

## 5. RECEIVING SINKING FUND COMMISSIONERS' ACCOUNTS FOR 2005-2006 YEAR

<b>General Manager responsible:</b>	Director Strategic Investment
<b>Officer responsible:</b>	Funds Accountant (Paul Baldwin)
<b>Author:</b>	Paul Baldwin, DDI 941-8853

### PURPOSE OF REPORT

1. The purpose of this report is to advise that the financial statements of Christchurch City Council Sinking Fund Commissioners for the 2005-2006 year have been audited and the auditors have expressed an unqualified opinion on the statements (refer attachments).

### EXECUTIVE SUMMARY

2. The Sinking Fund Commissioners have responsibility for management of investments and drawings to provide for repayment of Council loans borrowed under the Local Authority Loans Act 1956. Annual accounts are produced and are audited by the Council's auditors. The Commissioners are the Mayor, Chief Executive Officer and Director Strategic Investment. Operational management is by the Funds Accountant.
3. The Statements of Financial Performance, Financial Position and Movements in Equity were reviewed by Audit New Zealand who advise that the accounts comply with generally accepted accounting practice and fairly reflect the Sinking Funds financial position as at 30 June 2006 and the results of its operations for the year.

### BACKGROUND

4. The Sinking Fund Commissioners managed the funds provided and processes for repayment of Council loans that were raised under the Local Authority Loans Act 1956. Subsequent changes in legislation have moved loan raising requirements to the Local Government Act 2002 (LGA) and the need for separate commissioners to manage loan repayments under the 1956 Act was removed. The Council still has a requirement to manage provisions for repayment of two loans raised under the earlier legislation through the Sinking Fund Commissioners. The major loan of the two matures in November 2006. At that stage most of the available balance will be applied towards retiring that loan. The second smaller loan for the Belfast pipeline has a longer maturity profile but annual contributions to loan repayment are paid by the users and the balance in the sinking fund will be transferred to the in house Council loan repayment reserve.
5. Provision for repayment of new loans raised under the LGA is managed within the Strategic Investment Directorate. Annual contributions towards loan retirement are made from rates or user contributions and from CCHL's dividend. A loan repayment reserve has been established and interest from investments made is credited back to the reserve. As loans mature the available reserve balance will be applied towards repayment.

### STAFF RECOMMENDATION

It is recommended that the Audit and Risk Management Subcommittee receive the audited accounts for the year ended 30 June 2006.