



2008 SUMMARY ANNUAL REPORT

This 2008 Summary Annual Report is a snapshot of Council's activities and finances for the 2007/08 year and has been authorised for issue by Council on 22 October 2008. The Summary represents fairly and consistently the major matters dealt with in the full Annual Report issued by Council on 22 October. This Summary has been prepared in accordance with FRS-43 Summary Financial Statement and has been examined by Council's Auditors for consistency with the full Annual Report. The summary financial report cannot be expected to provide as complete an understanding as provided by the full report and service performance, financial position and cash flows of the entity. The Council has received an unqualified audit opinion for 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.

REPORT FROM THE MAYOR & CHIEF EXECUTIVE

We have pleasure in introducing the Carterton District Council's Annual Report for the 2007/08 financial year.

During 2007 the Carterton District celebrated the 150th anniversary of the establishment of the town of Carterton, or Three Mile Bush as it was originally called. The occasion was marked in style with a number of well supported community events being held throughout the year. Council acknowledges and thanks all those who helped organise these events.

During the year, Council commissioned an independent survey of residents' satisfaction with its activities and services. This is the first time that such a survey has been undertaken in the District although it is quite common in other parts of the country.

The results of this survey were encouraging in that the results indicated that this Council was rated about or above average for most of our activities compared to a peer group of similar rural councils and also the national average. There were, however, a few activities that had a relatively high dissatisfaction score compared to the average. These related to some of the urban infrastructure services and Council will be giving these activities some attention in the next few years.

Of particular note was that the performance of both elected members and council staff were rated above the peer group and the national average. A copy of the full report on this survey is on the Council's website.

Financially, Council achieved an operating surplus for the 2007/08 year of \$1,143,851 (net surplus after revaluation movements was \$623,172) which was \$403,891 below the budget. Both income and expenditure for the year exceeded the budget with variations, both up and down, over a number of items as explained later in this report. There were two items that contributed significantly to the overall variation from budget. Firstly, no harvesting occurred this year from the Council's forestry at Kaipaitangata. Log prices were such that it was judged to be more prudent to defer logging in the meantime based on advice from forestry consultants.

Secondly, Council began work on developing structure plans for the South Carterton low density urban area and for the Waingawa Industrial area. Both of these planning processes flowed from decisions on the new Combined District Plan. This work had not been budgeted for. However, Council judged that these processes should get underway so that future development in these two areas would occur in a more desired way rather than just accepting what might otherwise occur.

The Council's balance sheet has improved substantially during the year with total equity now being over \$136 million, an improvement of over \$24 million from the previous year. The value of the District's infrastructure assets make up the large majority of the Council's assets. Total borrowing at present is just \$810,000 and therefore the low debt to equity ratio puts the Council in a good position for the future.

Details relating to the Council's finances and activities for the year are recorded in the full annual report. We would particularly mention some of the more significant aspects as follows.

- A significant drought occurred in the District between November 2007 and March 2008. The lack of rainfall placed considerable pressure on the town water supply and restrictions on garden watering were in force for a number of weeks. The system was only able to keep operating without more severe restrictions because of the supplementary plant in Lincoln Road. The supply from the groundwater bores at this plant operated without difficulty during this very dry period.
- The severe drought and the resulting cutbacks in water abstractions from the rivers also meant that the Taratahi and Carrington rural water race systems were under stress. There were considerable difficulties in keeping sufficient water flowing through the various branches of these open channel systems to satisfy the various legitimate users.
- Council was successful during the year in obtaining approval for a central government subsidy for some significant improvements to the town water supply. The proposed improvements consist of an additional treated water reservoir at the Kaipaitangata treatment plant, the installation of UV treatment processes at Kaipaitangata and the supplementary plant, and a new telemetry system for overall monitoring of the system. These improvements will occur over the next two years and will result in an improvement in the quality and quantity of water available.

