



## 2006 ANNUAL REPORT SUMMARY

This Summary Annual Report is a snapshot of the Council's activities and finances for 2005/06. The Summary represents fairly and consistently the major matters dealt with in the Annual Report 2005/06 and has been authorised for issues by the Council on 30 October 2006. This Summary has been examined by the Council's Auditors for consistency with the full Annual Report. There have been no changes in accounting policies or estimates from those used in the preceding financial years. The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the entity. The Council has received an unqualified audit opinion on both documents.

The full report is available from the Carterton District Council Office, the Library or can be downloaded from Council's website [www.cartertondc.co.nz/publications](http://www.cartertondc.co.nz/publications).

### From His Worship the Mayor & Chief Executive Officer

We have pleasure in introducing the Carterton District Council's Annual Report for the 2005-06 financial year.

The Carterton District has been experiencing significant growth in recent times and the Council has been working hard during the year to fulfil its mission statement of improving the quality of life and providing amenities and services for the benefit of residents and visitors.

Details relating to the Council's finances and activities for the year are recorded in detail in the full annual report. However, we would like to particularly mention some highlights as follows.

- Stage one of the upgrading of the Central Business area was commenced with a contract let for a substantial renovation for Memorial Square. Unfortunately very wet weather conditions resulted in slow progress on this contract.
- A third bore was successfully constructed at the Lincoln Road pumping station as part of the programme of giving Carterton an alternative water supply to the Kaipaitangata Stream during high river flow conditions.
- A programme to install water meters to all connected properties was commenced during the year and is expected to be completed during 2007.
- The wetlands and land disposal system at the Wastewater Treatment Plant performed well and met resource consent conditions during the year.
- A house to house programme to eliminate illegal stormwater connections to the sewerage system was completed during the year.
- Preparations are well underway for the transportation of the residual waste from our transfer station to a properly engineered landfill in the Manawatu. This is the course of action recommended by Waste Management Wairarapa, a joint committee of the three district councils in the Wairarapa.
- Harvesting was recommenced at the Council's Kaipaitangata forestry block. The proceeds will initially be largely used for loan repayments, but this harvesting will give additional funds for Council in future years.
- Very good progress was achieved with the Combined Wairarapa District Plan in conjunction with the other two Wairarapa councils such that the Proposed Plan was notified for public submissions in August 2006.
- The installation by Council of security cameras in the CBD area has resulted in a dramatic reduction in vandalism and other unwanted activities in High Street making Carterton a safer community.

- Further improvements were made to the Carterton Holiday Park and at the Clareville Cemetery and the high standard of these facilities has received much favourable comment.
- The Council has worked with the other two Wairarapa councils to produce a Wairarapa Physical Activity Plan and an Arts, Culture and Heritage Strategy for the Wairarapa.
- Significant flood damage repair works were completed on the District's roads during the year and footpaths were upgraded in several Carterton streets.
- As a member of the Communities for Climate Protection Programme, Council has completed work on Milestones 1 and 2 of this programme as a good start in making Carterton a more sustainable district.

We look forward to another year of progress in 2006-07 and especially the celebration of Carterton's 150<sup>th</sup> Jubilee during 2007.



G H McPhee  
Mayor



Colin Wright  
Chief Executive Officer

### Audit Report

## TO THE READERS OF CARTERTON DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

We have audited the summary annual report.

### Unqualified opinion

In our opinion:

the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and

the information reported in the summary financial statements complies with FRS-39: *Summary Financial Reports* and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 30 October 2006, on:

the full financial statements; and

the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

### Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. Other than the audit and in conducting the audit of Long Term Council Community Plan, we have no relationship with or interests in the Carterton District Council.

### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



Laurie Desborough, Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
7 November 2006

### Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Carterton District Council for the year ended 30 June 2006 included on Carterton District Council's website. The Chief Executive is responsible for the maintenance and integrity of the Carterton District Council's website. We have not been engaged to report on the integrity of the Carterton District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 October to confirm the information included in the audited financial statements presented on the website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Summary of Financial Statements

The information included in the Summary Financial Statements has been taken from the audited full financial report and authorised for issue by Council on 30 October 2006.

