

CARTERTON DISTRICT COUNCIL

SUMMARY OF THE 2013–2014 ANNUAL REPORT



This document is a summary of the Council's annual report for the 2013/14 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 22 October 2014. This summary was authorised for issue by the Mayor and Chief Executive on 14 November 2014.

This summary has been prepared in accordance with financial reporting standards and has been examined by the Council's auditors for consistency with the full annual report. A summary of the annual report cannot be expected to provide as complete an understanding as provided by the full report and citizens are referred to the annual

report if they require more details. The Council was pleased to receive an unmodified audit opinion for both this summary and the full annual report.

The full annual report is available from the Carterton District Council Office and Carterton Library, or can be downloaded from the Council's website www.cdc.govt.nz/reports

REPORT FROM THE MAYOR AND CHIEF EXECUTIVE

We have pleasure in presenting the Carterton District Council's Annual Report for the 2013/14 financial year. This annual report summarises the Council's activities and financial results for the past year. The report also gives an update on the key matters that were highlighted in the Council's Long Term Plan 2012–2022.

The highlight this year has been the progress made on a number of key resource consents, particularly for the treatment and disposal of sewage. Our treatment plant now has renewed consents for the discharge of treated effluent to Mangatāre Stream. Work has begun on additional treatment processes and on the development of Council's Dalefield Road property for increasing the discharge to land.

The Council remains sound financially. We recorded an accounting surplus of \$1.4 million for the 2013/14 year. Income from NZ Transport Agency subsidies was less than budgeted, although this was more than offset by higher than planned development and financial contributions, rental income, and miscellaneous fees, charges, and other income. There was over-expenditure in the regulatory and planning function, and under-expenditure in roads, much of which will be carried forward to next year along with the associated NZTA subsidy.

The Council's balance sheet improved over the year, with total equity now being \$160.4 million compared with \$153.6 million for the previous year. The value of the District's physical infrastructure assets, such as roads and water and sewerage pipes, make up the large majority of the Council's assets. Total borrowing has reduced slightly during the year, from \$8.8 million to \$8.6 million. This is lower than planned due to the delays in some significant capital expenditure related to the treatment and disposal of sewage.

Our Mayor for the last four years, Ron Mark, has been re-elected recently to Parliament as a List MP. Immediately after his election, Ron resigned as Mayor. John Booth has been elected Mayor unopposed.

We would like to acknowledge the contribution Ron has made to Carterton District, and admired his passion and energy. We wish him well in Parliament.

And finally, we acknowledge and thank all those who have worked with Council or with other groups in the community. Together we are fostering Council's vision for Carterton, a welcoming and vibrant community where people like to live.



John Booth
MAYOR



Colin Wright
CHIEF EXECUTIVE



SUMMARY FINANCIAL STATEMENTS

The specific disclosures included in these summary financial statements have been extracted from the full financial statements adopted by the Council on 22 October 2014.

The full financial statements of the Council were prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ International Financial Reporting Standards and other applicable standards as appropriate for public benefit entities.

The summary financial statements comply with FRS-43 and NZ GAAP as it relates to summary financial statements. They are presented in New Zealand dollars and all values are rounded to the nearest dollar.



Summary statement of financial performance, comprehensive income, and changes in equity for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Budget 30 June 2014 \$
13,065,028	Income	13,761,043	13,047,762
(12,168,459)	Expenditure	(12,434,745)	(12,415,606)
1,257,234	Other gains/(losses)	72,379	-
2,153,803	Total surplus/(deficit)	1,398,677	632,156
	- Assets vesting in the Council	-	-
4,866,323	Increase/(decrease) in revaluation reserves	5,378,693	16,164,146
	- Increase/(decrease) in other reserves	-	-
	Financial asset revaluation gains	-	-
7,020,126	Total comprehensive income	5,738,693	16,796,302
146,574,323	Equity at start of year	153,594,449	146,441,265
153,594,449	Equity at end of year	160,371,819	163,237,567

Note: expenditure above includes the following:

2,942,633	- depreciation and amortisation	3,135,530	3,105,513
386,733	- finance costs (interest)	500,919	577,087

This summary of Financial Performance, Comprehensive Income, and Changes in Equity presents the financial performance and equity movements of the Council. These statements summarise operating income and expenditure as well as other financial transactions that have impacted on the Council's net equity.

