

**Audit, Finance & Risk Committee
4 October 2018**

Report for Agenda Item 1

Department: Finance & Regulatory

2017/18 Full Year Actual to Budget and Full Year Actual to Re-forecast Financial Overview

Purpose

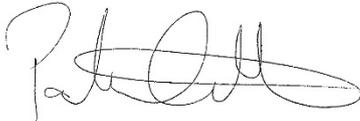
- 1 To present the 2017/18 Full Year (FY) Actual to Budget and Full Year Actual to Re-forecast financial results and to report on any significant transactions and/or variances to budget.

Recommendation

That the Audit, Finance & Risk Committee:

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

Prepared by:



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Financial Advisory Manager

20/09/2018

Reviewed and Authorised by:



Stewart Burns
GM – Finance, Legal &
Regulatory

20/09/2018

Background

- 2 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.

2017/18 FY Actuals to FY Budget:

- 3 The FY actuals has a (\$3.5m) net operating deficit which is \$0.7m favourable to the FY Budget net operating deficit of (\$4.2m).
- 4 The FY actuals shows additional revenue of \$8.5m which is predominately within Operational Income \$4.4m, Regulatory Income \$1.4m and Consenting Income \$1.3m
- 5 The FY actuals has additional expenses within Contract Staff \$4.6m, Infrastructure Maintenance \$4.3m, an additional provision within Legal of \$2.1m which is offset by a lower Interest expense charge of (\$3.0m)
- 6 To note that Full Year actuals includes the financial accounting entries required to complete the 2017:18 Annual Report.

2017/18 Full Year (FY) Actuals to Re-forecast:

- 7 The FY actuals has a (\$3.5m) net operating deficit which is \$2.2m unfavourable to the FY Re-forecast net operating deficit of (\$1.2m).
- 8 The FY actuals shows additional revenue of \$3.3m which is predominately due to the disposal gain on the sale of Wanaka Airport for \$1.1m and net interest income received \$800k and turnover rents \$529k.
- 9 The FY has additional expenses within Infrastructure Maintenance of \$2.1m, additional provision within Legal of \$2.1m, Contract Staff \$802k and Professional Services fees \$752k.
- 10 To note that Full Year actuals includes the financial accounting entries required to complete the 2017:18 Annual Report.
- 11 Further in-depth commentary is provided within each attachment.

Options

- 12 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:
- 13 Option 1 The report is for noting, therefore no options are discussed.

Significance and Engagement

- 14 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because as the report is for noting only.

Financial Implications

15 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 Policies, Strategies and Bylaws

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

- Long Term Plan 2018 – 2028
- Annual Plan 2017/2018

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

Local Government Act 2002 Purpose Provisions

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

Consultation: Community Views and Preferences

19 Consultation is not required.

Legal Considerations and Statutory Responsibilities

20 This report achieves the purpose of the Local Government Act 2002 by ensuring that Council activities are conducted in a cost-effective manner.

Attachments

- A Finance Management Report – 2017:18 Full Year Actuals to Full Year Budget.
- B Finance Management Report - 2017:18 Full Year Actuals to Re-forecast
- C Statement of Financial Position.
- D Debtors Analysis.

