

**Audit, Finance & Risk Committee**  
**6 June 2019**

**Report for Agenda Item | Rīpoata mot e Rāraki take 1**

**Department: Finance, Legal & Regulatory**

**Title | Taitara**

**2018:19 Quarter 3 Actual to Quarter 3 Budget Financial Overview;**  
**2018:19 Quarter 3 Full Year Re-forecast to Full Year Budget Overview;**  
**2018:19 Quarter 3 Capital Expenditure Reporting Overview;**  
**2018:19 Quarter 3 Statement of Financial Position;**  
**2018:19 Quarter 3 Debtors Analysis.**

**PURPOSE OF THE REPORT | TE TAKE MŌ TE PŪRONGO**

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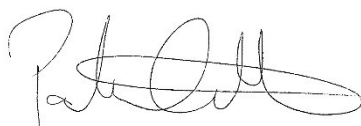
- 1 The purpose of this report is to present the 2018:19 Quarter 3 Actual to Budget, 2018:19 Full Year Quarter 3 Re-forecast to Full Year Actuals and 2018:19 Quarter 3 Capital Expenditure financial results and to report on any significant transactions and/or variances to budget.

**RECOMMENDATION | NGĀ TŪTOHUNGA**

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- 2 That the Audit, Finance & Risk Committee:
  1. **Note** the contents of this report;

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23/05/2019

Reviewed and Authorised by:



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General Manager Finance, Legal  
& Regulatory

23/05/2019

## CONTEXT | HORPOAKI

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- 3 The main objective of this report is to give the Committee an overview of how the Council is performing from a financial perspective. The approach taken is one of management by exception, whereby officials are required to provide explanations when actual expenditure or revenue does not match the budget.

## ANALYSIS AND ADVICE | TATĀRITANGA ME NGĀ TOHUTOHU

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### 2018:19 Quarter 3 Actuals to Full Year Budget Overview:

- 4 The March end actuals has a \$5.9m net operating surplus which is \$8.2m favourable to the Budget net operating deficit of (\$2.3m)
- 5 The March end actuals shows additional revenue of \$6.4m which is predominately due to Operational Income \$5.5m which includes \$1.8m received from Well Smart limited as part of a Lakeview Sale and \$0.9m for treasury and cashflow management.
- 6 The March end actuals has additional expenses within Infrastructure Maintenance \$2.2m (Net impact \$1.5m after adjusting for grants and subsidies and user pays income) and Other \$0.4m, which is offset by an lower Interest expense charge of (\$2.7m).

### Quarter 3 Full Year Re-forecast to Full Year Budget Overview:

- 7 The Full Year Re-forecast has a (\$1.5m) net operating deficit which is (\$19.4m) unfavourable to the Budget net operating surplus of \$17.9m. This is predominately due to the Commonage Land sale which has been deferred to the 2019:20 financial year.
- 8 Within revenue there is additional income from Well Smart \$1.8m along with expected increase for internal chargeable capex recoveries \$0.8m, NZTA subsidies \$0.7m and \$0.5 for Refuse income
- 9 Within expenditure there is forecasted additional costs within Contract staff \$0.9m and Infrastructure Maintenance works \$2.9m (NB: Net impact is \$2.0m after adjusting for grants and subsidies and user pays income received) and Other \$0.8m. Interest expense is expected to be less than budget by (\$3.6m).
- 10 To note: The Full Year Q3 re-forecast does not include any costs re-classified to OPEX from the capital programme which are reviewed and adjusted as a financial year end adjustment. This includes projects which are potentially not commencing due to not advancing from design stage or may include scoping/investigation/preliminary design works, demolition, removal, tree cutting/planting, earthworks or projects not needed anymore and therefore will need to be expensed.

### 2018:19 Quarter 3 Capital Expenditure Reporting Overview:

- 11 At end of March 2019 Council was delivering 354 projects with an approved FY19 adjusted budget of \$94.6m. This is a \$10.4m decrease on the adjusted budget position from the

previous December 18 quarterly position of \$105.1m. The original capex budget for FY19 was \$114.6m.

12 The recent March re-forecast approved by council had \$14.8m of projects deferred and \$3.8m of projects brought forward. To date within the FY19 there has been:

- \$23.3m of projects carried forward from 2018;
- \$54.9m of deferred projects to future years;
- \$2.7m of new budgets approved, and;
- \$8.4m of projects brought forward.

Predominately deferrals are due to:

