

Chairperson and Committee Members
OPERATIONS & FINANCE COMMITTEE

11 MAY 2017

Meeting Status: **Public**

Purpose of Report: For Information

FINANCIAL REPORT TO 31 MARCH 2017

PURPOSE OF REPORT

- 1 This report sets out Kāpiti Coast District Council's (Council's) financial performance and financial position for third quarter ended 31 March 2017, with explanations of key results and variances.

DELEGATION

- 2 The Operations and Finance Committee has delegated authority to consider this report under the 2016-2019 Triennium Governance Structure and Delegations in Section B.2.

Monitoring and decision-making on all broader financial management matters. Key responsibilities will include financial management, including risk mitigation.

BACKGROUND

- 3 The Committee is provided with information on eight broad areas of financial performance each quarter.

Part A: Statement of Comprehensive Revenue and Expense

Part B: Statement of Financial Position

Part C: Statement of Cash Flows

Part D: Statement of Rates Funding

Part E: Water Account Statement

Part F: Capital Spending Programme

Part G: Outstanding Rates Debt as at 31 March 2017

Part H: Treasury Management

Part A: Statement of Comprehensive Revenue and Expense

- 4 The statement of comprehensive revenue and expense covers all of Council's revenue and expenditure for the reporting period.
- 5 The net position of revenue less expenditure provides the operating surplus or deficit for the reporting period.
- 6 Table 1 provides Council's actual revenue and expense for the third quarter ended 31 March 2017 as well as the forecast performance for the year ended 30 June 2017.

Table 1	2016/17 YTD			Full Year 2016/17		
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
Rates	42,375	42,716	(341)	56,535	56,866	(331)
Fees and Charges	6,800	6,149	651	8,637	7,899	738
Grants and Subsidies	2,942	3,490	(548)	4,342	4,567	(225)
Development and Financial Contributions Revenue	1,408	806	602	1,600	1,075	525
Other Operating Revenue	691	212	479	1,367	333	1,034
Interest Income	1,066	779	287	1,430	1,140	290
Total Income	55,282	54,152	1,130	73,911	71,880	2,031
Other Operating Expense	34,751	36,416	1,665	48,514	48,058	(456)
Depreciation and Amortisation	12,970	13,177	207	17,569	17,569	-
Finance Expense	6,967	7,056	89	9,398	9,408	10
Total Expenditure	54,688	56,649	1,961	75,481	75,035	(446)
Operating Surplus/ (Deficit)	594	(2,497)	3,091	(1,570)	(3,155)	1,585
Revaluation of Property Plant and Equipment	-	-	-	32,633	32,633	-
Unrealised Gain/(Loss) on Revaluation of Financial Derivatives	8,234	-	8,234	8,234	-	8,234
Total Other Comprehensive Income and Expenditure	8,234	-	8,234	40,867	32,633	8,234
Net Operating (Deficit)/Surplus	8,828	(2,497)	11,325	39,297	29,478	9,819

Financial performance summary

- 7 Council's year to date operating surplus is \$3.10 million favourable to budget. This is mainly due to additional revenue from more building activity than planned and lower levels of operating expenditure in areas such as consultants, contractors, legal and maintenance, rather than cost savings that will impact on the full year result.
- 8 Council's unrealised gain on revaluation of financial derivatives of \$8.23 million is due to derivative interest rates increasing further since June 2016. There is no intention to realise these fair value changes (whether gains or losses). This is recognised for accounting purposes only and does not represent a cash gain.
- 9 High spend on maintenance and monitoring activities is expected in the last quarter. Council is forecasting the full year operating deficit to be \$1.56 million favourable to budget. The favourable variance is largely due to increased development contributions (which are used to fund capital works) and regulatory income from increased subdivision and building activity in the District.

Explanation of key revenue variances

10 Rates

Brief Description:	Rates include all rates earned by the Council, including water rates. Rates remissions and rates billed to Council owned properties are excluded.
YTD Variance:	\$341,000 unfavourable to budget mainly due to less water rates revenue received during the year than expected. (See Part E: Water Account Statement).
Full Year Forecast Variance:	\$331,000 unfavourable to budget mainly due to water consumption tracking below expectations. (See Part E: Water Account Statement).

11 Fees and charges

Brief Description:	Fees and charges include all non-rates revenue earned by the Council for providing services to the Community. This also includes fines and penalties charged.
YTD Variance:	\$651,000 favourable to budget mainly due the following: <ul style="list-style-type: none"> • additional building consents fees of \$346,000; • a New Zealand Transport Agency (NZTA) contribution of \$140,000 towards the total costs of renaming SH1; and • higher late rates payment penalties than planned.
Full Year Forecast Variance:	\$738,000 favourable to budget mainly due to: <ul style="list-style-type: none"> • Additional building consent and resource consent fees of \$543,000 expected; and • A contribution of \$200,000 from NZTA towards the SH1 renaming costs.

12 Grants and subsidies

Brief description:	Includes grants received by the Council for operating and capital spending. The majority of grants revenue is received from (NZTA) for their share of our roading maintenance and capital spending programmes.
YTD variance:	\$548,000 unfavourable to budget due to less NZTA funding than planned for the Raumati Road project and routine drain maintenance. There have also been delays in the completion of the annual reseal programme due to weather.
Full year forecast variance:	Expected to be \$225,000 unfavourable to budget mainly due to less NZTA funding than planned for the Raumati Road project and routine drain maintenance. This is largely offset by their contribution towards the SH1 renaming project (see Fees and charges above).

13 **Development and financial contributions**

Brief description:	<ol style="list-style-type: none"> 1. Financial contributions are levied under the Resource Management Act and cover Reserves Contributions levied on developers at the time of subdivision. 2. Development contributions are levied under the Local Government Act 2002 and cover all key activities except Parks and Open Space and are levied on developers at the time of subdivision.
YTD variance:	\$602,000 favourable to budget due to higher subdivision and building activity than planned.
Full year forecast variance:	Expected to be \$525,000 favourable to budget due to higher subdivision and building activity.