Finance Management Report

For the Period Ended 30 June 2018

Operating Expenditure and Revenue

Description	QTR 4 Actual	QTR 4 Adjusted Budget	Variance to Budget
REVENUE			
<u>Operating Revenue</u>			
Income - Rates	16,778,907	16,767,682	11,225
Income - Grants & Subsidies	2,191,437	2,183,021	8,416
Income - NZTA External Cost Recoveries	506,653	494,124	12,529
Income - Consents	2,887,231	2,305,431	581,800
Income - External Cost Recovery	347,926	183,808	164,118
Income - Regulatory	1,309,605	1,005,212	304,393
Income - Operational	6,269,031	8,205,634	(1,936,603)
Total Operating Revenue	30,290,792	31,144,913	(854,121)
EXPENDITURE			
<u>Personnel Expenditure</u>			
Expenditure - Salaries & Wages	6,603,758	6,340,856	(262,903)
Expenditure - Salaries & Wages Contract	1,722,914	106,051	(1,616,863)
Expenditure - Health Insurance	83,314	46,200	(37,114)
Total Personnel Expenditure	8,409,986	6,493,107	(1,916,879)
<u>Operating Expenditure</u>			
Expenditure - Professional Services	1,401,877	973,901	(427,976)
Expenditure - Legal	2,791,976	471,135	(2,320,840)
Expenditure - Stationery	75,814	98,303	22,488
Expenditure - IT & Phones	176,161	176,506	345
Expenditure - Commercial Rent	464,306	542,473	78,166
Expenditure - Vehicle	140,764	142,003	1,239
Expenditure - Power	746,448	811,988	65,540
Expenditure - Insurance	85,670	175,374	89,705
Expenditure - Infrastructure Maintenance	8,246,466	5,579,760	(2,666,707)
Expenditure - Parks & Reserves Maintenance	1,634,576	4,638,355	3,003,779
Expense - External Cost On Chargeable	169,740	176,446	6,706
Expenditure - Grants	1,943,828	1,929,721	(14,107)
Expenditure - Other	3,399,842	3,236,661	(163,180)
Total Operating Expenditure	21,277,468	18,952,626	(2,324,842)
<u>Interest and Depreciation</u>			
Expenditure - Interest	1,657,242	2,153,295	496,053
Expenditure - Depreciation	6,797,572	6,019,258	(778,314)
Total Interest and Depreciation	8,454,814	8,172,553	(282,261)
Total Expenditure	38,142,268	33,618,285	(4,523,982)
NET OPERATING SURPLUS/(DEFICIT)	(7,851,476)	(2,473,373)	(5,378,103)

		% of Year Completed		100%
Year to date Actual	Year to date Adjusted Budget	Year to date Variance	Full Year Adjusted Budget	YTD Actuals to Full Year Budget
67,121,401	67,070,729	50,672	67,070,729	100%
6,542,348	5,884,347	658,001	5,884,347	111% 1*
1,869,647	1,976,496	(106,849)	1,976,496	95%
10,508,663	9,188,400	1,320,263	9,188,400	114% 2*
1,415,732	738,155	677,577	738,155	192% 3*
5,281,978	3,868,855	1,413,123	3,868,855	137% 4*
32,052,464	27,608,944	4,443,520	27,608,944	116% 5*
124,792,233	116,335,926	8,456,307	116,335,926	107%
24,282,782	24,380,971	98,189	24,380,971	100%
4,960,839	406,720	(4,554,119)	406,720	1220% 6*
230,327	184,800	(45,527)	184,800	125%
29,473,947	24,972,491	(4,501,456)	24,972,491	118%
4,816,735	3,957,417	(859,318)	3,957,417	122% 7*
4,344,268	1,776,542	(2,567,726)	1,776,542	245% 8*
327,755	393,211	65,456	393,211	83%
673,613	706,024	32,410	706,024	95%
1,949,534	2,169,891	220,356	2,169,891	90% 9*
498,375	568,014	69,639	568,014	88%
3,043,964	3,024,716	(19,248)	3,024,716	101%
712,799	701,498	(11,300)	701,498	102%
26,302,149	21,929,039	(4,373,111)	21,929,039	120% 10*
5,814,785	8,751,723	2,936,937	8,751,723	66% 11*
1,308,701	708,630	(600,071)	708,630	185% 3*
6,236,957	6,134,995	(101,961)	6,134,995	102%
12,069,810	11,735,515	(334,296)	11,735,515	103% 12*
68,099,446	62,557,214	(5,542,232)	62,557,214	109%
5,565,192	8,613,179	3,047,987	8,613,179	46% 13*
25,147,502	24,369,187	(778,314)	24,369,187	103% 14*
30,712,694	32,982,367	2,269,673	32,982,367	93%
128,286,087	120,512,072	(7,774,016)	120,512,072	106%
(3,493,854)	(4,176,146)	682,291	(4,176,146)	

Capital Revenue and Expenditure

Description	QTR 4 Actual	QTR 4 Adjusted Budget	Variance to Budget
Capital Revenue			
Income - Development Contributions	5,259,064	1,653,972	3,776,093
Income - Vested Assets	30,684,457	8,418,259	22,266,198
Income - Grants & Subsidies Capex	1,574,832	1,712,445	(137,613)
Total Capital Revenue	37,518,354	11,784,676	25,904,678
Capital Expenditure			
Projects/Asset Purchases	19,074,715	22,108,540	3,033,825
Debt Repayment	0	0	0
Total Capital Expenditure	19,074,715	22,108,540	3,033,825
NET CAPITAL FUNDING REQUIRED	(18,443,639)	10,323,864	28,938,503
External Borrowing			
Bonds	85,000,000		
Total Borrowing	85,000,000		