### Summary of Financial Performance to 30 June 2006

Actual 30 June 2005 \$		Actual 30 June 2006 \$	Budget 30 June 2006 \$
<b><u>OPERATING INCOME</u></b>			
4,172,464	Rates	4,212,092	4,202,452
-	Rates penalties	43,699	-
286,064	Interest	280,864	223,000
509,599	Fees & charges	750,523	593,216
998,090	LTNZ Subsidy	955,110	963,960
59,511	Petrol tax	64,775	60,000
117,774	Grants & subsidies	32,417	22,000
167,728	Rentals	179,772	170,046
178,471	Miscellaneous income	115,047	19,510
61,673	Contributions	72,547	10,000
30,830	Commissions	32,719	-
48,770	Recoveries	44,950	79,200
-	Assets vesting in council	354,614	-
-	Forestry harvest	146,589	-
38,193	Profit on sale of assets	3,291	-
<u>6,669,167</u>	<b>Total operating income</b>	<u>7,289,009</u>	<u>6,343,384</u>
<b><u>OPERATING COSTS</u></b>			
512,600	Governance	642,790	517,404
2,052,735	Roads, streets & bridges	2,247,246	1,819,855
572,306	Urban water services	678,582	544,200
193,967	Rural water services	183,823	149,905
509,915	Drainage	671,790	482,002
525,011	Waste management	506,792	464,673
187,552	Forestry	102,519	59,042
1,334,299	Recreational & community services	1,549,761	1,570,826
614,403	Resource management & regulatory services	866,260	619,278
85,200	Unallocated overheads	-	-
<u>6,587,988</u>	<b>Total operating costs</b>	<u>7,449,563</u>	<u>6,227,185</u>
81,179	<b>Operating surplus/(deficit)</b>	(160,554)	116,199
-	Asset revaluations	171,021	-
<u>81,179</u>	<b>Total surplus/(deficit)</b>	<u>(331,575)</u>	<u>116,199</u>

**Statement of Financial Position to 30 June 2006**

Actual 30 June 2005 \$		Actual 30 June 2006 \$	Budget 30 June 2006 \$
<b><u>ASSETS</u></b>			
<b><i>Current assets</i></b>			
182,825	Bank accounts	168,626	500,000
3,673,347	Short term deposits	2,714,936	5,044,412
-	Investments	1,167	-
450,896	Prepayments & receivables	446,843	400,000
2,947	Inventories	17,265	-
73,300	Properties intended for sale	43,800	-
4,383,315	<b>Total current assets</b>	3,392,637	5,944,412
<b><i>Non-current assets</i></b>			
692,878	Special funds	888,090	679,191
1,325,033	Investments	1,221,496	1,032,859
19,921	Shares	38,293	19,921
88,203,728	Property, plant & equipment	105,976,846	89,376,442
90,241,560	<b>Total non-current assets</b>	108,124,725	91,108,413
94,624,875	<b>Total assets</b>	111,517,362	97,052,825
<b><u>LIABILITIES</u></b>			
<b><i>Current liabilities</i></b>			
807,240	Payables & accruals	967,691	2,247,695
180,992	Employee entitlements	224,439	-
15,682	Funds held on behalf of other entities	23,418	-
120,984	Landfill aftercare provision	90,000	120,984
177,544	Public debt - current portion	696,913	116,347
1,302,442	<b>Total current liabilities</b>	2,002,461	2,485,026
<b><i>Non-current liabilities</i></b>			
1,265,194	Public debt - non current portion	562,602	1,130,485
1,265,194	<b>Total non-current liabilities</b>	562,602	1,130,485
<b><i>Equity</i></b>			
62,751,366	Public equity	60,816,645	92,758,123
692,878	Special reserves	2,291,731	618,901
61,049	Trust funds	65,340	60,290
28,551,946	Asset revaluation reserves	45,778,583	-
92,057,239	<b>Total equity</b>	108,952,299	93,437,314
94,624,875	<b>Total liabilities and equity</b>	111,517,362	97,052,825