14 **Other operating revenue**

Brief description:	Includes assets vested to Council, Local government petrol tax, donations and/or sponsorship and realised gains on asset disposals.
YTD variance:	\$479,000 favourable to budget. This is due to funding from Electra to contribute towards the Kapiti Road upgrade of \$323,000, together with unbudgeted sponsorship and donations revenue.
Full Year forecast variance:	Forecast to be \$1.03 million favourable to budget due to: <ul style="list-style-type: none"> • Kapiti Road funding from Electra; and • Unbudgeted sponsorship and donations; and • Vested assets of \$500,000.

15 **Interest income**

Brief description:	Interest income represents the Council's earnings on its term deposits, overnight cash deposits and Borrower Notes held by the Local Government Funding Agency.
YTD variance:	\$287,000 favourable to budget. This is due to a temporary timing difference regards \$45 million of new debt issued in the first nine months of the financial year. (See Part H: Treasury Management).
Full year forecast variance:	Forecast to be \$290,000 favourable to budget due to increased income earned from new debt issued and placed on term deposit.

Explanation of key expenditure variances16 **Other operating expense**

Brief description:	Includes direct operating costs except for internal rates, finance charges and asset depreciation/amortisation.
YTD variance:	\$1.67 million favourable to budget. This is mainly a reflection of lower levels of expenditure in the first three quarters of the year in areas such as consultants, contractors, and maintenance.
Full year forecast variance:	\$456,000 unfavourable to budget. High spend on maintenance and monitoring activities is scheduled to occur in the last quarter of the financial year.

Explanation of other comprehensive revenue and expense variances**17 Unrealised loss on revaluation of derivatives**

Brief description:	<ol style="list-style-type: none"> 1. Council recognises its interest rate swaps at fair value on a monthly basis. 2. The change in fair value between 31 March 2017 and 30 June 2016 is treated as either an unrealised gain (fair value has decreased) or an unrealised loss (fair value has increased).
YTD variance:	\$8.23 million favourable to budget because swap rates are higher compared to opening rates at 1 July 2016. (See Part H: Treasury Management).
Full year forecast variance:	\$8.23 million favourable to budget. This has been aligned to the YTD variance due to the uncertainty and volatility of the financial markets.

Part B: Statement of Financial Position

- 18 The Council's financial position as at 31 March 2017 and the forecast for the year ended 30 June 2017 are set out in Table 2, followed by summary of the key variances.

Table 2	YTD actual \$000	Full year forecast \$000	Full year budget \$000	2016/17 Variance \$000
Assets				
Cash and cash equivalents	56	200	200	-
Trade and other receivables	7,757	7,064	7,064	-
Inventories	109	100	100	-
Non-current assets held for sale	-	-	-	-
Property, plant and equipment	1,474,887	1,519,131	1,538,602	(19,471)
Forestry assets	378	435	435	-
Intangible assets	858	875	875	-
Other financial assets	53,256	58,475	42,696	15,779
Loans	602	667	667	-
Total assets	1,537,903	1,586,947	1,590,639	(3,692)
Liabilities				
Trade and other payables	12,896	19,655	22,222	2,567
Employee benefit liabilities	2,331	2,532	2,532	-
Deposits	745	770	770	-
Borrowings	198,009	210,000	199,066	(10,934)
Provisions	4,124	2,934	2,934	-
Derivative financial instruments	10,773	10,773	16,633	5,860
Total liabilities	228,878	246,664	244,157	(2,507)
Public equity				
Accumulated funds	567,842	566,967	559,695	7,272
Reserves and special funds	2,720	2,220	2,220	-
Revaluation reserve	738,463	771,096	784,567	(13,471)
Total equity	1,309,025	1,340,283	1,346,482	(6,199)
Total liabilities and equity	1,537,903	1,586,947	1,590,639	(3,692)

Year-to-date summary

- 19 Council's only material changes to its financial position for the nine months ended 31 March 2017 were in respect to financial investments, borrowings and financial derivatives.
- 20 New debt of \$45 million was issued since 1 July 2017 to secure lower borrowing costs. (See Part H: Treasury Management).

- 21 Since 30 June 2016, the long term swap rates have started increasing. Consequently, the fair value of Council's financial derivatives to maturity has decreased from 30 June 2016, creating an unrealised gain on revaluation of derivative financial instruments in the statement of comprehensive revenue and expenses.

Full year forecast summary

- 22 Property, Plant and Equipment is expected to be \$19.47 million unfavourable to budget at year end. This is further explained below:

\$ Variance (Millions)	Explanatory Notes
\$13.27	The 2016/17 budget was based on a draft revaluation of the three waters assets in March 2016. The final revaluation at 30 June 2016 was significantly lower due to a comprehensive review of the underlying data and assumptions
\$6.20	The Council is currently forecasting to carry forward \$6.20 million of uncompleted capital projects to 2017/18.
\$19.47	

- 23 Other financial assets are expected to be \$15.78 million favourable to budget. This is mainly due to debt prefunding expected to be \$15 million higher than planned to secure lower borrowing costs. (See Part H: Treasury Management).
- 24 Gross borrowings are forecast to be \$210 million at year end which will be \$10 million unfavourable to full year budget. Council's \$200 million borrowing limit (as set out in Council's Financial Strategy) excludes debt prefunding. Total debt prefunding is forecast to be \$55 million at year end. Excluding this, Council's actual gross borrowings at year end is forecast to be \$155 million, which is well within the borrowings limit. (See Part H: Treasury Management).
- 25 Total equity is forecast to be \$6.20 million unfavourable to budget. This is mainly due to Council's total asset base expected to be lower than planned.

Part C: Statement of Cash Flows

26 The Council's cash flow for the third quarter ended 31 March 2017 and the forecast for the year ended 30 June 2017 are set out in Table 3, followed by a summary of key variances.