Year to date Actual	Year to date Adjusted Budget	Year to date Variance	Full Year Adjusted Budget	YTD Actuals to Full Year Budget
15,984,696	6,615,887	9,539,809	6,615,887	244% 15*
30,684,457	10,748,642	19,935,815	10,748,642	313% 16*
6,173,344	6,849,781	(676,437)	6,849,781	90% 17*
52,842,497	24,214,310	28,799,187	24,214,310	218%
55,628,245	69,193,462	13,565,217	69,193,462	80% 18*
0	0	0	16,890,000	
55,628,245	69,193,462	13,565,217	86,083,462	
2,785,748	44,979,152	42,364,404	61,869,152	
85,000,000			187,082,000	
85,000,000			187,082,000	

Commentary - Operational

*1 Income - Grants & Subsidies - NZTA opex subsidy income is \$635k favourable year to date due to increased environmental maintenance work (which offsets in Infrastructure maintenance costs - See Note. 10 below). Petrol tax is \$155k favourable due to an increase in traffic volumes and petrol prices.
*2 Income - Consents - Significant application volume within Planning and Development has consent income \$1.3m favourable to budget.
*3 Income - External Cost Recovery - This is the income received from on-charging external consultant costs within Planning and Development. The expense matching this income is below in the expense line - external cost on chargeable. There is also \$101k favourable variance due to Sludge disposal recovery from CODC and Developer recoveries.
*4 Income - Regulatory - Growth and increased enforcement from additional FTE's compared to the previous year has driven the increase above year to date budget for regulatory. The favourable variances come from the net impact of higher traffic, parking and campervan year to date infringements issued totalling \$513k and \$876k for higher parking fees collected due to price increases from public car parks.
*5 Income - Operational - The Queenstown Airport dividend has been received for \$5.4m which is \$1.6m above Full Year budget. Turnover rents totalling \$748k, Lakeview cabin income \$415k and Church St car parking \$133k have also created a favourable variance. \$270k was invoiced to QAC for recovery of park and ride facility costs and Eastern Access Road irrigation costs, \$250k to DOC for their contribution of Roys Peak car park and \$107k to Central Otago District Council for their contribution towards ETS carbon credits and \$147k to ORC for their share of the public transport infrastructure improvements. There is also \$536k additional landfill income due to increasing volumes of waste and impact of carbon credits. (The refuse income is offset within Note 10. Expenditure - Infrastructure Maintenance) Rates penalties is up \$325k on budget as is net interest received of \$1.3m. Offsetting the favourable variances is the carry forward of the Coronet Forestry harvest income to the the 2018/19 financial year (\$2.9m) (See Note. 11 Expenditure - Parks and Reserves Maintenance below for the expenditure offset). As part of Financial Accounting entries for the 2017:18 Annual Report there is a Wanaka Airport disposal gain of \$1.1m, \$153k gain on sale of investment properties and a \$113k decrease in the revaluation of council's investment properties. There was also \$150k received from MBIE as part of the Tourism Infrastructure Funding (TIF).
*6 Expenditure - Salaries and Wages Contract Staff - Additional contract staff have been required in Planning and Development to address significant application volume increases, with this \$4.1M year to date spend partially offset by additional revenue from Planning and Development invoicing. Infrastructure has an unbudgeted contract staff cost of \$344k, for corridor access management, three waters BBC support services to guide TYP capital planning, developer engineer secondment and contract administration.
*7 Expenditure - Professional Services - As part of Financial Accounting entries for the 2017:18 Annual Report actuals includes \$536k of costs that were transferred back to operating expenditure for projects that have been discontinued or for investigations or feasibility costs of projects not going ahead. There was also additional \$430k in costs relating to the District Plan review process. To note also \$845k of HIF related costs was transferred to capital work in progress within the Balance Sheet during the month due to the expectation that all HIF related costs will be capitalised. The Council is awaiting on Developers Agreements to be signed before the costs can be capitalised after a final review.
*8 Expenditure - Legal - As part of Financial Accounting entries for the 2017:18 Annual Report there is \$2.1m increase in the provision for appeals and settlements for the defence and resolution of legal claims. (Please note this is not additional costs incurred). There is also \$263k additional legal expenses to support the Resource Consent processing and \$144k is for on-going legal advice for Development Contributions, Traffic and Parking by-law, Wanaka Airport restructure advice and legal assistance with the ORC prosecution.
*9 Expenditure - Commercial Rent - There is an \$108k favourable variance due to expiry of Arrowtown camping group portable cabins expense earlier than budgeted, \$47k favourable variance due to Council's delayed occupation for the Louis Vuitton space within Church St and \$30k reduction in rates due to Wanaka Airport lease agreement.
*10 Expenditure - Infrastructure Maintenance - There is \$1.6m additional spend for roading direct costs which includes emergency re-instatement and minor events \$343k which were not budgeted along with \$692k additional costs for environmental maintenance, \$231k for internal time allocations, \$219k for sealed pavement maintenance and \$197k for unsealed pavement maintenance (which partially offsets in Income - Grants and Subsidies see Note. 1 above). Refuse is \$1.1m unfavourable due to an increase in landfill volumes \$300k, Refuse/Recycling escalation & additional collection costs \$279k and increase in refuse disposal costs which includes carbon credit prices \$160k, disposal costs for glass \$119k and removal costs for tyre stockpile \$207k. (Refuse is offset with additional income of \$536k See Income - Operational Note. 5 above). As part of Financial Accounting entries for the 2017:18 Annual Report actuals this includes \$1.3m for QAC Airport Park and Ride costs to be treated as operating expenditure as per the Financial Accounting Standards (was previously classified as capital expenditure) (this is partially offset in Income - Operational (Note 5) for capital contribution received from QAC)
* 11 Expenditure - Parks and Reserves Maintenance - The June month and full year favourable variance of \$3.2m reflects timing of works to be carried forward to the 2018:19 financial year for Coronet Forest \$2.9m and Skyline Harvest contribution costs \$0.2m.
*12 Expenditure - Other - Economic Development has an underspend of \$199k which will be carried forward into the 2018:19 financial year along with \$119k of Strategy Events Grants not drawn down. This is offset by overspends within cleaning at the QEC (\$120k) and on the Long Term Plan (\$140k) and additional parking control costs within Regulatory (\$221k).
*13 Expenditure - Interest - Interest costs is favourable due to lower than expected interest rates.
*14 Expenditure - Depreciation - Depreciation expense has increased due to the timing of completion of capital projects during the year and higher than expected vested assets.

