



*Summary of the  
Annual Report*  
**for the year ended 30 June 2015**

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## Summary of the Annual Report

This document is a summary of the Council's annual report for the 2014/15 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 30 October 2015. This summary was authorised for issue by the Mayor and Chief Executive on 27 November 2015.

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

The summary financial statements do not include all the disclosures provided in the full financial statements and 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.

In its full financial statements, the Council has made an explicit and unreserved statement of compliance with PBE standards.

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](http://www.cdc.govt.nz/reports)



## Introduction from the Mayor

*Tihei winiwini, tihei wanawana, tihei mauri ora!  
Mauri ora ki te rangi, mauri ora ki te whenua,  
mauri ora ki a tātou katoa!*

*I breathe with excitement, I breathe with thrill,  
I breathe with well-being and life!  
The well-being of our air and skies,  
the well-being of our lands and waterways,  
the well-being of our community!*

I have much pleasure in presenting the Carterton District Council's Annual Report for the 2014/15 financial year. It summarises the Council's activities and financial results for the past year, and gives an update on the key matters that were highlighted in the Council's Long Term Plan 2012–2022.

This is my first annual report as Mayor, succeeding Ron Mark in October 2014 when Ron re-entered Parliament. May I take the opportunity to thank Ron for his service as Mayor and the energy and vision he brought to the role. It is exciting to accept his baton and continue to pursue fantastic outcomes for the people of Carterton District.

The other person I must thank is our departing Chief Executive, Colin Wright, who has served us well over the last nine years, providing superb advice to the Council and leadership to his staff. His retirement is well-deserved and we wish him well for the future.

Two major reviews concluded during the year. The first was the review by the Local Government Commission of the application from Wairarapa councils for a combined unitary authority in Wairarapa. The Commission

broadened this and proposed a super-city for Wellington and Wairarapa regions. Quite sensibly, it withdrew its proposal after public consultation showed there was a lack of community support. We are back to the drawing board and I am sure more proposals will be considered over the next year.

The other review was internal. The Council looked at options for its housing for the elderly units, and came to the view that it gift the properties to the Carter Society. This was confirmed following consultation during the Long Term Plan. The hand over was completed in September 2015.

A major highlight this year has been getting the go-ahead to dispose treated wastewater on land instead of into Mangatārere Stream. Already, we have installed a UV treatment station, commissioned a pivot irrigator at our Daleton Farm facility, and planted shelter belts and rehabilitated wetland areas. Further work is planned over the next few years, and we see the farm growing into a showcase treatment and environmental development for the community.

And finally, I 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 enjoy living.



John Booth  
**Mayor**

## Update on key issues from the LTP

The following comments report back on progress during the past year with the key issues that were identified in the Council's Long Term Plan for 2012–2022 (the LTP) adopted in June 2012, which established priorities for the next ten years.

The Long Term Plan for 2012–2022 has been superseded by the Long Term Plan for 2015–2025, which was adopted by the Council in June 2015.

### Reform of the local government sector

Central government has undertaken a programme of legislative reform of the sector. In 2012, the purpose of local government was amended to focus more on core infrastructure and services, and removed the four 'well-beings'. The Council has had to realign its services with the new purpose, but there have been no significant changes. There have also been new reporting requirements introduced, by legislation and regulation.

In May 2013, the Wairarapa councils submitted an application to the Local Government Commission to establish a Wairarapa unitary council, combining the roles of the three district councils and the regional council. The Local Government Commission subsequently consulted on a proposal to combine all councils in the Wellington and Wairarapa regions into one super-city council. This was withdrawn by the Commission after public consultation showed there was a lack of community support.

## **Sewerage and the treatment and disposal of sewage**

Currently, treated sewage is disposed to Mangatārere Stream much of the time and to land adjacent to the treatment station during most of the summer. For some time, the Council has signalled its desire to increase the volume of treated sewage being disposed to land.

In late 2012, the opportunity arose for the Council to purchase land adjacent to the treatment plant. This was seen as an important strategic move to enable a significant increase in the volume of effluent discharged to land.

The purchase of this land, now known as Daleton Farm, was not in the Long Term Plan and has been funded by an interest-only loan. Similarly, the development of the land and facilities required further capital expenditure and operating costs that were not in the Long Term Plan.

The current consent is for four years to October 2017 and requires the Council to achieve a number of changes and improvements to the treatment plant and discharge arrangements.

In 2014/15, shelter belts were planted, a UV tertiary treatment plant was installed, and a pivot irrigator commissioned to dispose the treated sewage to land.