Table 3	2016/17			
	YTD actual \$000	Full year forecast \$000	Full year budget \$000	Full year variance \$000
<i>Cash was provided from:</i>				
Kapiti Coast District Council rates	40,675	56,503	56,866	(363)
Greater Wellington Regional Council Rates	7,844	-	-	-
Grants and subsidies - operating	1,634	1,485	1,595	(110)
Interest received	1,563	1,230	940	290
Charges and fees	7,553	9,837	9,099	738
GST (net)	(372)	284	284	-
	58,897	69,339	68,784	555
<i>Cash was applied to:</i>				
Payments to employees and suppliers	37,847	45,960	45,520	440
Rates paid to Greater Wellington Regional Council	7,844	-	-	-
	45,691	45,960	45,520	440
Net cash flows from operating activities	13,206	23,379	23,264	115
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Sale of investment	10,018	15,088	10,088	5,000
Proceeds from sale of property, plant and equipment	-	-	-	-
Proceeds from capital grants	3,308	4,857	4,972	(115)
	13,326	19,945	15,060	4,885
<i>Cash was applied to:</i>				
Construction and purchase of property, plant and equipment and intangibles	12,391	29,184	34,184	5,000
Purchase of investments	45,000	55,000	35,120	(19,880)
	57,391	84,184	69,304	(14,880)
Net cash flows from investing activities	(44,065)	(64,239)	(54,244)	(9,995)
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Short-term borrowings	29,115	-	-	-
Long-term borrowings	44,280	60,000	50,000	10,000
	73,395	60,000	50,000	10,000
<i>Cash was applied to:</i>				
Interest on borrowings	6,794	9,220	9,220	-
Short-term borrowings	26,115	-	-	-
Long-term borrowings	10,013	10,000	10,000	-
	42,922	19,220	19,220	-
Net cash flows from financing activities	30,473	40,780	30,780	10,000
Net increase(decrease) in cash and cash equivalents	(386)	(80)	(200)	120
Add total cash and cash equivalents at 1 July	442	400	400	-
Total cash and cash equivalents	56	320	200	120

Overall summary

- 27 Council's cash on hand as at 31 March 2017 was \$56,000.
- 28 Council's material changes to its cash flow management for the period ended 31 March 2017 were:
- Issuing new debt of \$45 million and investing this on term deposit (See Part H: Treasury Management)
 - Settlement of \$10 million of debt (See Part H: Treasury Management)
- 29 Cash and cash equivalents are currently forecast to be \$120,000 favourable to full year budget. This is mainly due to higher building and resource consent fees than planned.

Part D: Statement of Rates Funding

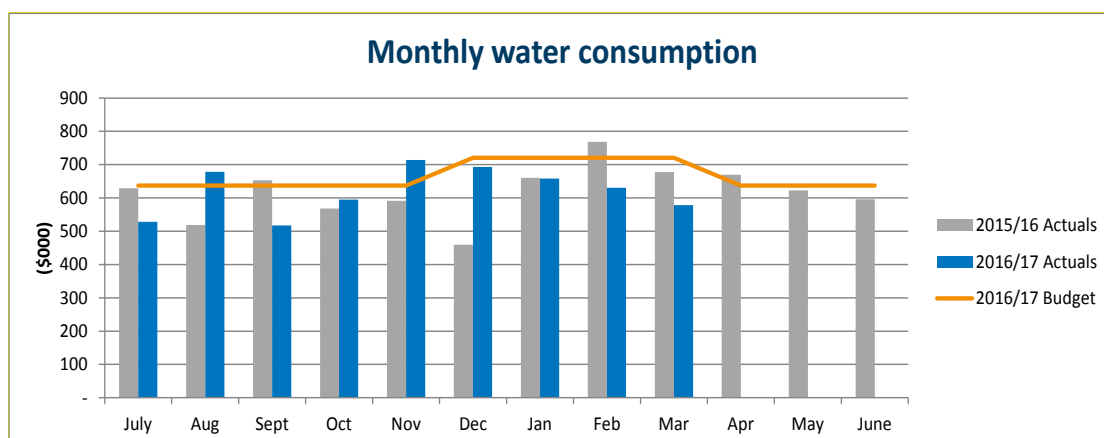
- 30 The rates surplus/(deficit) is different to the operating surplus/(deficit) per the Statement of Comprehensive Revenue and Expense as shown on page 2, due to the following:
- Operating surplus/ (deficit) covers all of Council's operating revenue and expense from all funding sources, including vested assets.
 - The rates surplus/ (deficit) only covers Council's revenue and expenses that are rates funded.
- 31 Table 4 below details the actual year to date rates funding deficit for the third quarter ending 31 March 2017.

Table 4: Rates revenue requirement	2016/17 actual \$000
Net operating (deficit)/surplus	8,828
Adjusted by income and expenditure variances not funded by rates:	
Fair value movement in interest rate swaps - (Gain)	(8,234)
Expenditure funded by reserves and special funds	62
Increased capital funding and vesting of assets	(94)
Underlying net rates surplus/(deficit)	562
Less: budgeted net surplus/(Deficit)	(2,497)
Variance	3,059
Represented by:	
Water Account Deficit	(88)
Depreciation and net interest costs	583
Year to date underspend across the organisation	2,564
Rates surplus	3,059

- 32 The March year to date rates surplus is \$3.06 million favourable to budget. This is mainly a reflection of lower levels of expenditure rather than cost savings that will impact on the full year result. High spend on maintenance and monitoring activities is expected in the last quarter.

Part E: Water Account Statement

- 33 A water account is a mechanism that captures the total cost of supplying potable water. This includes reticulation and treatment. Ideally the total cost of supplying potable water is fully recovered by fixed and metered water supply rates each year. The water account is a closed account. This means that any surpluses will be held within the account to fund future costs of providing water. Conversely any deficits will need to be recovered from future water charges.
- 34 Water usage is expected to take a number of years to normalise as districtwide water meter charging for all residential properties commenced from July 2014. Therefore, Council needs to carefully monitor usage trends to best determine what charges are necessary to fully recover the total costs of providing a treated water supply.
- 35 The water account is currently in deficit. Council plans to gradually increase the annual water supply rates, to a level that recovers the full cost of providing this service across the District within the next ten years. This approach will be confirmed during the 2018-38 Long Term Plan.
- 36 The 2016/17 budget assumed a water account deficit of \$169,000. This deficit is forecast to increase to \$561,000 at 30 June 2017 as actual water consumption continues to track lower than expected.