Summary statement of financial position as at 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Budget 30 June 2014 \$
ASSETS			
5,649,012	Current assets	6,301,851	4,383,347
159,031,627	Non-current assets	164,790,472	171,221,010
164,680,639	Total assets	171,092,323	175,604,357
LIABILITIES			
2,474,489	Current liabilities	2,979,740	2,273,411
8,611,701	Non-current liabilities	7,740,764	10,093,379
11,086,190	Total liabilities	10,720,504	12,366,790
153,594,449	NET ASSETS/EQUITY	160,371,819	163,237,567

This Summary Statement of Financial Position presents the assets we own and the liabilities we owe to other parties.

Summary statement of cash flows as at 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Budget 30 June 2014 \$
Net cash flow from:			
3,675,458	- operating activities	4,653,031	2,476,626
(7,101,113)	- investing activities	(3,459,907)	(4,502,824)
4,566,524	- financing activities	(238,482)	1,228,629
1,140,869	Net cash flows for the year	954,642	(797,569)

This Summary Statement of Cashflows shows how we generated and used cash.

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Summary Statement of Financial Performance, Comprehensive Income, and Changes in Equity

The total surplus after tax was \$1,399,000 for the year ended 30 June 2014. This surplus was more than the budget surplus of \$632,000.

Income for the year was above budget. This was mainly from development contributions, and fees and charges, and partially offset by under-recovery of NZTA subsidies, for which the programme of subsidised roading slipped into the following year. There was miscellaneous income for some rentals, grants, and subsidies where none were budgeted.

Expenditure overall was pretty much on budget. However, regulatory and planning expenditure was significantly greater than budget because of the introduction of the new alcohol laws and the regionalisation of the management of rural fires. Expenditure on waste management and expenditure on roads and footpaths were less than expected.

Roads, footpaths, and bridges were revalued this year. This added \$5,379,000 to equity, but was less than the budgeted increase of \$16,164,000 because the earlier inflation forecasts by BERL were too high.

Summary Statement of Financial Position

At year end, total assets were \$4,512,000 less than budget. By and large, this reflects the revaluation of roads, bridges, and footpaths being considerably lower than expected.

Other variances were cash being higher than budget due to increased funds on hand at 30 June 2014, and debtors and other receivables higher than budget.

Total liabilities were \$1,646,000 less than forecast. Creditors and other payables were higher than budget due to an increase in accounts payable at year-end. The movement in loan balances was lower than budget. There were delays in some capital works that were to be funded by loans, mainly work associated with the delayed resource consents for sewage treatment and disposal.

In the equity balances, asset revaluation reserves were lower than budgeted because the revaluation of roads, bridges and footpaths was lower than estimated in the Annual Plan.

Summary Statement of Cashflows

The net cash inflow for the year was \$955,000, compared with a budgeted net cash outflow of \$798,000.

Rates receipts were lower than expected because the year-end debtors were higher. NZTA subsidies were lower than expected but other receipts were significantly higher. Finance payments were less than forecast, reflecting the delay in drawing down loans for major projects that were deferred or delayed.

There was less borrowing for capital projects delayed by resource consents, so both cash inflow from borrowing and cash outflow for capital expenditure were considerably less than budgeted.

EVENTS AFTER BALANCE DATE

There have been no events subsequent to 30 June 2014 that require disclosure or adjustment to the financial statements.

COMMITMENTS & CONTINGENCIES AS AT 30 JUNE 2014

The Council had operating commitments of \$6,544,625 at 30 June 2014 (2013 \$2,950,709).

Road maintenance of \$5,393,435 is the largest commitment and the bulk of which has just been contracted out for a further three years. The balance of the operating commitments includes payments for recycling and refuse collection, operation of the waste transfer station, valuation, professional services, cleaning, and IT support.