## **Asset management**

Asset management plans are in place for the roads, sewerage, water supply, and stormwater networks. Reviews of these plans were completed in 2015.

An overarching asset management strategy has also been developed, incorporating these plans and other issues into one broader strategy for all of the Council's assets, infrastructure, and property holding.

The asset management plans were updated and a new infrastructure strategy prepared. Work continues on the accuracy of the asset information, and improving the GIS systems.

## 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 30 October 2015.

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), and in accordance with the PBE (public benefit entity) standards for a Tier 2 entity. They are the Council's first PBE standards full financial statements.

The summary financial statements comply with the PBE standards as they relate to summary financial statements. They are presented in New Zealand dollars and all values are rounded to the nearest dollar.

- The Summary Statements of Comprehensive Revenue and Expense, and Changes in Equity present 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.
- The Summary Statement of Financial Position presents the assets we own and the liabilities we owe to other parties.
- The Summary Statement of Cashflows shows how we generated and used cash.

## Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2015

| Actual<br>30 June<br>2014<br>\$ |  | Actual<br>30 June<br>2015<br>\$ | Budget<br>30 June<br>2015<br>\$ |
|---------------------------------|--|---------------------------------|---------------------------------|
|                                 | <b>Revenue</b>   |                                 |                                 |
| 9,103,123                       | - rates  | 9,709,837                       | 9,645,783                       |
| 1,492,085                       | - fees and charges   | 1,599,964                       | 1,576,804                       |
| 1,492,274                       | - NZTA subsidy   | 1,635,015                       | 1,569,000                       |
| 1,673,561                       | - other revenue  | 1,207,466                       | 994,742                         |
| <u>13,761,043</u>               | Total revenue  | <u>14,152,282</u>               | <u>13,786,329</u>               |
|                                 | <b>Expenditure</b>   |                                 |                                 |
| 3,135,530                       | - depreciation and amortisation  | 3,297,962                       | 3,479,981                       |
| 500,919                         | - finance costs (interest)   | 489,820                         | 540,575                         |
| 3,128,453                       | - personnel costs  | 3,348,570                       | 2,998,457                       |
| 5,669,843                       | - other expenses   | 5,776,279                       | 6,152,696                       |
| <u>12,434,745</u>               | Total expenditure  | <u>12,912,631</u>               | <u>13,171,709</u>               |
| 72,379                          | Other gains/(losses)   | 18,529                          | -                               |
| <b>1,398,677</b>                | <b>Surplus/(deficit) before tax</b>  | <b>1,258,180</b>                | <b>614,620</b>                  |
| -                               | Income tax expense   | -                               | -                               |
| <b>1,398,677</b>                | <b>Surplus/(deficit) after tax</b>   | <b>1,258,180</b>                | <b>614,620</b>                  |
| 5,378,693                       | Gain on property plant & equipment revaluation                                 | 2,042,724                       | 824,697                         |
| -                               | Financial assets at fair value through other comprehensive revenue and expense | 2,458                           | -                               |
| <u><b>6,777,370</b></u>         | <b>Total comprehensive revenue and expense</b>                                 | <u><b>3,303,362</b></u>         | <u><b>1,439,317</b></u>         |

## Summary Statement of Changes in Equity for the year ended 30 June 2015

## Summary Statement of Financial Position as at 30 June 2015

| Actual<br>30 June<br>2014<br>\$ |  | Actual<br>30 June<br>2015<br>\$ | Budget<br>30 June<br>2015<br>\$ |
|---------------------------------|--|---------------------------------|---------------------------------|
| 153,709,497                     | Equity at start of year                                    | 160,486,867                     | 166,501,798                     |
|                                 | Total comprehensive revenue and expense                    | 3,303,362                       | 1,439,317                       |
| 6,777,370                       |  |                                 |                                 |
| <u>160,486,867</u>              | Equity at end of year                                      | <u>163,790,229</u>              | <u>167,941,115</u>              |
|                                 | <b>Components of equity at end of year</b>                 |                                 |                                 |
| 112,831,897                     | Public equity  | 114,927,184                     | 109,164,826                     |
| 1,479,963                       | Restricted reserves  | 1,187,016                       | 5,953,611                       |
| 42,241,753                      | Asset revaluation reserves                                 | 44,284,100                      | 52,687,758                      |
| 3,933,254                       | Other reserves   | 3,391,929                       | 134,920                         |
|                                 | Fair value through other comprehensive revenue and expense | 2,458                           | -                               |
| -                               |  |                                 |                                 |
| <u>160,486,867</u>              | Equity at end of year                                      | <u>163,790,229</u>              | <u>167,941,115</u>              |