- 37 The table below outlines the current water account position. From 2017/18 to 2019/20, the anticipated surpluses will help to ensure that the full cost of water is recovered from water rates.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Summary of water account	Actual	Actual	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Cost of providing water	8.1	8.0	8.4	8.4	8.8	9.0	9.2	9.4	9.5	9.6	9.7	9.9	10.2
Water rates revenue	7.6	7.7	7.9	8.4	8.8	9.2	9.3	9.5	9.7	9.8	9.9	10.0	10.3
Annual surplus/(deficit)	(0.5)	(0.3)	(0.6)	(0.0)	0.1	0.2	0.2	0.1	0.2	0.2	0.3	0.2	0.2
Balance of water account	(0.5)	(0.8)	(1.4)	(1.4)	(1.3)	(1.1)	(0.9)	(0.8)	(0.7)	(0.5)	(0.2)	(0.1)	0.1

Part F: Capital Spending Programme

- 38 A summary of the 2016/17 capital works programme by activity and the full year budget are set out in Table 5 below

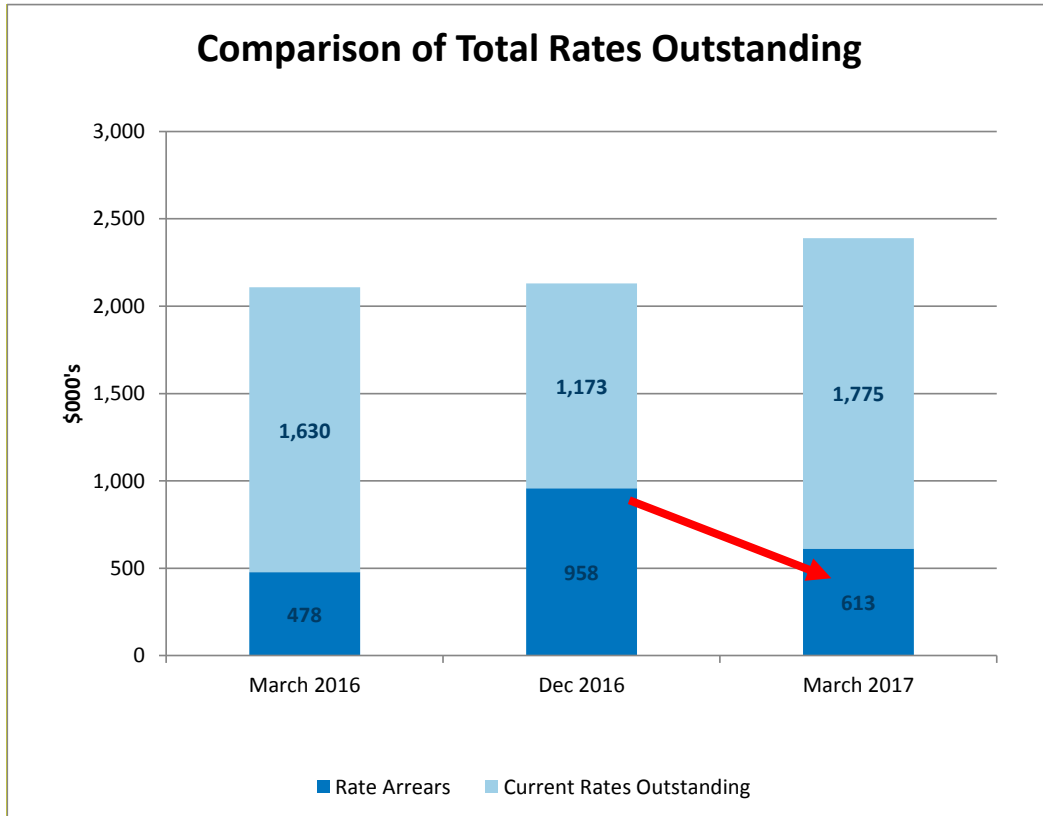
Table 5	YTD Actuals 2016/17 \$000	YTD Budget 2016/17 \$000	YTD Variance 2016/17 \$000	Full Year Budget 2016/17 \$000
Access and Transport	4,648	6,489	1,841	8,261
Coastal Management	590	532	(58)	1,635
Community Facilities and Community Support	65	486	421	962
Corporate	490	845	355	1,136
Districtwide Planning	-	-	-	-
Economic Development	1,310	1,720	410	3,316
Governance and Tangata Whenua	297	401	104	554
Parks and Open Spaces	301	878	577	1,881
Recreation and Leisure	734	3,898	3,164	6,008
Regulatory Services	-	-	-	-
Solid Waste	363	392	29	522
Stormwater Management	1,762	2,216	454	2,862
Wastewater Management	2,077	3,287	1,210	4,280
Water Management	440	754	314	1,005
Grand Total	13,077	21,898	8,821	32,422

- 39 The Council is currently forecasting to complete \$26.3 million of capital works in 2016/17 and is planning to carry forward \$6.2 million to 2017/18. Carry forwards will be confirmed as part of finalising the 2017/18 Annual Plan in June 2017.
- 40 Please refer to the Activity Report: 1 January to 31 March 2017 (SP-17-189) for more detailed information.

Part G: Outstanding Rates Debt as at 31 March 2017

Property rates outstanding (Excluding water rates)

41 The total property rates outstanding as at 31 March 2017 was \$2.39 million (31 December 2016: \$2.13 million and 31 March 2016: \$2.11 million).



