

**Audit, Finance & Risk Committee  
3 October 2019**

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

**Department: Finance, Legal & Regulatory**

**Title | Taitara**

**2018:19 Full Year Actual to Full Year Re-forecast Financial Overview;**

**2018:19 Full Year Capital Expenditure Reporting Overview;**

**2018:19 Full Year Debtors Analysis;**

**2018:19 Full Year Statement of Financial Position.**

**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 Full Year Actual to Re-forecast and 2018:19 Full Year Capital Expenditure financial results and to report on any significant transactions and/or variances to budget.

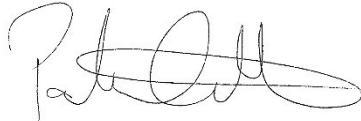
**RECOMMENDATION | NGĀ TŪTOHUNGA**

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- 2 That the Audit, Finance & Risk Committee:

1. **Note** the contents of this report;

Prepared by:



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20/09/2019

Reviewed and Authorised by:



Stewart Burns  
General Manager, Finance, Legal  
& Regulatory

20/09/2019

## CONTEXT | HOROPAKI

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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 Full Year Actuals to Full Year Re-forecast Overview:

- 4 The 2018:19 full year actual net operating deficit (\$6.3m) shows as (\$4.8m) unfavourable to the Q3 forecast year end net operating deficit of (\$1.5m).
- 5 The June end revenue has additional \$2.4m of Grants & Subsidies income which is offset by less than forecasted Operational income (\$3.4m).
- 6 The June end actuals has additional expenses within Legal \$3.6m, Infrastructure Maintenance \$0.9m, Personnel \$0.7m and Interest & Depreciation \$0.6m which is offset by lower Parks & Reserves maintenance (\$2.1m).
- 7 To note: Full Year actuals includes the year-end financial accounting entries required to complete the 2018:19 Annual Report.
- 8 To note: The Full Year re-forecast does not include any costs re-classified to operating expenditure 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. Total value \$1.1m.
- 9 Further in-depth commentary is provided within attachment A

### 2018:19 Quarter 4 Capital Expenditure Reporting Overview:

- 10 At the end of June 2019 Council was delivering 351 projects with an approved FY19 adjusted budget of \$104.3m
- 11 Snapshot below shows the movement between the 2018:19 original budget (\$114.6m) and final 2018:19 budget (\$104.3m).

Summary of 2018/19 CAPEX Budget Adjustments	\$	\$	Comments
Original Total Annual Plan Budget 18/19		114,601,787	
Budget carried forwards from 17/18 to 18/19		23,249,699	
<b>Adjustments throughout the year - carry forwards, new projects &amp; brought Forwards</b>			
<b>Budget Carry Forwards 18/19 to 19/20 &amp; Beyond</b>			
December Reforecast Deferrals (Updated in 19/20 AP)	- 40,117,603		Qtn Parking Improvements \$8.7k, Proj Connect \$5.3m, Kingston HIF \$3.2m, Qtn Town Ctr Pedestrianisation \$2.4m, Lakeview Development \$3.4m
April Reforecast Deferrals	- 14,753,000		Ballantyne Rd \$2m, Glenorchy SPR Minor Improvements \$1.3m, Arrowtown new WPS & bores \$938k, Two new courts added to current stadium \$850k, Beacon Point new Reservoir \$700k
May Reforecast Deferrals	- 4,400,000		\$2.05m Wanaka Lakefront Development Plan, \$2m Wanaka Land Reserve, \$0.3m Park & Ride
<b>Subtotal Carry Forwards</b>		<b>- 59,270,603</b>	
<b>New Budgets Approved</b>			
516 Ladies Mile Purchase	13,478,261		Not yet acquired as at 30 June 19. To be moved out to 19/20 as a year end adjustment
Funding from Grants/External Funding	1,318,735		Freedom Camping Tif 3 \$530k, Responsible Camping Strategy \$225k, Glenorchy Toilet TIF \$201k, Jack Reid Park Upgrades \$106k
Other New Projects	2,645,527		Coronet Forest CODC purchase \$627k, Luggate Hall Prefab \$402k, Bradley Bldg \$378k, Wanaka Rec Ctr Prefab \$352k, Wanaka Skate Park upgrade
<b>Subtotal New Budget approved</b>		<b>17,442,523</b>	
<b>Budget Brought Forward into 18/19</b>			
December Reforecast Brought Forwards	4,151,840		Glenorchy SPR - Minor improvements \$769k, Wanaka WS Transmission Pipeline stage 1 \$690k, Quail Rise new Reservoir \$450k
April Reforecast Brought Forwards	3,769,476		Wharf 3 Queenstown Bay \$2.86m
- Other	500,000		Wanaka Town Ctr Master Plan \$500k
<b>Subtotal Brought Forwards</b>		<b>8,421,316</b>	
Other Adjustments		- 106,752	
<b>Adjusted Capital Budget 18/19</b>		<b>104,337,970</b>	
Actual Spend 18/19		75,599,694	
<b>Adjusted budget less Actual Spend</b>		<b>28,738,276</b>	
Additional Carry Forwards June 19		27,990,789	
Carry forwards 18-19 Previously approved		19,153,000	April & May deferrals only as December was adjusted against the 19/20 AP
<b>Total Carry Forward for Approval June 19</b>		<b>47,143,789</b>	

- 12 Overall year to date spend was \$75.6m, which was 72% of the adjusted budget of \$104.3m as at 30 June 2019. This includes \$13.5m budget and actual cost for the 516 Ladies Mile Highway land purchase.
- 13 After adjusting for the Ladies Mile purchase the average monthly spend for the financial year is \$5.2m however for the final quarter the average monthly spend was \$7.0m.
- 14 At the June 2019 Council meeting \$47.1m of further carry forwards was approved which were the deferred projects identified in the 2019 calendar year via the reforecast process. For the 2018:19 financial year total carry forwards are \$87.3m. A line item programme summary of full year carried forwards is listed within attachment B.

### Options

- 15 This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002:
- 16 Option 1 The report is for noting, therefore no options are discussed.

### 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

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