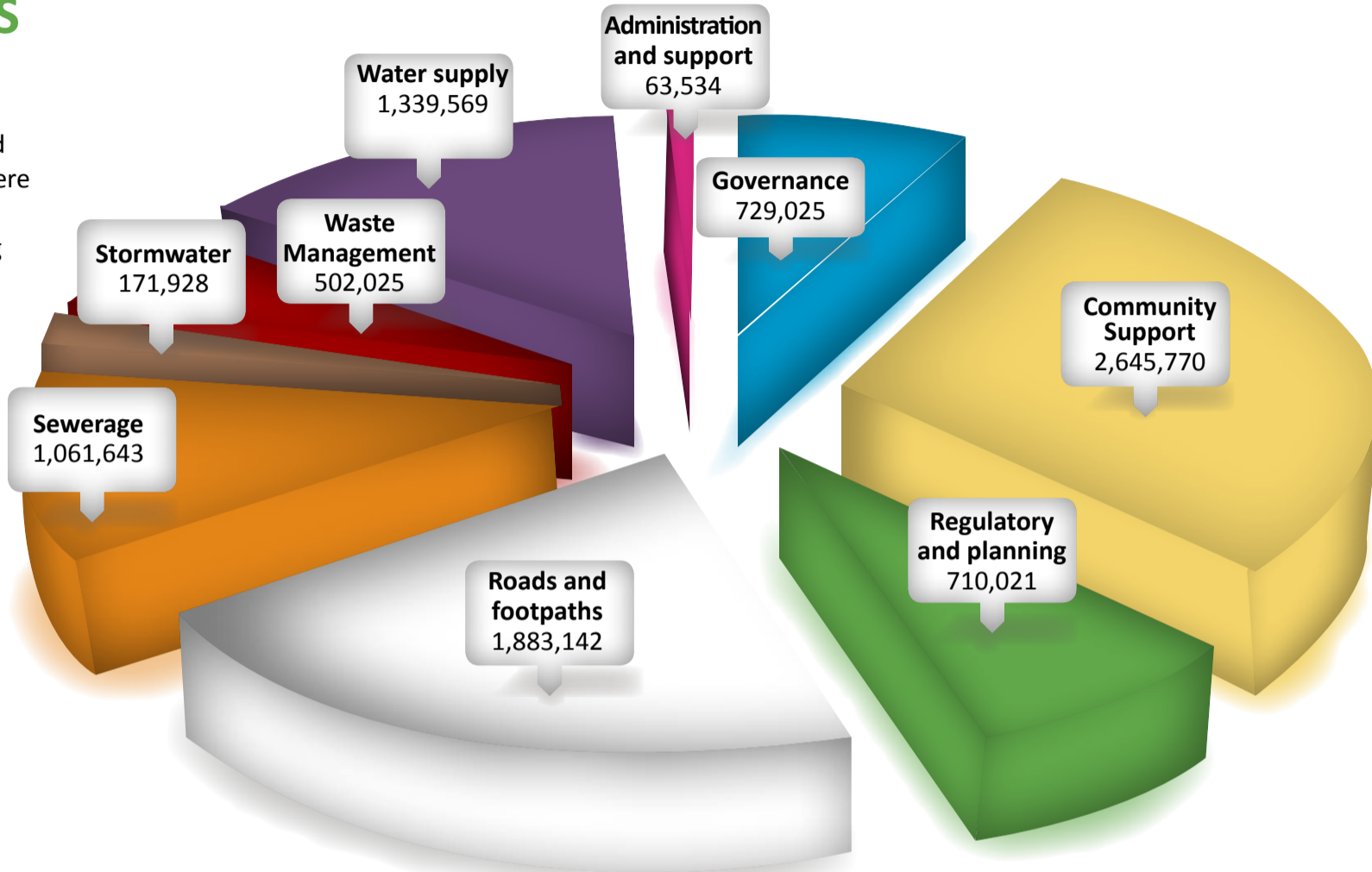
The Council had no capital commitments as at 30 June 2014 (2013 \$nil).

