

CARTERTON DISTRICT COUNCIL

SUMMARY OF THE 2011 ANNUAL REPORT

This newsletter is a summary of the Council's annual report for the 2010/11 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by Council on 26 October 2011. This summary was authorised for issue by the Mayor and Chief Executive on 16 November 2011.

This summary has been prepared in accordance with financial reporting standards and has been examined by 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 Council's website
www.cartertondc.co.nz/publications.html

REPORT FROM THE MAYOR AND CHIEF EXECUTIVE

We have pleasure in introducing the Carterton District Council's annual report for the 2010/11 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 Council Community Plan 2009–2019.

The Long Term Plan identified the construction of the Carterton Events Centre as the most significant project for the Carterton District over the next few years. It was scheduled to begin in the 2010/11 financial year.

The project concept has been discussed in the wider community for nearly ten years. During this period the Municipal Hall and the Phoenix Theatre were demolished as they were impractical to modernise. Drawings and contract documents were finalised in August 2010 and a contract was awarded to Holmes Construction for \$5.9 million in October 2010. Construction work began in mid-October 2010 and the Events Centre was officially opened on 29 October 2011.

The Events Centre is a flexible multi-purpose community building. It incorporates the historic library building and the existing scout den, both of which have been completely refurbished. The Centre provides an expanded library, a town hall/auditorium, two meeting rooms, a youth centre, Plunket rooms, and other ancillary spaces. Initial users of the building will include Plunket, the Carterton toy library, WaiArt, the Carterton Information Centre, youth groups, and Carterton Red Cross. Other organisations will also be able to be based there.

While Council considered that the Events Centre was necessary to develop the social and culture life in the District, it has not neglected other essential physical infrastructure. For example, during the past year a record amount was spent on maintaining and improving rural roads including 14.3 kilometres of resealing and 0.7 kilometres of new sealing. Approximately \$400,000 was required for repairing hill country roads this year because of damage caused by heavy rain. In order to fund the repairs other planned roading work had to be deferred including some footpath improvements.

A major project in the past year involved a review of Council's rating. This review was foreshadowed in both the 2009 Long Term Plan and in the 2010/11 Annual Plan. As indicated in those documents, the emphasis was on the method by which the Council's general rate is allocated to properties. After an intensive review over five months and wide public consultation, the Council voted unanimously to change the basis for the general rate to capital value and for there to be just three differentials, residential, commercial and rural, compared with the previous complex system of nine differentials. This is a rating system similar to many other types of council in the country.

These changes do not bring in additional funds for the Council; they result in a different distribution of how much people pay compared with previously. The effect of the above changes on individual properties varies. The rates for some properties have gone up and other properties have gone down. There are not big changes for the majority of properties. However, the changes for a minority of properties are significant and Council acknowledges that.

Financially, Council recorded an accounting surplus of \$1,504,701 for the 2010/11 year. Both income and expenditure for the year exceeded the budget with variations, both up and down, over a number of activities as detailed later in this report. The surplus was less than budgeted with the main reasons being that only a portion of the budgeted external fundraising for the Events Centre was finalised during the year and the income for logging in the Council's forest was significantly below budget. It is worth noting that, subsequently, the external fundraising for the Events Centre is now approaching the \$1.5 million target.

The Council's balance sheet improved over the year with total equity now being \$145.7 million compared with \$138.0 million for the previous year. The value of the District's physical infrastructure assets, such as roads and pipes, make up the large majority of the Council's assets. Total borrowing at 30 June 2011 was \$1.6 million, a very low figure compared with most other councils.

Details relating to the Council's finances and its activities for the year are recorded elsewhere in the annual report. However, we would particularly mention the following more significant aspects of council activities undertaken in the past year.

- Council is consulting closely with iwi and environmental groups to progress towards its long term vision of irrigating treated wastewater effluent onto farm land rather than discharging into the Mangatarere River. Currently the treated effluent is not discharged to the river during the January to March summer period and the challenge is to extend this to cover more of the year.

A resource consent application has been lodged with the Greater Wellington Regional Council. Originally this provided for the installation of a membrane filtration process at the wastewater treatment plant to significantly improve the quality of the effluent. However, as a result of consultation with submitters, it is now proposed to use a UV (ultra-violet) treatment process along with an expanded irrigation area over time. The start on actioning these improvements will depend upon the granting of an appropriate resource consent from the regional council.