**Statement of Cashflows as at 30 June 2006**

Actual 30 June 2005 \$		Actual 30 June 2006 \$	Budget 30 June 2006 \$
	<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
	<i>Cash was received from:</i>		
4,241,226	Rates	4,294,248	6,098,384
721,562	Regional council rates	642,390	-
998,090	Government grants & subsidies	987,527	-
59,511	Petrol tax	56,144	-
1,114,845	Other income	1,329,671	-
286,064	Interest on investments	280,320	245,000
7,421,298		7,590,300	6,343,384
	<i>Cash was applied to:</i>		
5,086,075	Payments to suppliers & employees	5,573,287	4,296,121
713,872	Regional council rates	631,703	-
92,195	Interest paid	84,542	67,866
5,892,142		6,289,532	4,363,987
1,529,156	<b>Net cash flow from operating activities</b>	1,300,768	1,979,397
	<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
	<i>Cash was received from:</i>		
273,969	Sale of property, plant & equipment	33,872	50,000
373,139	Term investments & advances	-	-
647,108		33,872	50,000
	<i>Cash was applied to:</i>		
3,004,728	Purchase of property, plant & equipment	1,888,658	1,826,050
-	Term investments & advances	40,157	-
3,004,728		1,928,815	1,826,050
(2,357,620)	<b>Net cash flow from investing activities</b>	(1,894,943)	(1,776,050)
	<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
	<i>Cash was received from:</i>		
86,398	Public debt	-	-
	<i>Cash was applied to:</i>		
208,701	Repayment of public debt	183,223	116,347
(122,303)	<b>Net cash flow from financing activities</b>	(183,223)	(116,347)
(950,767)	Net increase/(decrease) in cash held	(777,398)	87,000
5,499,817	Add cash at start of year (1 July)	4,549,050	29,199
4,549,050	<b>Balance at end of year (30 June)</b>	3,771,652	116,199
	<b><u>REPRESENTED BY:</u></b>		
182,825	Bank accounts	168,626	116,199
3,673,347	Short term deposits & investments	2,714,936	-
692,878	Special funds	888,090	-
4,549,050		3,771,652	116,199

### Statement in Movements In Equity to 30 June 2006

Actual 30 June 2005 \$		Actual 30 June 2006 \$	Budget 30 June 2006 \$
92,863,586	<b>Equity at start of year</b>	92,057,239	93,321,115
81,179	Net surplus/ (deficit) for the year	(331,575)	116,199
<u>(887,526)</u>	Increase/(decrease) in revaluation reserve	<u>17,226,635</u>	<u>-</u>
	Total recognised revenues and		
<u>(806,347)</u>	expenses for the period	<u>16,895,060</u>	<u>116,199</u>
<u>92,057,239</u>	<b>Equity at end of year</b>	<u>108,952,299</u>	<u>93,437,314</u>

### Major Budget Variations

Explanations for the major budget variations from Council estimated figures in the 2005/06 LTCCP.

#### Statement of Financial Performance

- Interest income is well ahead of budget due to an increased level of funds on deposit during the year compared to the amount budgeted.
- A major variance occurred in the resource management and regulatory services cost centre. This resulted in income from resource consents, LIM's and permit fees considerably exceeding budget.
- Grants and subsidies income is well ahead of that budgeted due to additional grants received for the various recreational and community services activities that were not budgeted for.
- Miscellaneous income has exceeded budget for the year due to income received during the year from various sources that were unknown at the time this budget was set.
- Income from contributions was well ahead of budget due to a substantial increase in reserve levy contributions over the budget. This was due to the higher level of activity incurred in the resource management and regulatory services cost centre.
- Commission of \$32,719 was received during 2006 that had not been included in the budget.
- Expenditure on roads, streets and bridges was well ahead of budget due to increased expenditure for flood damage and a general increase in contract prices.
- Urban and rural water services were both well ahead of budget due to the increased reticulation expenditure and increased maintenance on the Taratahi water race during the year.
- Drainage expenditure was \$189,788 over budget due to a substantial increase in sewage reticulation expenditure. This has partially resulted from an increase in depreciation expenditure as a result of the infrastructure revaluations that occurred in the 2006 financial year.

- Expenditure on forestry is well over budget due to increased consultancy expenditure and more interest incurred on the loans than was budgeted for.
- Resource Management and Regulatory Services expenditure exceeded budget by \$246,982 due to the increased level of activity in this cost centre than was budgeted. The major expenditure items included: consultancy fees, district plan costs and rural fire contracts.
- Asset revaluations of \$171,021 were recorded as an expense in 2006. This has resulted from a revaluation of the library collection which had previously not been depreciated. As a result of the revaluation, the revaluation reserve of \$111,109 was reversed and the balance of \$171,021 has been recorded in the statement of financial performance.

#### Statement of Movement in Equity

- The variation in the net surplus/(deficit) is the result of the variations explained under statement of financial performance and has given rise to a deficit rather than the surplus budget.
- Land, buildings, infrastructure assets, library collections and the forestry investment were all revalued during the year resulting in a substantial increase in the asset revaluation reserve.