The Council had no contingent liabilities as at 30 June 2014 (2013 \$nil).



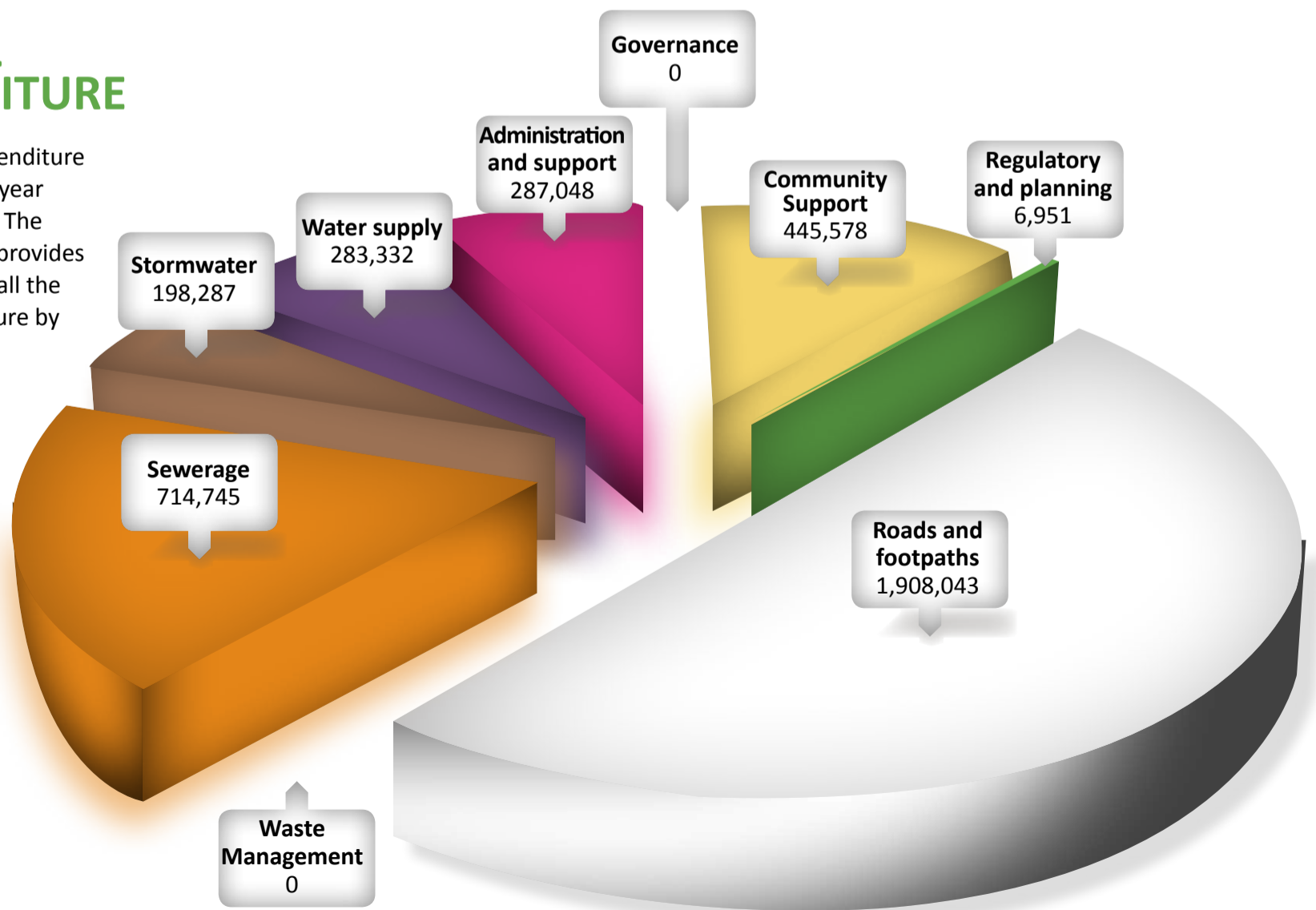
WHAT WERE YOUR RATES SPENT ON?