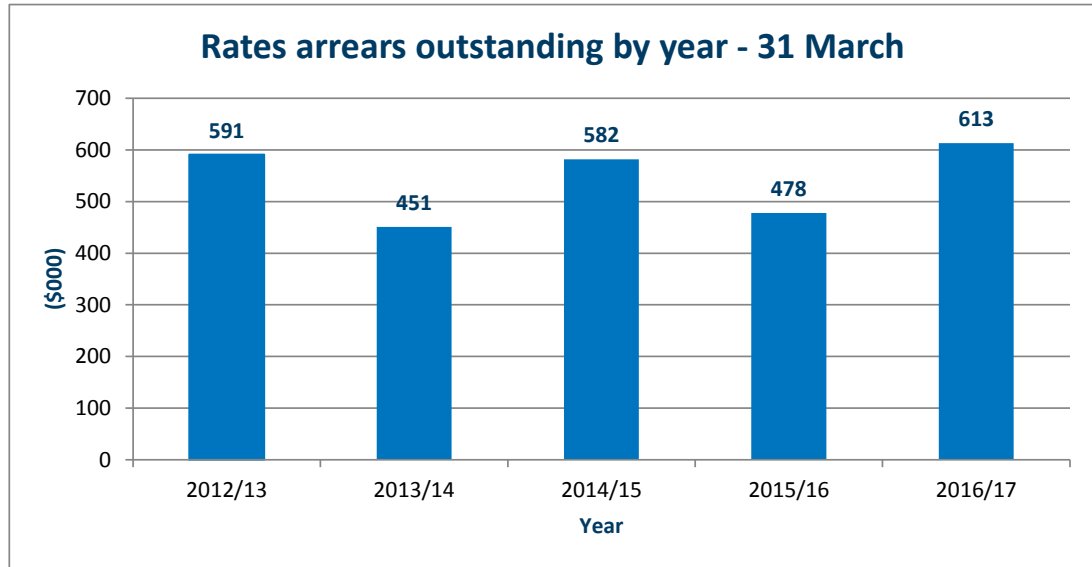
42 Rate payments received are first applied to rates arrears. Council’s rates collection process involves follow up with outstanding debtors and payment arrangements to ensure debts are settled over a reasonable time period.

43 As can be seen, Council has collected \$345,000 of rates arrears since 31 December 2016. This has been mainly from mortgagee demands and payment arrangements.

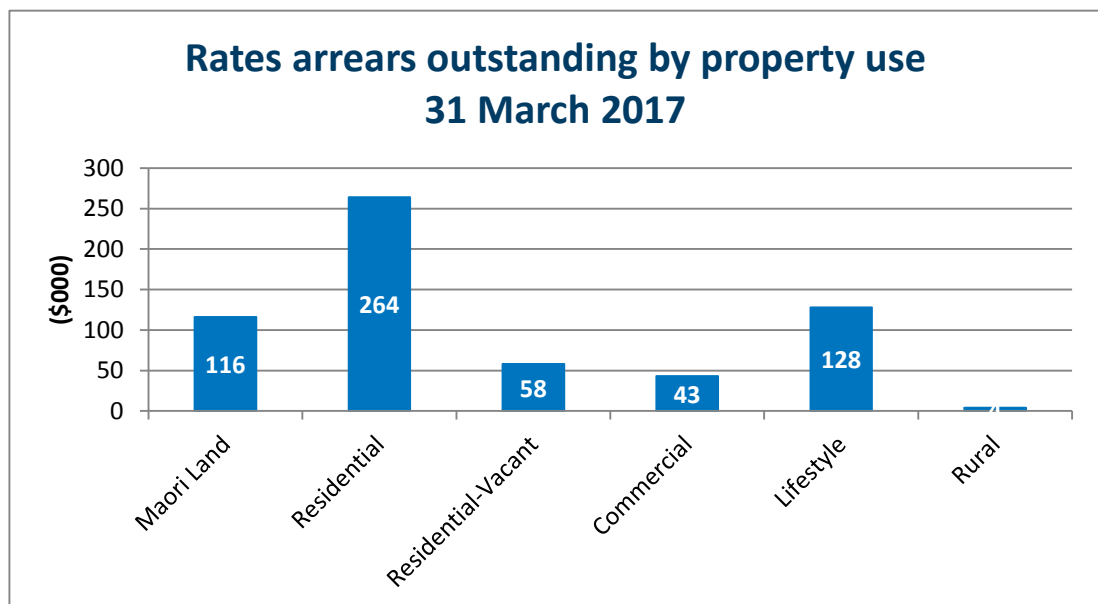
44 Council collects current year rates on behalf of the Greater Wellington Regional Council. \$1.78 million of current rates outstanding as at 31 March 2017 is split as follows:

Breakdown of current rates outstanding	Rates \$000	Penalties \$000	Total rates outstanding \$000
Kāpiti Coast District Council rates	1,234	285	1,519
Greater Wellington Regional Council	206	51	257
Total	1,440	335	1,775

- 45 The graph below shows a comparison of the rates arrears outstanding as at 31 March 2017 and for the previous 4 years.



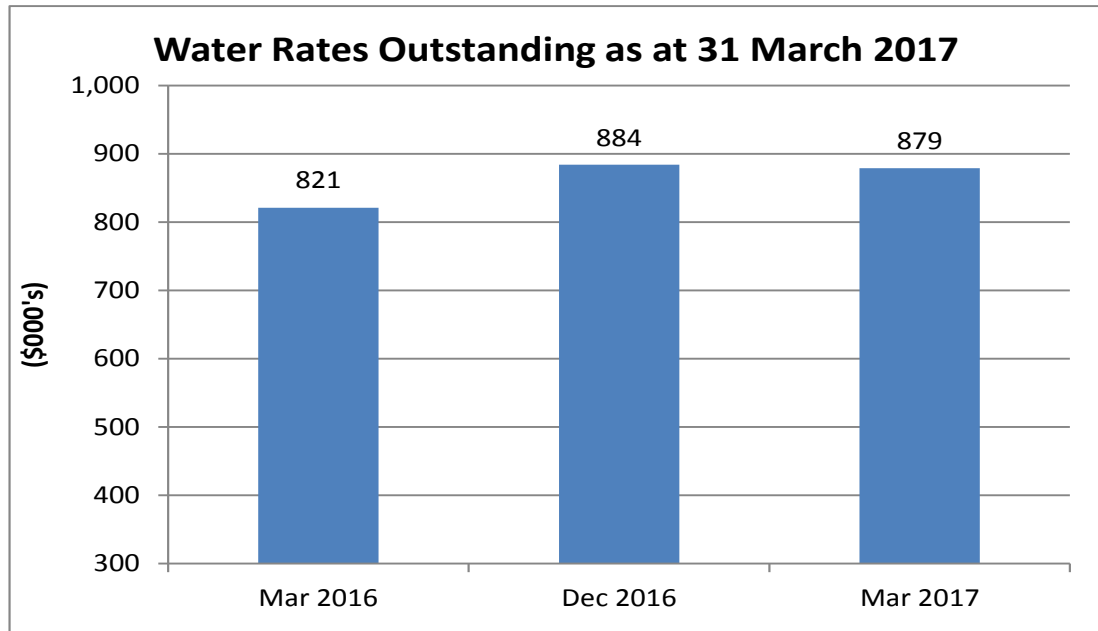
- 46 Outstanding rate collections have increased compared to prior years due to refocusing fewer resources on higher demand activities such as subdivisions and sales notices.
- 47 The graph below details the total rates arrears of \$613,000 by Property Use Category. The majority of the total rates arrears are from residential properties.