- A new joint waste management contract in conjunction with the Masterton District Council began operating in the past year. This provides for the weekly street refuse and recycling collection; and, from October 2011, the operation of the Dalefield Road transfer station and cartage of residual waste to the landfill in Manawatu. This contract will provide some savings compared with the previous arrangement.
- Council undertakes various regulatory functions as required by legislation. A pleasing aspect this year was that all applications for resource consents, building consents, and LIMs (Land Information Memorandums) were again processed within the legislated time limits. In many cases the approvals were issued in much shorter timeframes than the statutory provisions. This is an area where Central Government has asked Councils to 'lift their game'.
- Overall water consumption from the town water supply continues to be 20–30 percent below the volumes typically being used up to three years ago. While weather plays a part in water usage, the introduction of water metering and the continuing emphasis on leak detection and repairs are strong factors in keeping water consumption at a more acceptable level. A positive result of this work has been the lack of any water restrictions in the town over the last three summers. Previously this was a regular occurrence.

A new initiative this year has been the Council's decision to lower the operating pressure for the town water supply system to a more optimum level. A pressure reduction valve has been installed on the main supply pipeline and this will be brought in to operation once a small booster pump has been installed to service the Clareville area with sufficient pressure. A reduction in operating pressure for the town will result in savings in cost and in water consumption as a result of fewer leaks and water pipe breakages.

- The Council is now responsible for the water and sewer pipelines in the recently expanded Waingawa industrial area. There is an agreement in place with the Masterton District Council for the provision of potable water and the taking of sewage across the Waingawa River bridge. The Waingawa area includes the largest area of undeveloped industrial-zoned land in the Wellington region and Council looks forward to further development there in future years.
- Applications for new subdivisions and for building consents were again down this year from the very high levels of three to four years ago. However, there was still a reasonable level of new development and building activity continuing in the District throughout the year.

- The new Combined Wairarapa District Plan was finalised in May 2011 when the remaining appeals were resolved. This project has been undertaken jointly with the other two Wairarapa councils and is the first example of a combined district plan in New Zealand. Work is continuing on biodiversity and landscaping matters in conjunction with the other councils.
- The various parks and reserves, including the sports fields, have continued to be maintained to a high standard. A new initiative this year was the trialling of free admission to the town swimming pool. This was very successful with a dramatic increase in the use of the pool during the summer months. Council introduced this trial in an effort to encourage children to learn to swim and to give families an opportunity to make good use of a local facility.
- Council is increasingly looking to achieve efficiencies by working in collaboration with other councils. Some examples of shared services like the common district plan and waste management contract are referred to above. There are also other arrangements in place like joint insurance and rating valuation contracts and Civil Defence arrangements are on a common Wairarapa-wide basis from July 2011. Councils in the wider Wellington Region have also been having preliminary discussions on whether there should be changes in local governance arrangements in the future.

In conclusion, we acknowledge and thank all those who have worked with Council or with other groups in the community to help make the Carterton District a great place to live.



Ron Mark
Mayor



Colin Wright
Chief Executive

FINANCIAL PERFORMANCE

The specific disclosures included in these summary financial statements have been extracted from the full financial statements adopted by Council on 26 October 2010.

The financial statements of the Council have been 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).

The financial statements have been prepared in accordance with NZ GAAP. They comply with NZ International Financial Reporting Standards and other applicable 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, Comprehensive Income, and Movements in Equity for the year ended 30 June 2011

Actual 30 June 2010 \$		Actual 30 June 2011 \$	Budget 30 June 2011 \$
10,851,119	Revenue	14,695,352	13,558,264
(10,511,281)	Expenditure	(13,190,651)	(10,751,919)
(385,147)	Other gains/(losses)	27,763	212
(45,309)	Total surplus/(deficit)	1,532,464	2,806,557
-	Assets vesting in the Council	-	-
268,015	Increase/(decrease) in revaluation reserves	6,126,647	10,775,485
719	Increase/(decrease) in other reserves	(4,704)	1,000
223,425	Total comprehensive income	7,654,407	13,583,042
<u>137,798,061</u>	Equity at start of year	<u>138,021,486</u>	<u>138,869,743</u>
<u>138,021,486</u>	Equity at end of year	<u>145,675,893</u>	<u>152,452,785</u>
111,216	Note: expenditure above includes finance costs (interest) of	117,073	275,208

This summary of Financial Performance, Comprehensive Income, 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 Financial Position as at 30 June 2011

Actual 30 June 2010 \$		Actual 30 June 2011 \$	Budget 30 June 2011 \$
	ASSETS		
5,758,914	Current assets	4,849,315	4,680,445
135,933,066	Non-current assets	145,246,072	153,459,903
141,691,980	Total assets	150,095,387	158,140,348
	LIABILITIES		
2,305,095	Current liabilities	3,646,673	2,640,431
1,365,399	Non-current liabilities	772,821	3,047,132
3,670,494	Total liabilities	4,419,494	5,687,563
138,021,486	NET ASSETS/EQUITY	145,675,893	152,452,785