The total rates collected for the 2013/14 year were \$9,106,657. They were applied to the following activities:



CAPITAL EXPENDITURE

Total capital expenditure for the 2013/14 year was \$3,843,984. The following graph provides a breakdown of all the capital expenditure by activity:





MEASURING PROGRESS AGAINST PERFORMANCE MEASURES

The Annual Plan included, for each significant activity undertaken by the Council, a number of performance measures. Here are some highlights showing how the Council performed against targets during the year ended 30 June 2014.

Governance

- The 2014 Annual Report adopted within the statutory timeframe by the Council on 22 October 2014, with an unqualified audit opinion.

- 8 percent of agenda items considered as 'public excluded' items, compared with the target of less than 5 percent.

Community support

- 4.5 percent increase in the number of library users.
- 18,300 entrants to the outdoor swimming pool, an average of 162 per day while the pool was open.
- 5 high profile or offensive graffiti reported, 4 of which were removed within the 4 hour target.
- No calls with a potential public health or safety risk.



Roads and footpaths

- Average road roughness index of 65 points, better than the target of '80 or less'.
- 95 percent compliance with the maintenance contract response times, compared with the target of 90 percent.
- 49 signs replaced, none of which were within the response target of 3 days.
- 43 streetlights identified with a fault after carrying out monthly inspections, 39 of which were repaired within the target two weeks.
- 100 percent of complaints related to footpaths responded to within the target 2 working days.
- 3.5 percent of the 2,300 road signs or markings were found missing or not visible in the six monthly inspections, better than the target of 5 percent.

Water supply

- All samples complied with the NZ Drinking Water Standards bacteriological requirements.
- One significant repair to the network, resolved within the target 4 hours.
- Target 2.5 percent reduction in community water not met. Water flow from the Kaipaitangata and Supplementary Bore reservoirs were 3 percent more than the previous year.
- Full compliance with the resource consent conditions for the urban water supply and water races.

Storm water

- There were no major reticulation blockages.
- All resource consent conditions, including discharge requirements, complied with.

Sewerage and the disposal of treated sewage

- No sewage overflows in the reticulation network from storm events.

- The treatment plant did not fully comply with all conditions of all applicable resource consents:
 - A number of odour issues were received in March, subsequently resolved.
 - Phosphorus levels were not always within consent limits.
- All 4 significant repairs and system failures were resolved within the target 4 working hours.

Waste management

- Did not achieve full compliance with resource consent conditions. Quarterly sampling of groundwater for contaminants was not carried out on one occasion.

Regulatory and planning

- All 170 LIMs (Land Information Memorandums) processed within the target 10 working days. Average process time of 4 working days.
- All 53 resource consents processed completed within statutory timeframes.
- All 263 PIMs (Project Information Memorandums) and building consents processed within the 20-day statutory timeframe. Average process time of 3 working days.
- 284 complaints and service requests received during the year, of which 278 or 98 percent responded to within target 4 working hours.
- All 67 known food premises and liquor outlets in the district have been registered or licensed.

Where performance measures were not achieved, or partially achieved, these areas are being reviewed and action will be taken where possible.



AUDIT REPORT

INDEPENDENT AUDITOR'S REPORT

To the readers of Carterton District Council's
summary annual report for the year ended 30 June 2014

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

The summary annual report was derived from the annual report of the Carterton District Council (the District Council) for the year ended 30 June 2014. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 3 to 7:

- the summary statement of financial position as at 30 June 2014;
- the summaries of the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as group of activities) of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 22 October 2014.

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 summary statements comply with FRS-43 (PBE): *Summary Financial Statements*.

BASIS OF OPINION

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to

carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

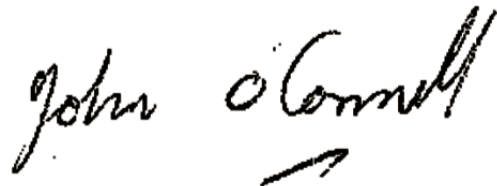
The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS-43 (PBE): *Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.



John O'Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

14 November 2014