| Actual<br>30 June<br>2014<br>\$ |                          | Actual<br>30 June<br>2015<br>\$ | Budget<br>30 June<br>2015<br>\$ |
|---------------------------------|--------------------------|---------------------------------|---------------------------------|
| 6,301,851                       | Current assets           | 6,578,828                       | 6,099,164                       |
| 164,905,520                     | Non-current assets       | 167,506,546                     | 174,079,634                     |
| <u>171,207,371</u>              | <b>Total assets</b>      | <u>174,085,374</u>              | <u>180,178,798</u>              |
|                                 |                          |                                 |                                 |
| 2,979,740                       | Current liabilities      | 2,305,032                       | 2,225,488                       |
| 7,740,764                       | Non-current liabilities  | 7,990,113                       | 10,012,195                      |
| <u>10,720,504</u>               | <b>Total liabilities</b> | <u>10,295,145</u>               | <u>12,237,683</u>               |
|                                 |                          |                                 |                                 |
| <u>160,486,867</u>              | <b>Net assets/equity</b> | <u>163,790,229</u>              | <u>167,941,115</u>              |

## Summary Statement of Cashflows for the year ended 30 June 2015

| Actual<br>30 June<br>2014<br>\$ |  | Actual<br>30 June<br>2015<br>\$ | Budget<br>30 June<br>2015<br>\$ |
|---------------------------------|--|---------------------------------|---------------------------------|
|                                 | Net cash flow from:                            |                                 |                                 |
| 4,653,031                       | - operating activities                         | 4,144,665                       | 4,592,470                       |
| (3,459,907)                     | - investing activities                         | (3,863,832)                     | (5,365,840)                     |
| (238,482)                       | - financing activities                         | (328,722)                       | 1,539,976                       |
| <b>954,642</b>                  | <b>Net cash flows for the year</b>             | <b>(47,889)</b>                 | <b>766,606</b>                  |
| 3,683,151                       | Add cash at start of year                      | 4,637,793                       | 3,811,725                       |
| <b>4,637,793</b>                | <b>Balance at end of year</b>                  | <b>4,589,904</b>                | <b>4,578,331</b>                |
|                                 | <b>Represented by</b>                          |                                 |                                 |
|                                 | Cash, cash equivalents, and<br>bank overdrafts |                                 |                                 |
| 4,637,793                       |  | 4,589,904                       | 4,578,331                       |
| <b>4,637,793</b>                |  | <b>4,589,904</b>                | <b>4,578,331</b>                |

## Events after balance date

Subsequent to 30 June 2015 the pensioner housing properties were gifted to the Carter Society. The book value of these assets at 30 June 2015 was \$2,209,032.

## Major variances against budget

Explanations for major variations from the Council's estimated figures in the 2014/2015 year in the Annual Plan are as follows:

### Statement of Financial Performance

- Contributions for the year are above budget due to increased levels of development activity across all areas.
- NZTA subsidies received are above budget estimates due to the timing of capital works.
- Recoveries revenue is above budget due to a recoverable sewerage plant contract that was not budgeted for.
- Water expenditure was less than budget due to lower than expected repairs to the reticulation and underground networks of the urban water supply.
- Waste management expenditure was less than budget due to lower than budgeted expenditure on the Masterton transfer station contract.
- Community amenities expenditure was less than budget due to lower than expected insurance, maintenance, and general operating costs for the Events Centre.

### Statement of Other Comprehensive Revenue and Expense

- The total surplus for the year is more than budgeted due to the explanations mentioned for the statement of financial performance.
- The movement in revaluation reserves is greater than budgeted due to the revaluation of buildings being greater than the estimated levels in the annual plan as a result of actual results exceeding projected inflation factors from Business and Economic Research Limited.

## Statement of Changes in Equity

- Opening equity is below budget due to the revaluation of roading in 2014 being less than budgeted.
- Total comprehensive revenue and expense for the year is more than budget due to the explanations mentioned for the statement of other comprehensive revenue and expense.

## Statement of Financial Position

- Debtors and other receivables are higher than budget due to an increase in the level of trade receivables outstanding at year end. This includes items such as consents and NZTA subsidy.
- Property, plant and equipment is under budget due to the timing of capital works and revaluations being lower than budgeted.
- Intangible assets are over budget due to the capitalisation of resource consents that were not included in the annual plan.
- Borrowings are lower than budget due to the Council's decision to use internal funds during the 2011 year, which delayed projected drawdown of loan funds in 2012 to 2014, as well as lower than planned capital expenditure on parks and reserves.
- Asset revaluation reserves are less than budgeted due to the revaluation of roading being less than the estimated levels in 2014.