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

Summary Statement of Cashflows for the year ended 30 June 2011

Actual 30 June 2010 \$		Actual 30 June 2011 \$	Budget 30 June 2011 \$
	Net cash flow from:		
3,608,776	- operating activities	2,266,852	6,090,944
(2,970,284)	- investing activities	(3,863,236)	(5,764,508)
162,752	- financing activities	10,611	1,889,448
801,244	Net cash flows for the year	(1,585,773)	2,215,884

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 Movements in Equity

The total surplus after tax was \$1,533,000 for the year ended 30 June 2011. This surplus was less than the budget surplus of \$2,807,000. This is mainly due to the shortfall in grants and subsidies for the Events Centre (\$970,000), which is now expected after balance date, and net forestry returns within the financial year being \$517,000 less than budget.

The movement in equity for the year results from the decreased surplus outlined above and the revaluation gains recorded on roads, streets, and footpaths.

Summary Statement of Financial Position

At year end, total assets were \$8,045,000 less than the budget. This reflects the less than expected gains in asset revaluations, and the delays in the construction of the Event Centre, slipping into the next financial year. In addition, cash was lower and debtors was higher at year end.

Total liabilities were also less than the budget, by \$1,268,000. Creditors were \$1,245,000 more than budget, and loans and lease liabilities were \$2,702,000 less than budget at year end.

Summary Statement of Cashflows

The net cash outflow for the year was \$1,585,773, compared with a budgeted net cash inflow of \$2,215,884. This reflects the late completion of the Events Centre – and therefore slower cash inflow from fundraising and grants and slower cash outflow on construction – greater than planned harvesting of forests, and less than planned borrowing.

Statement of Commitments and Contingencies as at 30 June 2011

Council has operating commitments of \$7,131,510 at 30 June 2011 (2010 \$7,770,404). Road maintenance of \$4,572,100 is the largest commitment and is contracted for the next four years. The balance of the operating commitments involves payments for professional services, cleaning, eftpos terminals, hardware and software support, photocopiers and valuations.

At year end, Council has capital commitments of \$2,049,051 relating to the construction of the Events Centre, which was not completed at 30 June 2011 (2010 \$nil).

Council has no contingent liabilities as at 30 June 2011 (2010 \$nil).

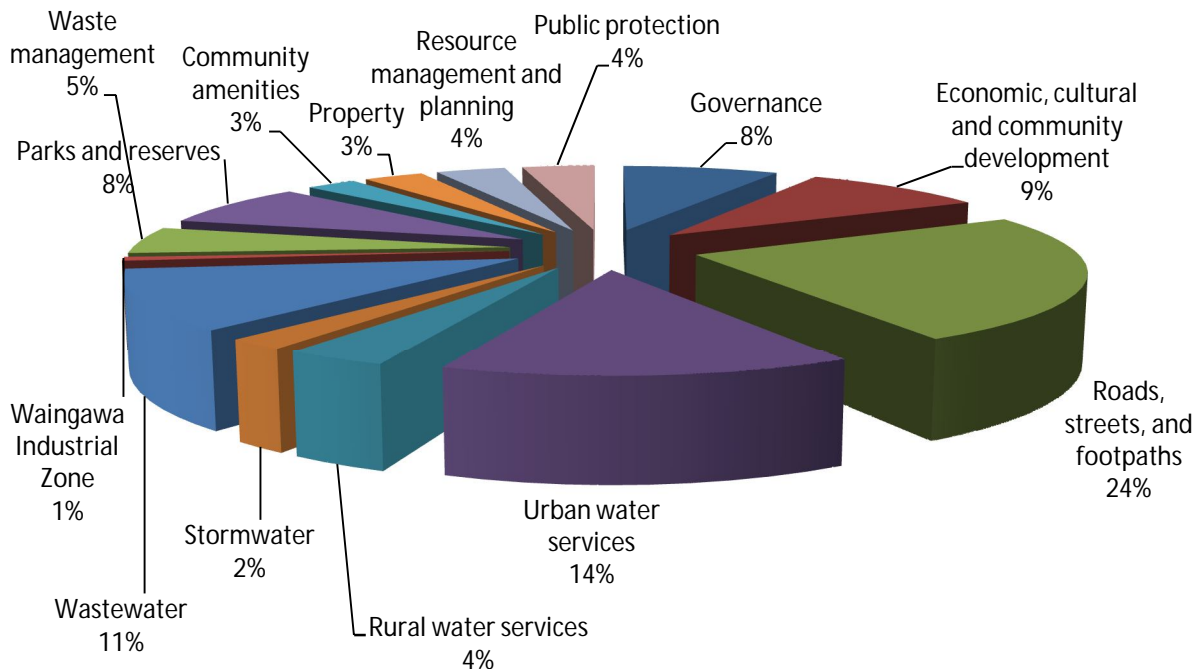
HOW WERE YOUR RATES SPENT?