Commentary - Capital Revenue and Expenditure

*15 Income - Development Contributions - For the 2017:18 financial year there was 427 development contributions invoices generated totalling \$16.2m.
*16 Income - Vested Assets - For the 2017:18 financial year there was \$30.7m of vested assets which is made up of \$7.4m for Roading, \$17.2m for 3 Waters and \$6.1m for Land.
*17 Income - Grants & Subsidies Capex - \$676k unfavourable for the year due to re-allocation of NZTA renewals budget to maintenance activities and reduced capital programme (refer. Note 10 above)
*18 Project Expenditure - The largest spends for the 2017:18 financial year were Wanaka Aquatic Centre \$7.5m, Karawau Bridge Falls Waste Water and Water supply \$7.2m, Eastern Access Road \$5.6m, Project Shotver Stage 2 Disposal \$2.8m and Frankton Flats Storm Water \$2.1m. These projects almost total half of the total capex spend. The total amount of capex carry forward to the 2018:19 financial year approved by Council totals \$22.5m which include new budgets approved during the year.

Finance Management Report

Quarter 4 2017:18 Full Year Re-Forecast

Operating Expenditure and Revenue

Description	Year to date Actual	Full Year Re-forecast	Variance to Re-Forecast
REVENUE			
<u>Operating Revenue</u>			
Income - Rates	67,121,401	67,140,945	(19,544)
Income - Grants & Subsidies	6,542,348	6,107,351	434,997 1*
Income - NZTA External Cost Recoveries	1,869,647	1,958,515	(88,868)
Income - Consents	10,508,663	10,227,664	280,999 2*
Income - External Cost Recovery	1,415,732	1,455,202	(39,470)
Income - Regulatory	5,281,978	5,591,052	(309,074) 3*
Income - Operational	32,052,464	29,052,446	3,000,018 4*
Total Operating Revenue	124,792,233	121,533,175	3,259,058
EXPENDITURE			
<u>Personnel Expenditure</u>			
Expenditure - Salaries & Wages	24,282,782	24,209,743	73,039
Expenditure - Salaries & Wages Contract	4,960,839	4,158,540	802,299 5*
Expenditure - Health Insurance	230,327	248,809	(18,482)
Total Personnel Expenditure	29,473,947	28,617,091	856,856
<u>Operating Expenditure</u>			
Expenditure - Professional Services	4,816,735	4,064,214	752,521 6*
Expenditure - Legal	4,344,268	2,254,496	2,089,772 7*
Expenditure - Stationery	327,755	388,167	(60,412)
Expenditure - IT & Phones	673,613	714,078	(40,465)
Expenditure - Commercial Rent	1,949,534	2,132,534	(182,999)
Expenditure - Vehicle	498,375	564,746	(66,371)
Expenditure - Power	3,043,964	3,179,296	(135,332)
Expenditure - Insurance	712,799	701,498	11,300
Expenditure - Infrastructure Maintenance	26,302,149	24,228,291	2,073,858 8*
Expenditure - Parks & Reserves Maintenance	5,814,785	5,973,260	(158,474)
Expense - External Cost On Chargeable	1,308,701	1,512,052	(203,351)
Expenditure - Grants	6,236,957	6,134,995	101,961
Expenditure - Other	12,069,810	12,638,697	(568,886) 9*
Total Operating Expenditure	68,099,446	64,486,323	3,613,123
<u>Interest and Depreciation</u>			
Expenditure - Interest	5,565,192	5,220,819	344,374 10*
Expenditure - Depreciation	25,147,502	24,369,187	778,314 11*
Total Interest and Depreciation	30,712,694	29,590,006	1,122,688
Total Expenditure	128,286,087	122,693,420	5,592,667
NET OPERATING SURPLUS/(DEFICIT)	(3,493,854)	(1,160,245)	(2,333,609)

Capital Revenue and Expenditure

Description	Full Year Actuals	Full Year Re-forecast	Variance to Re-Forecast
<u>Capital Revenue</u>			
Income - Development Contributions	15,984,696	12,870,758	3,113,938 12*
Income - Vested Assets	30,684,457	10,748,642	19,935,815 13*