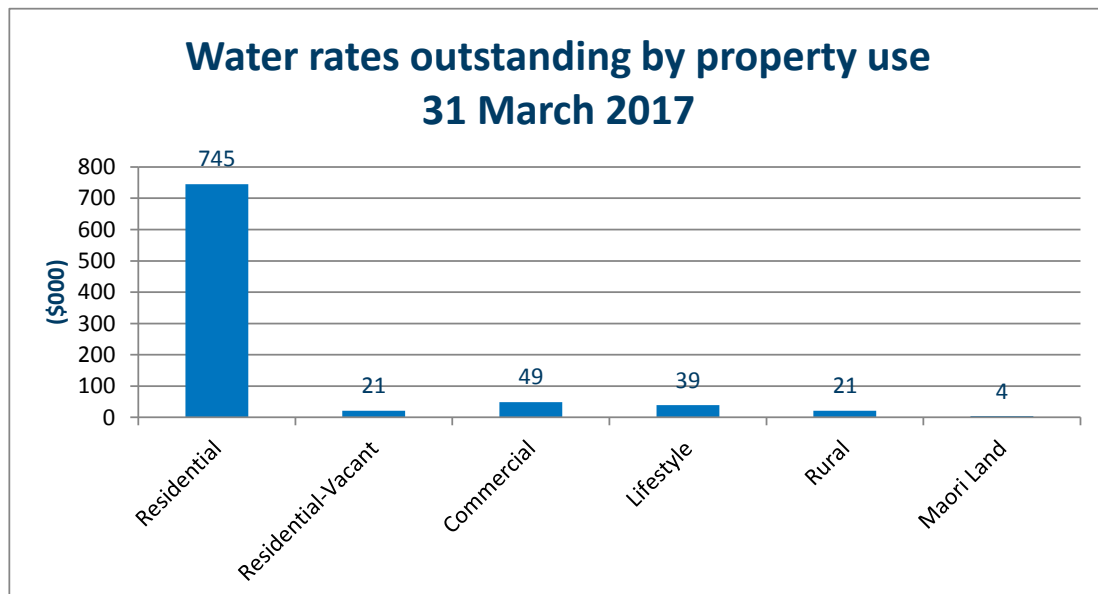
- 48 The rates arrears from Māori Land are rate arrears owed to Greater Wellington Regional Council. Their policy is to remit such rates that are six years old. (2015/16:\$55,000)

Water rates outstanding

- 49 A total of \$879,000 of water rates is outstanding as at 31 March 2017 (\$884,000 as at December 2016 and \$821,000 as at March 2016).
- 50 Similarly, water rate payments received are first applied to water rate arrears. The chart below reflects the overall water rates debt as at 31 March 2017 compared to 31 December 2016 and 31 March 2016.

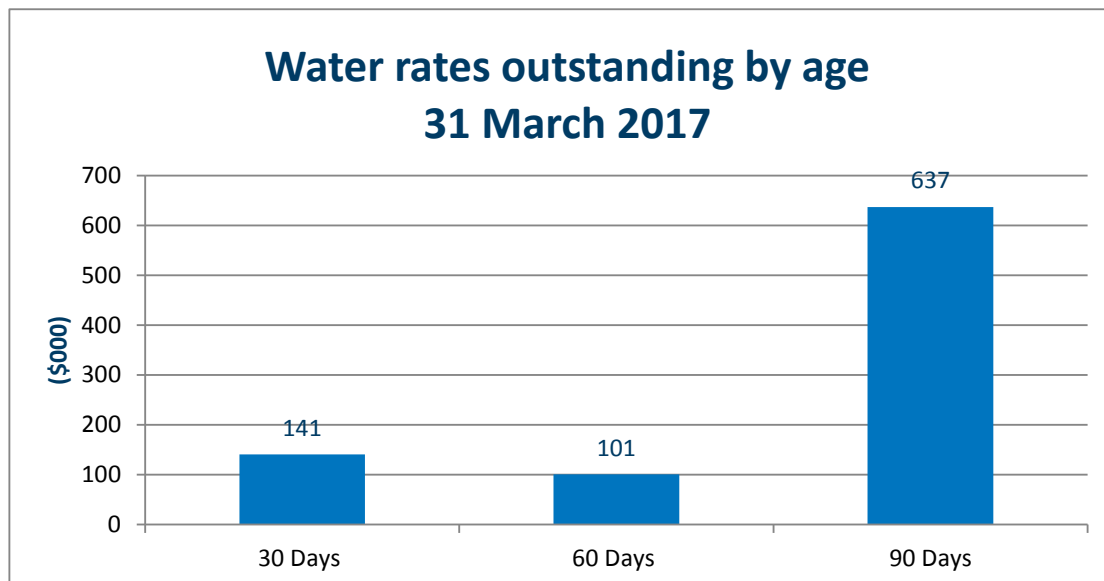


- 51 The graph below details the total water rates outstanding by property use category. The majority of the outstanding water rates are from residential properties.



- 52 \$649,000 or 74% of outstanding water rates relate to individual debtor balances of less than \$1,000. The total water rates outstanding represent less than 5% of total water rates invoiced since 1 July 2014.