## Statement of Cashflows

- Grants and subsidies were greater than budgeted due to the explanations mentioned for the statement of financial performance.
- Other revenue was greater than budgeted due to the explanations mentioned for the statement of financial performance.

- The purchase of property, plant and equipment is below budget due to the timing of capital works.
- The drawdown of public debt is less than budgeted due to the timing of loans between prior, current and future years, reflecting significant delays in capital expenditure.

## Adjustments arising on transition to the new PBE accounting standards

There have been no material adjustments resulting from the adoption of the new PBE accounting standards.



## 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 2015.

### Governance

- The 2015 Annual Report adopted within the statutory timeframe by the Council on 30 October 2015, with an unqualified audit opinion.
- 11 percent of agenda items considered as ‘public excluded’ items, compared with the target of less than 5 percent.

### Community support

- 7,943 members of the Library, or 92 percent of the 8,680 residents.
- 20,522 entrants to the pool, an increase of 2,176.
- All high profile or offensive graffiti reported removed within the 4 hour target.
- No calls with a potential public health or safety risk.
- Residents surveyed rated their satisfaction as ‘very satisfied’ or ‘fairly satisfied’ by:
  - 90 percent of those who had visited the swimming baths in the previous 12 months, compared with the target of 75 percent
  - 95 percent of those who had used public toilets in the previous 12 months, compared with the target of 75 percent
  - 96 percent of those who had visited a park or reserve in the previous 12 months, compared with the target of 90 percent.

### Regulatory and planning

- 304 PIMs and building consents, 153 LIMs, 54 resource consents, all processed within the required timeframes.
- 379 complaints and service requests received, 76 percent responded to within 4 working hours.
- All 67 known food premises and liquor outlets in the district monitored, ensuring current licensing and registration.

### Roads and footpaths

- Average road roughness index of 65 points, better than the target of ‘80 or less’.
- 20 kilometres or 7 percent of the 286 kilometres of sealed roads resurfaced.
- 19 regulatory signs replaced, none of which were within the response target of 3 days.
- 39 streetlights identified with a fault after carrying out monthly inspections, 38 of which repaired within the target 2 weeks.
- 31 percent of complaints related to footpaths responded to within the target 2 working days.
- 69 percent of residents surveyed rated their satisfaction with footpaths as ‘very satisfied’ or ‘fairly satisfied’, compared with the target of 60 percent.
- Less than 1 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.

### **Sewerage and the disposal of treated sewage**

- 3 of the 4 major blockages resolved within the target 4 hours of notification.
- No sewage overflows in the reticulation network from storm events.
- The treatment plant did not comply with all conditions of all applicable resource consents; there were some technical and environmental non-compliance.
- 97 percent of urban residents surveyed rated their satisfaction as 'very satisfied' or 'fairly satisfied', compared with the target of 87 percent.

### **Storm water**

- No major reticulation blockages.
- All resource consent conditions complied with.
- 73 percent of urban residents surveyed rated their satisfaction as 'very satisfied' or 'fairly satisfied', compared with the target of 79 percent.

### **Waste management**

- Did not achieve full compliance with resource consent conditions; one consent had environmental non-compliance.

- 90 percent of urban residents surveyed rated their satisfaction with refuse collection as 'very satisfied' or 'fairly satisfied', and 89 percent with kerbside recycling, compared with the target of 85 percent.

### **Water supply**

- Both treatment sites were compliant with the NZ Drinking Water Standards bacterial requirements.
- 2 of the 3 system failures were resolved within the target 4 hours, and the other within 4.5 hours.
- Target 2.5 percent reduction in community water use not met. Water flow from the Kaipaitangata and Supplementary Bore reservoirs were 5 percent more than the previous year.
- Full compliance with the resource consent conditions for the urban water supply.
- 95 percent of urban residents surveyed rated their satisfaction with the town water supply as 'very satisfied' or 'fairly satisfied', compared with the target of 90 percent.

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

### Independent Auditor's Report

#### To the readers of Carterton District Council's summary annual report for the year ended 30 June 2015

The summary annual report was derived from the annual report of the Carterton District Council (the District Council) for the year ended 30 June 2015. 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 5 to 10:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 30 October 2015.

#### 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 PBE FRS-43: *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 and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 30 October 2015 on the full audited statements. 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 PBE FRS-43: *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 PBE FRS-43: *Summary Financial Statements*.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out the audit of the District Council's 2015–25 Long Term Plan, which are compatible with those independence requirements. Other than this reporting and these assignments, we have no relationship with, or interests in, the District Council.



Phil Kennerley  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
27 November 2015