Income - Grants & Subsidies Capex	6,173,344	5,958,694	214,650
Total Capital Revenue	52,842,497	29,578,094	23,264,403
<u>Capital Expenditure</u>			
Projects/Asset Purchases	55,628,245	49,757,444	5,870,801 14*
Debt Repayment	0	0	
Total Capital Expenditure	55,628,245	49,757,444	
NET CAPITAL FUNDING REQUIRED	2,785,748	20,179,349	
Total External Borrowing	85,000,000	85,000,000	

Commentary - Operational Full Year Actuals to Full Year Re-forecast

<p>*1 Income - Grants & Subsidies - Re-forecast did not include \$300k grant to be received from Otago Community Trust for the Wanaka Recreation centre. Petrol tax is favourable \$60k due to an increase in traffic volumes and petrol prices.</p>
<p>*2 Income - Consents - There was an additional \$400k of income received to the re-forecast for Planning and Development's consenting income due to the increasing application volumes.</p>
<p>*3 Income - Regulatory - Traffic and parking infringements for campervan infringements income was down on re-forecast by (\$191k) and (\$58k) respectively.</p>
<p>*4 Income - Operational - There was additional net interest received of \$800k and turnover rents were \$529k higher than the re-forecast. Membership income across the Queenstown Event Centre is \$223k more than forecasted and \$150k was received from MBIE for Tourism Infrastructure Fund not forecasted. As part of Financial Accounting entries for the 2017:18 Annual Report there was a disposal gain on sale for Wanaka Airport disposal of \$1.1m, a \$153k gain on sale for investment properties which offsets a revaluation decrease in the Council's investment property portfolio of (\$114k).</p>
<p>*5 Expenditure - Salaries and Wages and Contract Staff - There was an additional \$617k of contract staff costs needed within Planning and Development to address the significant volume increases and an additional \$113k of costs was needed within Property and Infrastructure for various support.</p>
<p>*6 Expenditure - Professional Services - As part of Financial Accounting entries for the 2017:18 Annual Report actuals includes \$536k of costs that was transferred back to operating expenditure for projects that have been discontinued or for investigations or feasibility costs of projects not going ahead.</p>
<p>*7 Expenditure - Legal - As part of Financial Accounting entries for the 2017:18 Annual Report there is a \$2.1m increase in the provision for appeals and settlements for the defence and resolution of legal claims. (Please note this is not additional costs incurred).</p>
<p>*8 Expenditure - Infrastructure Maintenance - As part of Financial Accounting entries for the 2017:18 Annual Report Actuals includes \$1.3m for QAC Airport Park and Ride Costs. There was also additional costs of \$202k for transport costs for Sludge transfer from new plant acquired, \$160k additional carbon credit expenditure due to price increases and additional \$380k for various road maintenance activities.</p>
<p>*9 Expenditure - Other - Cleaning costs have come under re-forecast by \$211k, there is to be a carry forward to 2018:19 financial year of \$199k within Economic Development and Sponsorship for Events grants was \$114k not drawn down.</p>
<p>*10 Expenditure - Interest - Actual costs are higher than the re-forecast due to the additional capex spend.</p>
<p>*11 Expenditure - Depreciation - Depreciation expense has increased due to the timing of completion of capital projects during the year and higher than expected vested assets.</p>