#### Statement of Financial Position

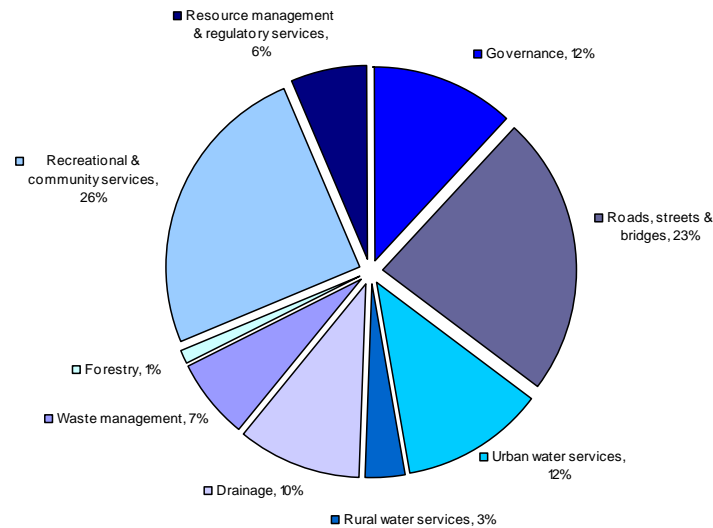
- The greatest variance within equity is in the asset revaluation reserve due to the revaluation of the assets and forestry investment in the 2006 year. The budgeted figures included the revaluation reserve in public equity.
- There were higher than estimated short term deposits held at year end due to an inaccurate estimate of the opening balance.
- No short term investments or inventories were separately identified in the budget.
- When the budgets were prepared, there was no intention to sell any property and therefore a variation in properties intended for sale has occurred in the financial statements.

- The increase in the value of the shares over the budget is due to a revaluation of the shares to fair value during 2006. Shares have previously been recorded at cost.
- Fixed assets were well ahead of budget as no revaluation was budgeted for in the 2006 year.
- Payables and accruals and employee entitlements were considerably less than budgeted. This has resulted from a considerable amount of payments being made late in the financial year and therefore reducing the payables as at 30 June 2006. This explains the variance in the short term deposits from budget. Employee entitlements were not disclosed separately in the budget.
- The variances in the current and non-current public debt from budget are due to the intention to repay the three forestry loans following a harvest during the 2007 year. This is a change in the intention from when the budget was prepared.

### Rates Expenditure

The total rates and penalties collected for the 2005/06 year was \$4,255,791 (budget \$4,202,452)

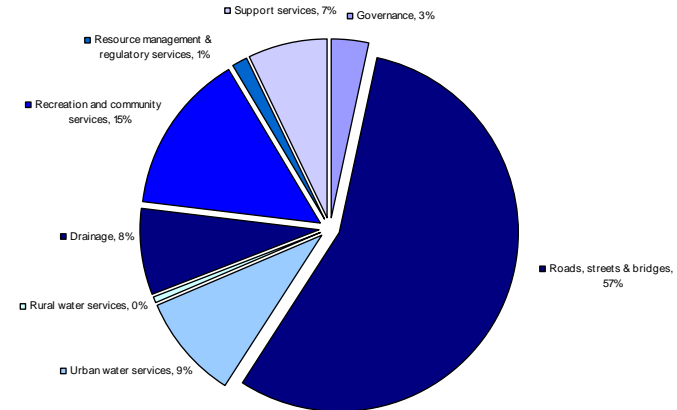
Breakdown per activity is as displayed in the following graph.



### Capital Expenditure

Total capital expenditure for the 2005/06 year was \$2,247,522 (budget \$1,836,050)

Breakdown per activity is displayed in the following graph.



### Performance Targets for Activities

The table hereunder shows the number of performance targets for activities and the completion rate.

Activity	Total	Met	Partial	Not Met	Not Applicable during Year
Roads, Streets & Bridges	14	11	3	-	-
Urban Water Services	11	4	1	6	-
Rural Water Supplies	8	4	2	2	-
Drainage – Stormwater	5	4	-	1	-
Drainage – Sewage	7	4	1	2	-
Waste Management	7	4	1	1	1
Forestry	4	3	-	-	1

Recreation & Community Services	10	8	1	1	-
Resource Management & Regulatory Services	7	3	3	-	1
Administration & Support Services	7	5	2	-	-
Total	80	50	14	13	3