- 53 The graph below details the ageing of the total water rates outstanding. \$637,000 or 72% of the Council’s outstanding water rates are older than 90 days.



- 54 Table 7 below details the total rate remissions issued for period ended 31 March 2017 against the full year budget.

Table 7	Actual \$000	Budget \$000	Remaining to allocate \$000
Community properties (Council and private ownership), sporting, recreational and other community organisations	72	141	68
Residential rating units containing two separately habitable units	79	19	(59)
Financial hardship	96	125	29
One off expenditure relating to the repairs to water leaks, serious health issue or essential housing maintenance	4	25	21
High water consumption for larger families	-	25	25
Total	251	335	84

- 55 Central Government rate rebates of \$1.01 million (1,778 properties) have been granted in the third quarter ended 31 March 2017. Council provides the approved rates remission (up to \$610 per rateable property) to the successful applicants and recovers the costs directly from the Department of Internal Affairs.

Part H: Treasury Management

Summary

- 56 New debt of \$5 million was issued in February 2017, bringing the total amount of debt issued during the past nine months to \$45 million. Council's strategy has been to secure prefunding early to take advantage of lower interest rates and the \$45 million of new debt issued is to partly prefund \$80 million of debt maturing in December 2017 and May 2018.
- 57 \$10 million of debt matured in December 2016. This was repaid from funds held on fixed term deposit as planned.
- 58 The Reserve Bank of New Zealand (RBNZ) held the Official Cash Rate (OCR) at 1.75% throughout the third quarter. Since August 2016, the RBNZ has reduced the OCR by 50 basis points, from 2.25% to 1.75%.
- 59 Council's weighted average cost of funds has improved slowly as the Council takes advantage of lower interest rates. The weighted average cost of borrowing for nine months ended 31 March 2017 was 4.96% compared to the budget of 5.60%.

Net debt

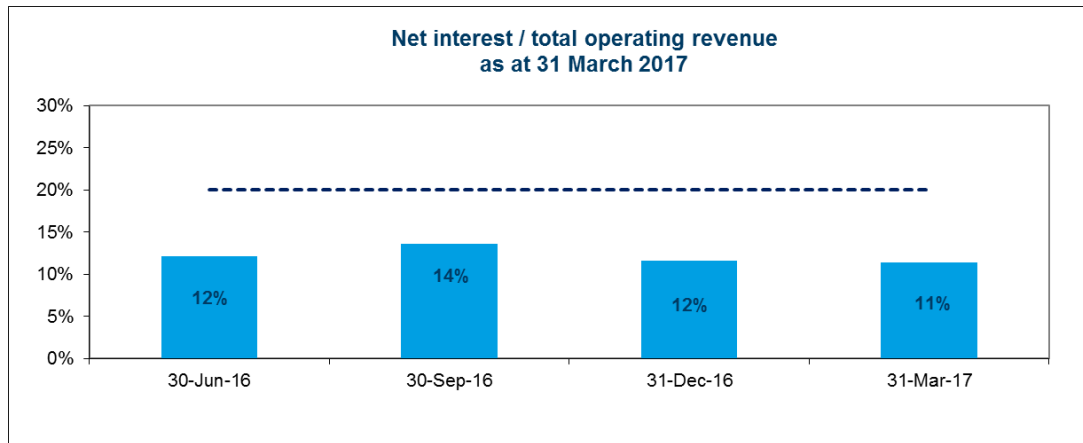
- 60 Net debt is the measure of Council's total borrowings less cash on hand and cash investments (including Local Government Funding Agency (LGFA) Borrower Notes). Net debt is used to calculate two of Council's Treasury Policy Limits.
- 61 Table 8 below shows the Council's net debt for the nine months ended 31 March 2017 and the forecast net debt for the year ended 30 June 2017.

Table 8	March YTD Actual \$000's	Full Year Forecast \$000's	Full Year Budget \$000's	Full Year Variance \$000's
External debt	198,009	210,000	199,066	(10,934)
<i>less borrower notes</i>	(3,120)	(3,360)	(3,200)	160
<i>less cash investments</i>	(50,056)	(55,115)	(39,560)	15,555
Net debt	144,832	151,525	156,306	4,781

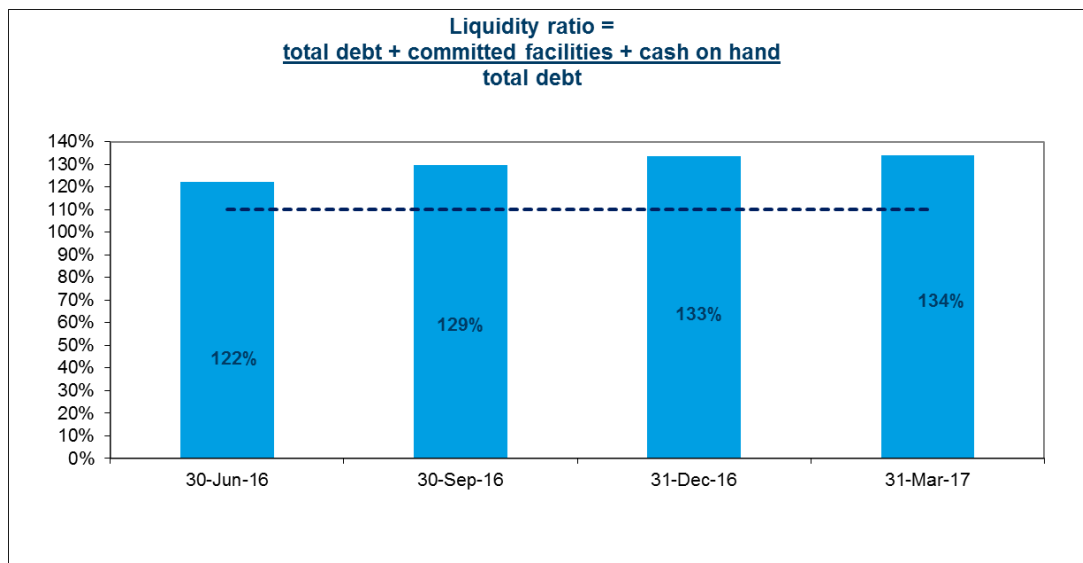
- 62 As already noted in paragraph 24, Council's gross borrowings are forecast to be \$210 million at year end. Council's \$200 million borrowing limit (as set out in Council's Financial Strategy) excludes debt prefunding. Total debt prefunding is forecast to be \$55 million at year end. Excluding this, Council's actual gross borrowings at year end is forecast to be \$155 million, which is well within the borrowings limit.

