless, challenges abound, not the least being electricity tariffs. The Trust is presently receiving additional funding from Central Hawke's Bay District Council to meet these higher charges and the Trust, Management and the District Council have been exploring alternative heating methods. The current position is that our present configuration powered by electricity is still advocated as the most efficient, economic and effective system. The present special power funding arrangements with Council terminate at 31 May 2009 and, given the advice of experts currently available, the Trust will be making submissions for an extension of these arrangements. An approximate doubling in water charges is also a significant imposition for a user of our magnitude.

There is always on-going maintenance and Management and the Trust continue to meet the needs as they arise.

At the time of writing completion is near for extended staff-room facilities and the provision of modest kitchen facilities in the meeting-room area. These improvements were signalled in my Annual Report last year and they have been funded from independent fund-raising. Both of the improvements will add to the efficiency and versatility of the complex as a whole, particularly the meeting room area which is already used by a wide number of community organisations.

The financial statements show separate Financial Performance Statements for the pool and for the Stadium/Gymnasium. For the Pool there is, before depreciation, an operating surplus of \$1,475. Repairs and Maintenance includes expenditure on a new compressor (expected given the life of the old compressor). Reasonable reserves continue to be held for future maintenance and replacements.

The operating surplus, before depreciation, in the Stadium's Statement of Financial Performance is \$8,378. There were no major maintenance matters or extraordinary items arising in connection with the Stadium during the financial year.

The demand from the community for Learn-to-Swim lessons has led to the decision by the Trust to close for general use the Learner's Pool for 4 hours per week in order to cater for this worth-while demand.

Our competitive swimmers continue to excel. Swimmers competing at various National Age-Group competitions all reached their finals and received medals. One swimmer has been selected to represent New Zealand in Australia at the Pan-Pacific Games, and another swimmer qualified to swim in the Open Summer National Championships in Christchurch.

Much of the credit for the continuing success of the complex goes to Michele Hayes and Aqua Management Limited. Michele's determination to take every opportunity to promote and progress the facilities provided is unremitting and goes well beyond normal commercial expectations.

The endeavour of the Trustees in the next year is to continue to meet and exceed the expectations of the community.

A handwritten signature in black ink, appearing to read 'J P Gallagher', with a long horizontal line extending to the left.

J P GALLAGHER
CHAIRMAN
28 October 2008

Central Hawke's Bay District Community Trust
Financial Statements
For the Year Ended 30 June 2008

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Central Hawke's Bay District Community Trust
Income Statement
For the Year Ended 30 June 2008

	Note	2008	2007
		\$	\$
Stadium Account			
REVENUE			
Interest Received		0	1,131
Lease Income		19,337	19,337
Donations		0	44,194
TOTAL REVENUE		<u>19,337</u>	<u>64,662</u>
LESS EXPENSES			
Operating Expenses			
Repairs and Maintenance		<u>3,597</u>	<u>3,597</u>
			3,597
Administration and Financial Expenses			
Bank Charges		37	55
Insurance		<u>7,325</u>	<u>6,669</u>
			7,362
			6,724
TOTAL EXPENSES		<u>10,959</u>	<u>10,321</u>
NET SURPLUS BEFORE DEPRECIATION		8,378	54,341
Less Depreciation Adjustments			
Depreciation as per Schedule		<u>38,732</u>	<u>42,630</u>
Net Depreciation Adjustment		38,732	42,630
OPERATING DEFICIT FOR YEAR		<u><u>(\$30,354)</u></u>	<u><u>\$11,711</u></u>

Central Hawke's Bay District Community Trust
Income Statement
For the Year Ended 30 June 2008

	Note	2008	2007
		\$	\$
Pool Account			
REVENUE			
Interest Received		9,548	6,736
Management Contract		0	27,057
Rent Received		825	825
Donations Received		9,535	0
Grants Received		153,567	0
Sponsorship Received		6,500	0
Legal Settlement Received		4,444	0
TOTAL REVENUE		<u>184,419</u>	<u>34,618</u>
LESS EXPENSES			
Operating Expenses			
Advertising		23	38
Repairs and Maintenance		40,292	19,841
Sundry Expenses		0	339
		<u>40,315</u>	<u>20,218</u>
Administration and Financial Expenses			
Audit Fees		1,250	0
Bank Charges		8	10
Donations		0	359
General Expenses		0	9
Insurance		12,717	13,949
Legal Expenses		2,604	2,844
Aqua Management Fees		125,686	0
Security Expenses		364	364
		<u>142,629</u>	<u>17,535</u>
TOTAL EXPENSES		<u>182,944</u>	<u>37,753</u>
NET SURPLUS BEFORE DEPRECIATION		1,475	(3,135)
Less Depreciation Adjustments			
Depreciation as per Schedule		50,012	69,984
Loss on Sale		2,356	0
Net Depreciation Adjustment		<u>52,368</u>	<u>69,984</u>
OPERATING DEFICIT FOR YEAR		<u>(\$50,893)</u>	<u>(\$73,119)</u>