- The installation of water meters on all connections was virtually completed during the past year and Council finalised its initial approach for charging for high use of water. From 1 July 2008 all connections will be entitled to up to 300 cubic metres per year under their water rate payment. Any usage above 300 cubic metres will be charged at \$1.50 per cubic metre. Most households will use less than 300 cubic metres.
- Decisions were made during the year to demolish both the Phoenix Theatre and the Municipal Hall. The Phoenix Theatre was in a bad state of repair and had not been used for several years. The 120 year old Municipal Hall was also in a rather poor state.
- The removal of these two buildings in Holloway Street has focussed attention on what community owned buildings should Carterton have for the next 50 to 75 years or longer, especially now that there is no 'Town Hall'. Council considers that something needs to be done to extend the under-sized library and that there is a need to provide better facilities for youth groups and meeting spaces for various community groups. Further work has been done on a possible concept plan for a new community building. However, there have been no final decisions relating to the details of an actual plan or on funding arrangements.
- Council's plans for substantial improvements to High Street through the shopping area were advanced during the year. Transit NZ agreed to install a roundabout at the intersection of State Highway 2 and Park Road and Belvedere Road. As a result, a joint contract is now being arranged between Transit and the Council for all of the proposed works on the main road so that they happen in a coordinated manner.
- The wetlands and discharge to land system at the Wastewater Treatment Plant generally performed well during the summer months when discharge to the Mangaterere River is prohibited. However, the resource consent for this system expires in 2009 and Council has spent considerable time discussing possible options for improving the quality of the discharge. A membrane filter pilot plant was installed in June to test the actual operation of this type of system.
- The installation of new numbers for rural properties under the RAPID system (Rural Property Identification) began during 2008. These numbers represent the distance along the particular road. This new numbering system will be of particular benefit for emergency services and for visitors and contractors wishing to locate rural properties. The Council is taking the opportunity during this process to rename several rural roads where there has been the potential for confusion.
- Resealing was completed on 17 kilometres of the roading network during the year and footpaths were upgraded in several Carterton streets.
- Applications for new subdivisions and for building consents continued at high levels for much of the past year as the District continued to grow. However, the number of building consent applications declined significantly towards the end of the financial year reflecting the quite sudden change in the property market.

- Decisions on the Combined Wairarapa District Plan were finalised during the year. This project is being carried out jointly with the other two Wairarapa councils and is the first example of a combined district plan in New Zealand. A total of 18 appeals were received against this new Plan and the joint committee is hoping to resolve these during the coming year. In the meantime, those parts of the Plan that have not been appealed have come into force.
- A new Trade Waste Bylaw was finalised during the year and applies from 1 July 2008. However, Council is allowing trade waste dischargers a further 12 months before the flow related charges under this bylaw come into effect.

In conclusion, we acknowledge and thank all the many volunteers who work alongside Council or with other groups in the community. Your efforts help to make the Carterton District a great place to live.

A handwritten signature in blue ink, appearing to read 'G. McPhee', enclosed in a light blue rectangular box.

Gary McPhee
Mayor

A handwritten signature in black ink, appearing to read 'C. Wright', positioned to the right of the Mayor's signature.

Colin Wright
Chief Executive

FINANCIAL PERFORMANCE

The specific disclosures included in this summary financial report have been extracted from the full financial report adopted by Council on 22 October 2008.

The full financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The summary financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Summary Statement Of Financial Performance And Movements In Equity For The Year Ended 30 June 2008

Actual 30 June 2007 \$		Actual 30 June 2008 \$	Budget 30 June 2008 \$
9,307,209	Revenue	10,087,571	9,675,031
(9,240,262)	Expenditure	(8,943,720)	(8,127,289)
87,380	Other gains/(losses)	(520,679)	22,425
<u>154,327</u>	Total surplus/(deficit)	<u>623,172</u>	<u>1,570,167</u>
2,638,244	Increase/(decrease) in revaluation reserve	23,615,558	12,018,371
2,792,571	Total recognised revenue and expenses	24,238,730	13,588,538
<u>109,095,482</u>	Equity at start of year	<u>111,888,053</u>	<u>109,624,991</u>
<u>111,888,053</u>	Equity at end of year	<u>136,126,783</u>	<u>123,213,529</u>
73,871	Note: Expenditure above includes finance costs (interest)	52,080	78,606

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

Summary Statement Of Cashflows For The Year Ended 30 June 2008

Actual 30 June 2007 \$		Actual 30 June 2008 \$	Budget 30 June 2008 \$
1,905,805	Net cash flow from operating activities	2,383,986	2,550,744
(1,850,254)	Net cash flow from investing activities	(1,343,132)	(2,945,397)
(696,787)	Net cash flow from financing activities	247,343	868,568
<u>(641,236)</u>	Net cash flows for the year	<u>1,288,197</u>	<u>473,915</u>

The Summary Statement of Cash Flows shows how we generated and used cash.

Summary Statement Of Financial Position
As At 30 June 2008

Actual 30 June 2007 \$		Actual 30 June 2008 \$	Budget 30 June 2008 \$
	ASSETS		
5,127,989	Current assets	6,125,161	4,737,311
108,910,516	Non-current assets	132,659,537	121,052,727
<u>114,038,505</u>	Total assets	<u>138,784,698</u>	<u>125,790,038</u>
	LIABILITIES		
2,017,492	Current liabilities	2,265,511	1,131,072
132,960	Non-current liabilities	392,404	1,445,437
<u>2,150,452</u>	Total liabilities	<u>2,657,915</u>	<u>2,576,509</u>
<u>111,888,053</u>	Net assets/equity	<u>136,126,783</u>	<u>123,213,529</u>

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

Explanation of Major Variances Against Budget

Statement of Financial Performance

The total surplus is \$946,995 below that budgeted due to the decision not to carry out the planned harvest of forestry assets during the year and a revaluation loss was recorded for the wastewater assets due to an improved valuation methodology being used.