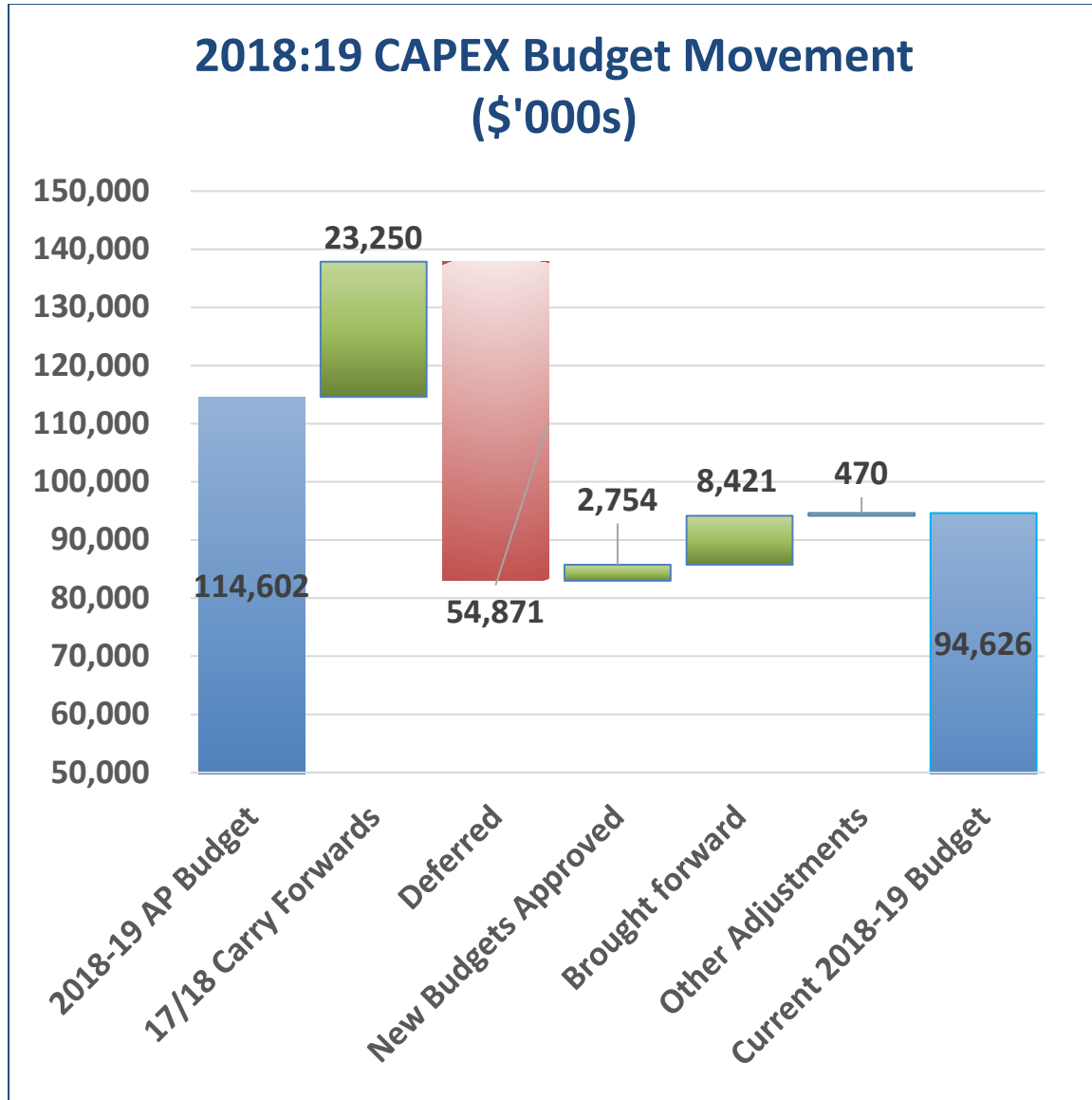
- \$16.0m 3 Waters due to moving to a 3 year work programme and bundled works approach;
- \$13.1m within Transport due to the various stages of the multiple NZTA business cases;
- \$9.0m HIF related works due to finalisation of Developer Agreements;
- \$5.3m Project Connect due to exploring MOU with Ngai Tahu;
- \$3.4m Lakeview works due to working through the preferred bidder process;
- \$3.3m NZTA funding dependent works for Ballantyne Road and Bennetts Bluff.

13 Overall year to date spend is \$41.2m against expected adjusted budget spend of \$54.0m.

14 Average monthly spend YTD is \$4.6m though for the second quarter the average monthly spend was \$6.6m.

15 There will be one more final re-forecast completed in May 2019 that will go to council for the June meeting. This will signal a significant level carry forward to future years.

16 Snap shot below shows the movement between the 2018:19 budget and Q3 Re-forecast.



#### FINANCIAL IMPLICATIONS | NGĀ RITENGA Ā-PŪTEA

17 As the review of the financial results is an administrative matter, there are no budget or cost implications arising from this report. No anomalies have been identified and it is not proposed to make any significant changes to any internal practices or procedures.

#### COUNCIL EFFECTS AND VIEWS | NGĀ WHAKAAWEAWE ME NGĀ TIROHANGA A TE KAUNIHERA

18 The following Council policies, strategies and bylaws were considered:

- Long Term Plan 2018 – 2028
- Annual Plan 2018/2019
- Refer to online documents here: <http://www.qldc.govt.nz/policies>

19 The recommended option is consistent with the principles set out in the named policy/policies

## LOCAL GOVERNMENT ACT 2002 PURPOSE PROVISIONS | TE WHAKATURETURE 2002 O TE KĀWANATAKA Ā-KĀIKA

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20 The recommended option:

- The recommended option is consistent with the Council's plans and policies.

### ATTACHMENTS | NGĀ TĀPIRIHANGA

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A	Finance Management Report – 2018:19 Quarter 3 Actuals to Quarter 3 Budget.
B	Finance Management Report – 2018:19 Full Year Quarter 3 Re-forecast to Full Year Budget Overview.
C	Finance Management Report – 2018:19 Quarter 3 Capital Expenditure Reporting Overview.
D	Quarter 3 Statement of Financial Position.
E	Quarter 3 Debtors Analysis