Commentary - Capital Revenue and Expenditure Full Year Actuals to Full Year Re-forecast Adjustments

<p>*12 Income - Development Contributions - For the 2017:18 financial year there was 427 development contributions invoices generated totalling \$16.2m.</p>
<p>*13 Income - Vested Assets - For the 2017:18 financial year there was \$30.7m of vested assets which is made up of \$7.4m for Roading, \$17.2m for 3 Waters and \$6.1m for Land.</p>
<p>*14 Project Expenditure - The largest spends for the 2017:18 financial year were Wanaka Aquatic Centre \$7.5m, Karawau Bridge Falls Waste Water and Water supply \$7.2m, Eastern Access Road \$5.6m, Project Shotver Stage 2 Disposal \$2.8m and Frankton Flats Storm Water \$2.1m.</p>

Statement of Financial Position (Council only)

As at 30 June 2018	Actual Jun-18 \$'000	Actual Jun-17 \$'000	Actual Variance \$'000	Annual Plan Jun-18 \$'000	Actual Jun-17 \$'000
Current assets					
Cash and cash equivalents	10,028	6,326	3,702 *1	337	6,326
Trade and other receivables from non-exchange transactions	5,957	6,725	(768) *2	8,488	6,725
Trade and other receivables from exchange transactions	9,222	6,605	2,617 *2	1,838	6,605
Inventories	46	46	-	24	46
Other financial assets	9,513	10,013	(500) *3	15	10,013
Other current assets	1,214	797	417	716	797
Total current assets	35,980	30,512	5,468	11,418	30,512
Non-current assets					
Investment in subsidiaries	6,250	6,250	-	5,412	6,250
Other financial assets	1,707	2,134	(427)	1,924	2,134
Property, plant and equipment	1,188,225	1,122,806	65,419 *4	1,215,830	1,122,806
Intangible assets	1,607	673	934	-	673
Investment property	97,462	110,205	(12,743) *5	63,560	110,205
Development property	12,503	-	12,503 *6	-	-
Total non-current assets	1,307,754	1,242,068	65,686	1,286,726	1,242,068
Total assets	1,343,734	1,272,580	71,154	1,298,144	1,272,580
Current liabilities					
Trade and other payables from exchange transactions	27,071	22,618	4,453 *7	14,637	22,618
Borrowings	30,203	17,223	12,980 *1	48,000	17,223
Other financial liabilities	96	262	(166)	-	262
Other current liabilities	21,845	8,286	13,559 *8	2,846	8,286
Employee entitlements	1,490	1,305	185	-	1,305
Total current liabilities	80,705	49,694	31,011	65,483	49,694
Non-current liabilities					
Borrowings	55,263	75,466	(20,203) *1	139,082	75,466
Other financial liabilities	2,106	1,298	808	-	1,298
Other non-current liabilities	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-
Total non-current liabilities	57,369	76,764	(19,395)	139,082	76,764
Total liabilities	138,074	126,458	11,616	204,565	126,458
Net assets	1,205,660	1,146,122	59,538	1,093,579	1,146,122
Equity					
Reserves	567,805	555,374	12,431	459,430	555,374
Accumulated funds	637,855	590,748	47,107	634,149	590,748
Total equity attributable to Council	1,205,660	1,146,122	59,538	1,093,579	1,146,122