Central Hawke's Bay District Community Trust
Balance Sheet
As at 30 June 2008

	Note	2008		2007	
		\$	\$	\$	\$
TRUST CAPITAL					
Trust Capital			2,136,016		2,217,262
TOTAL TRUST CAPITAL			<u>\$2,136,016</u>		<u>\$2,217,262</u>
Represented by;					
ASSETS					
Current Assets					
Westpac - Current Account		37,623		30,551	
Westpac - Savings Account		60,853		16,392	
Westpac - Stadium Account		0		3,565	
GST Refund Due	1(b)	3,119		0	
Accounts Receivable		<u>0</u>		<u>46,162</u>	
Total Current Assets			101,595		96,670
Non-Current Assets					
Investments					
Westpac Term Deposits	1(c)	10,000		10,000	
Global Corporate Credit Limited		50,608		50,500	
Mighty River Power Limited		<u>22,961</u>		<u>22,767</u>	
			83,570		83,267
Fixed Assets					
As per Schedule	1(a)		1,978,153		2,041,881
TOTAL ASSETS			<u>2,163,317</u>		<u>2,221,818</u>
LESS LIABILITIES					
Current Liabilities					
GST Due for payment	1(b)	0		261	
Accounts Payable		7,302		4,295	
Unexpensed Donations		<u>20,000</u>		<u>0</u>	
			27,302		4,556
TOTAL LIABILITIES			27,302		4,556
EXCESS ASSETS OVER LIABILITIES			<u>\$2,136,016</u>		<u>\$2,217,262</u>

Central Hawke's Bay District Community Trust
Trust Capital
For the Year Ended 30 June 2008

	Note	2008	2007
		\$	\$
Opening Trust Capital		2,217,262	2,278,670
Add			
Trustees Surplus for Year - Stadium Account		0	11,711
		0	11,711
Less			
Trustees Deficit for Year - Stadium Account		30,354	0
Trustees Deficit for Year - Pool Account		50,893	73,119
		81,246	73,119
CLOSING TRUST CAPITAL		<u>\$2,136,016</u>	<u>\$2,217,262</u>

Central Hawke's Bay District Community Trust
Notes to the Financial Statements
For the Year Ended 30 June 2008

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Central Hawke's Bay District Community Trust is a Charitable Trust created under the Charitable Trust Act 1957. It was registered under the Charities Act on 8 May 2008.

The Financial Statements have been prepared in accordance with Financial Reporting Standards.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the entity unless otherwise stated.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:-

(a) **Fixed Assets**

Fixed Assets are recorded at cost less accumulated depreciation.

(b) **Goods and Services Tax**

The Financial Statements have been prepared on a GST exclusive basis except that any accounts receivable and accounts payable are recorded in the Balance Sheet on a GST inclusive basis. The GST Account in the Balance Sheet represents any GST recoverable or payable at balance date.

(c) **Investments**

Investments other than marketable securities are stated at cost.
 Marketable securities are stated at the lower of cost or market value.

(d) **Differential Reporting**

The entity qualified for Differential Reporting as it is not publicly accountable and it is not large as defined in the framework for differential reporting. The entity has taken advantage of all available differential reporting exemptions.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on a basis consistent with those used in previous years.

	2008	2007
	\$	\$
2. STATEMENT OF MOVEMENTS IN EQUITY		
Opening Equity	2,217,262	2,278,670
Equity at end of year	\$2,217,262	\$2,278,670

3. CAPITAL COMMITMENTS

At balance date, capital commitments had been made in respect of the staff meeting room & kitchen facility improvements at a cost of \$80,000.

Central Hawke's Bay District Community Trust
Schedule of Fixed Assets and Depreciation
For the Year Ended 30 June 2008