Treasury policy limits

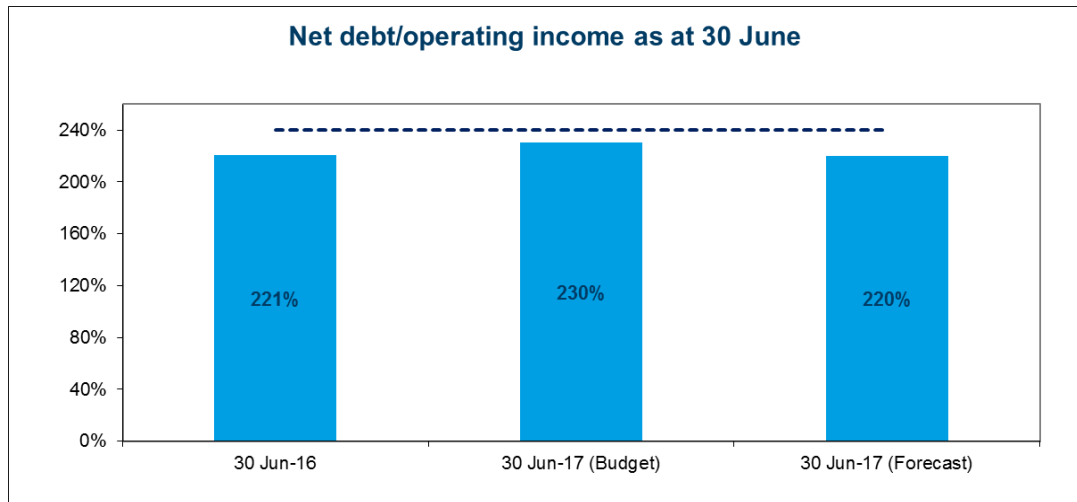
- 63 The treasury management policy (Policy) contains four financial ratios with either a maximum or minimum policy limit.
- 64 The policy sets the maximum limit for the ratio of net interest expense to total operating revenue of 20%. The chart below shows actual limits achieved for each quarter.



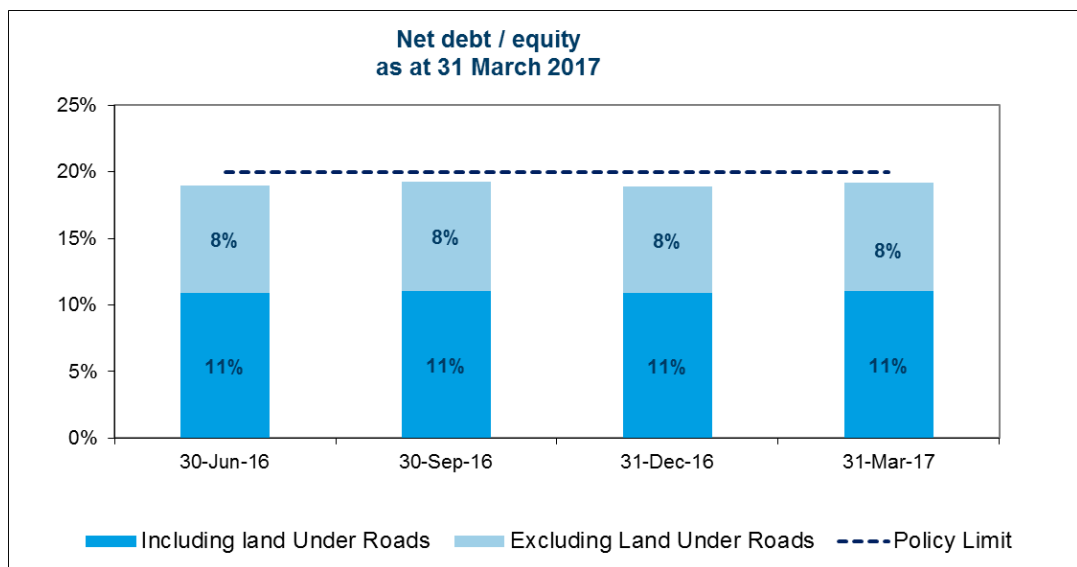
- 65 The Policy sets the minimum limit for the liquidity ratio of 110%. This is a measure of Council's available financial facilities compared to its current debt levels. The chart below shows actual limits achieved for each quarter.



- 66 The policy sets the maximum limit for net debt to operating income of 240%. This is a measure of Council’s ability to repay its debt from the operating revenue it receives during a given financial year



- 67 The policy sets the maximum limit for net debt to equity ratio of 20%. The chart below shows actual limits achieved for each quarter and also includes the uplift to the treasury ratio when excluding land under roads.



CONSIDERATIONS

Financial Consideration

- 68 The financial information as detailed in Parts A to H of this report (Corp-17-181) is unaudited. Best endeavours have been made by all Council Officers to ensure the accuracy, completeness and robustness of the financial information contained herein as at the time of issuance of this report.

Legal Considerations

- 69 There are no legal considerations arising from this report.

Consultation

70 There is no requirement to consult on the issues discussed in this report.

Policy Implications

71 There are no policy implications arising from this report.

Tāngata Whenua

72 There are no tāngata whenua considerations arising from this report.

SIGNIFICANCE AND ENGAGEMENT

73 This matter has a low level of significance under the Council Policy.

Publicity Considerations

74 There are no publicity considerations arising from this report.

RECOMMENDATIONS

75 That the Operations and Finance Committee notes the actual financial performance and position of Council for the nine months ended 31 March 2017 as contained in this report (Corp-17-181).

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