Statement of Movements in Equity

The movement in equity for the year results from the decreased surplus outlined above and a greater than budgeted revaluation of the infrastructure assets.

Statement of Financial Position

Total assets are greater than budgeted due to the revaluation of infrastructure assets and the decision not to harvest the forestry outlined above. Total liabilities have increased slightly due to an increase in payables and employee entitlements at year end. As a result of these factors, the Council's equity is \$12,913,254 ahead of budget.

Statement of Cashflows

Net cashflows for the year were \$814,282 ahead of budget due to the sale of the Borough farm property in Moreton Road. Council also postponed the draw down of a number of loans that had been budgeted for capital expenditure that did not commence during the year. This resulted in Council having less cash available to invest than had been budgeted.

Statement of Commitments & Contingencies

Council has operating commitments of \$1,623,493 at 30 June 2008. (2007 \$2,725,920). Road maintenance of \$1,206,000 is the largest commitment and is contracted for the next 12 months, while the balance of the operating commitments involve payments for; professional services, cleaning, eftpos terminals, hardware and software support, photocopiers and valuations. The Council has no capital commitments as at 30 June 2008. (2007 nil).

Council has one contingent liability of \$31,250 (2007 \$12,500) for a financial guarantee for a loan to Go Wairarapa Incorporated.

PROGRESS MADE TOWARDS THE ACHIEVEMENT OF COMMUNITY OUTCOMES

The Local Government Act 2002, requires the Council to report on progress towards achieving Community Outcomes at least once every three years.

To monitor progress, each outcome has been given a number of monitoring indicators.

A progress report has been included in the Full Annual Report. In summary improvements have been made against 12 of the 15 monitoring indicators.

Examples are as follows:

- The median income of people in Carterton has risen from \$17,200 to \$22,200 between 2001 and 2006.
- In 2006 35.9% of people aged 15 years and over in Carterton have a post-graduate qualification compared to 28.6% in 2001.
- In 2005 the DHB recorded that 76% of Wairarapa people participated in regular physical activity. The 2007 Active Wairarapa Survey recorded that 87% of Wairarapa people are physically active 120 minutes per week and 80% of Wairarapa people are physically active 180 minutes per week.

MEASURING PROGRESS AGAINST PERFORMANCE MEASURES

Included in the Annual Plan for each significant activity undertaken by Council there are a number of performance measures. The purpose of the measures is to enable the community to assess whether Council is delivering the level of service for the particular activity that it said it would.

Generally Council's results were pleasing. Areas of highlight are:

- Results of the recent Residents' Satisfaction Survey.
- A 4.4% increase in active registered borrowers at the Library compared to the previous 12 months.
- Thirty-one community groups receiving financial assistance, through the Community Grant Scheme.
- 456 building consents and associated PIM's were issued during the year, with all being granted within the 20 day statutory period. The average processing time was seven days.
- 100% compliance for resource consent monitoring for the transfer station, wastewater and water activities.

Examples where measures were not achieved or partially achieved are:

- The occupancy rate of 95% for Council's housing for the elderly was not achieved due to redecoration of seven units during the year. Two at Dudson Place and five at Porritt Place.
- Due to the high workload in the Planning & Regulatory Department some resource consents were not processed within the 20 day statutory timeframe.

In regard to the performance measures not achieved, or partially achieved, these areas are being reviewed and action will be taken where possible.

Two significant capital projects programmed to be completed during the reporting year had not started by the 30 June 2008. These were:

- CBD Revitalisation Stage II – due to delays in finalising a joint contract between Council and the NZ Transport Agency (formerly Transit NZ) for the completion of this work. The delays have now been sorted out and the project will be completed during the 2008/09 year.
- Work on the upgrade of the water treatment facilities was delayed pending the outcome of an application to the Ministry of Health for financial assistance towards this project. Council's application was successful and work will be completed over the 2008/09 and 2009/10 years.

AUDIT REPORT

TO THE READERS OF CARTERTON DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

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-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 22 October 2008, 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 incorporate the New Zealand Auditing Standards. Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in 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.



J R Smail
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Carterton District Council for the year ended 30 June 2008 included on the 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 statement 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 22 October 2008 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.