Asset	Cost Price	Book Value 01/07/2007	Additions Disposals	Gain/Loss on Disposal	Capital Profit	— Depreciation — Mth Rate	\$	Accum Deprec 30/06/2008	Book Value 30/06/2008
POOL & BUILDING									
Building	715,841	501,090				12 3.0% CP	21,475	236,226	479,615
Landscaping	48,790	48,790				12 0.0% CP	0	0	48,790
Pool	294,167	176,507				12 4.0% CP	11,767	129,427	164,740
Automatic Doors			8,582			11 12.0% DV	944	944	7,638
Building consent & Fire reports for extension			3,651			1 0.0% DV	0	0	3,651
Sub-Total	1,058,798	726,387	12,233				34,186	366,597	704,434
POOL PLANT									
Filtration and Treatment Plant	225,000	78,750				12 6.5% DV	5,119	151,369	73,631
Heating and Ventilation Plant	285,000	99,750				12 6.5% DV	6,484	191,734	93,266
Sub-Total	510,000	178,500					11,603	343,103	166,897
EQUIPMENT & FURNITURE									
"Elsa" Breathing Gear	819	1				12 50.0% DV	1	819	0
Auto Pool Cleaner	2,950	55				12 33.0% DV	18	2,913	37
Back Stroke Pole	680	59				12 22.0% DV	13	634	46
Cash Reglster	300	7				12 33.0% DV	2	295	5
Cleaning Equipment	423	9				12 33.0% DV	3	417	6
Desk	129	39				12 12.0% DV	5	95	34
False Start Pole	272	25				12 22.0% DV	6	253	19
Filing Cabinet	111	33				12 12.0% DV	4	82	29
First Aid Kit	66	3	0	(3)					0
Hoses and Fittings	198	18	0	(18)					0
Inflatable Slide	2,556	215	0	(215)					0
Lane Ropes (5)	2,785	53				12 33.0% DV	17	2,749	36
Office Chair	174	37				12 15.0% DV	6	143	31
Parrots	152	5				12 33.0% DV	2	149	3
Plastic Tables, Chairs and Stands	429	9	0	(9)					0
Play Area Surrounds	2,575	356				12 18.0% DV	64	2,283	292
Play Area Tiles	1,075	151	0	(151)					0
Pool Covers	21,725	1,813	0	(1,813)					0
Rubbish Blns	299	7				12 33.0% DV	2	294	5
Sound System	6,556	120				12 33.0% DV	40	6,476	80
Speedo Aqua Jogging Belts (20)	871	17				12 33.0% DV	6	860	11
Speedo Pace Clock	282	7				12 33.0% DV	2	277	5
Start Platforms	4,800	402				12 22.0% DV	88	4,486	314
Sundry Tools	202	5				12 33.0% DV	2	199	3
Test Kit	475	11	0	(11)					0
Tube tread Matting	1,768	33	0	(33)					0
Wheelchair	1,733	344				12 15.0% DV	52	1,441	292
Rafts (3)	452	43	0	(43)					0
Snake	426	41	0	(41)					0
Polo Goals	1,770	49				12 33.0% DV	16	1,737	33
Lane Rope Reels	1,674	45				12 33.0% DV	15	1,644	30
Security Grill	3,520	625				12 18.0% DV	113	3,008	512
Rebounder	238	9	0	(9)					0
Hula Hoops	73	4	0	(4)					0
Standard Raft	146	6	0	(6)					0
Aqualift	4,158	551				12 22.0% DV	121	3,728	430
Security System	5,765	693				12 22.0% DV	152	5,224	541
Tiny Tots Playground Equipment	3,086	1,841				12 33.0% DV	608	1,853	1,233
Safety Ergo Mats (92) & Safety Ergo Edge Ramp (19)			1,139			2 22.0% DV	42	42	1,097
Macball Pool Blanket			14,000			11 22.0% DV	2,823	2,823	11,177
Sub-Total	75,713	7,741	15,139	(2,356)			4,223	44,924	16,301

Central Hawke's Bay District Community Trust
Schedule of Fixed Assets and Depreciation
For the Year Ended 30 June 2008

Asset	Cost Price	Book Value 01/07/2007	Additions Disposals	Gain/Loss on Disposal	Capital Profit	— Depreciation —		Accum Deprec 30/06/2008	Book Value 30/06/2008	
						Mth	Rate	\$		
STADIUM BUILDING										
Stadium Building	1,225,936	1,097,136				12	3.0% DV	32,914	161,714	1,064,222
Plans - Staff & Meeting Room	1,732	1,732				12	0.0% DV	0	0	1,732
Sub-Total	1,227,668	1,098,868						32,914	161,714	1,065,954
STADIUM FURNITURE & PLANT										
Chairs Microwave and Fridge	572	238				12	22.0% DV	52	386	186
Locks	1,244	515				12	22.0% DV	113	842	402
Stove	647	269				12	22.0% DV	59	437	210
Bench Unit	1,460	722				12	18.0% DV	130	868	592
Signs	167	83				12	18.0% DV	15	99	68
Security Grille	217	109				12	18.0% DV	20	128	89
Mirrors	1,907	1,021				12	18.0% DV	184	1,070	837
Blinds - Gym	2,222	1,154				12	22.0% DV	254	1,322	900
Blinds - Gym	1,052	716				12	22.0% DV	158	494	558
Flotex Floor	25,200	19,735				12	18.0% DV	3,552	9,017	16,183
Carpet Rollers	6,125	5,115				12	22.0% DV	1,125	2,135	3,990
Alarm	812	708				12	22.0% DV	156	260	552
Sub-Total	41,625	30,385						5,818	17,058	24,567
TOTAL	2,913,804	2,041,881	27,372	(2,356)				88,744	933,396	1,978,153