Commentary

- *1 Increase in cash on hand due to timing of capital expenditure and associated borrowings.
- *2 Refer to Debtors Analysis for commentary.
- *3 Current year includes a term deposit of \$9.5m. The prior year included a \$10m term deposit which matured in December 2017.
- *4 Increase reflects additions via capital programme during 2018/19 and vested assets of \$30.7m offset by depreciation and disposals. Refer to note 18 attachment A for commentary on significant capital expenditure during 2018/19.
- *5 Revaluation as at 30 June 2018, along with disposal of an investment property and \$12.5m transfer to development property (see note 6).
- *6 Initial transfer of Lakeview sections earmarked for sale from investment property. Sales are expected to commence in 2019/20 following development of the site.
- *7 The variance for trade and other payables includes additional subdivision bonds of \$1.2m versus the prior year due to increases in and timing of development activity in the district, as well as increased trade payables and accruals. Footpath bonds has decreased by \$160k during the year following applications for refunds of footpath bonds.
- *8 The current year includes income in advance of \$11.3M in relation to the 100 year Wanaka Airport lease to Queenstown Airport Corporation which commenced on 1 April 2018.

Borrowing Limits (%)	Actual Jun-18	Annual Plan Jun-18	Borrowing Limit	Actual Jun-17	Actual Jun-16
Interest Expense/Rates < 25%	8.3%	12.8%	25.0%	6.1%	7.8%
Interest Expense/Total Revenue < 15%	4.5%	7.1%	15.0%	3.2%	3.8%
Net Debt/Total Revenue < 250%	51.4%	154.6%	250.0%	73.5%	65.1%
Net Debt/Total Equity < 20%	7.1%	17.1%	20.0%	8.0%	7.6%

- Measure is well within the borrowing limit
- Measure is within 5% of the borrowing limit
- Measure is outside of the borrowing limit

Debtors Analysis

As at 30 June 2018	Council		
	Jun-18 \$'000	Jun-17 \$'000	Variance \$'000
From non-exchange transactions			
Trade receivables	677	1,331	(654)
Infringement receivables	1,869	1,564	305 *1
Rates receivables	3,327	3,053	274 *3
New Zealand Transport Agency	1,522	1,910	(388) *4
Other	134	111	23
Allowance for doubtful debts	(1,572)	(1,244)	(328) *1
	5,957	6,725	(768)
From exchange transactions			
Trade receivables	4,064	3,376	688
Other	5,472	3,493	1,979 *2
Allowance for doubtful debts	(314)	(264)	(50)
	9,222	6,605	2,617
	15,179	13,330	1,849
Age analysis			
Trade and other receivables (excluding rates)			
	Council		
	Jun-18 \$'000	Jun-17 \$'000	Variance \$'000
Current (0-30 days)	10,102	8,296	1,806 *2
31-60 days *	511	740	(229)
61-90 days *	317	354	(37)
90 days + *	980	929	51 *1
	11,910	10,319	1,591
Rates receivables			
Current year rates (overdue) *	2,000	984	1,016 *3
Previous years rates *	1,269	2,027	(758) *3
	3,269	3,011	258
Total receivables	15,179	13,330	1,849
Allowance for doubtful debts	(1,886)	(1,508)	(378)

* Amounts are considered past due.

Commentary

- *1 Infringement receivables continues to increase with \$1.6m in over 90 days due to an increase in the number of infringements being issued. The allowance for doubtful debts includes \$1.5m for infringements.
- *2 Other receivables from exchange transactions included grants receivable of \$0.9m relating to Wanaka Aquatic Centre and Wanaka Recreation Centre.
- *3 The Local Government (Rating) Act has mechanisms available to recover overdue rates via a charge on the mortgage for mortgaged properties or via sale of the property for rates balances less than 6 years old. Late payment penalties of 10% are charged on all overdue rates balances relating to prior rating years as at 31 October and 31 March each year whilst 10% penalties are also applied to overdue rates instalments relating to the current rating year in accordance with legislation. The rates team will be applying debt collection processes to rates in arrears in the next quarter.
- *4 Receivables from NZTA are affected by the timing of capital and operating expenditure for roading where costs are funded by NZTA. The prior year activity included the Eastern Access Road.