The total rates collected for the 2010/11 year was \$7,166,430. They were applied to the following activities:

Activity	\$
Governance	570,700
Economic, cultural and community development	673,190
Roads, streets, and footpaths	1,746,036
Urban water services	1,013,440
Rural water services	258,399
Stormwater services	151,183
Wastewater services	826,399
Waingawa Industrial Zone	53,183
Waste management	369,935
Parks and reserves	578,211
Community amenities	185,485
Property	219,581
Resource management and planning	254,709
Public protection	265,979

Total expenditure of rates

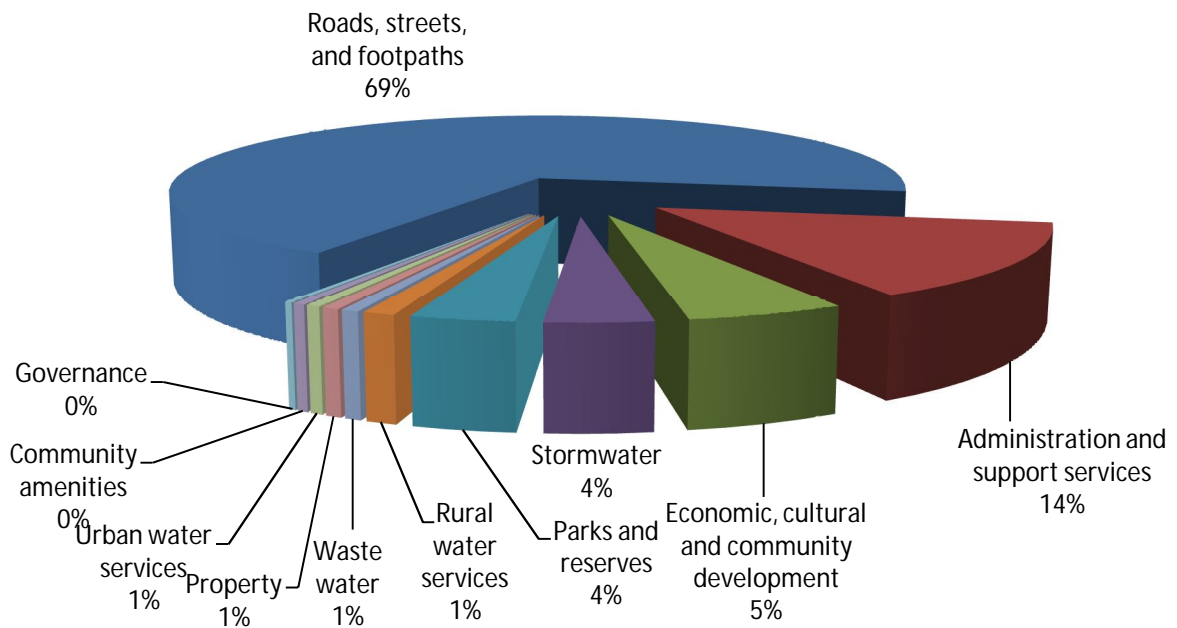
\$7,166,430



CAPITAL EXPENDITURE

Total capital expenditure for the 2010/11 year was \$6,329,557. Of that, \$4,480,260 was work in progress, mainly the construction of the Events Centre. The following table and graph provide a breakdown of the remaining capital expenditure by activity:

Activity	\$
Governance	5,050
Economic, cultural and community development	100,771
Roads, streets, and footpaths	1,283,739
Urban water services	9,145
Rural water services	20,285
Stormwater services	68,318
Wastewater services	11,233
Parks and reserves	66,164
Community amenities	7,913
Property	11,031
Administration and support	265,648
Total capital expenditure	1,849,297



MEASURING PROGRESS AGAINST PERFORMANCE MEASURES

The Long Term Council Community Plan 2009–2019 included, for each significant activity undertaken by Council, a number of performance measures. Here are some highlights showing how the Council performed against targets during the year ended 30 June 2011.

Governance

- The 2010 Annual Report was adopted within the statutory timeframe by council on 6 October 2010, but with a qualified audit opinion due to insufficient evidence to support the Council's estimates of how long it took to respond to complaints and requests for service.
- Eleven issues of 'Council Snippets' notifying council news and current information were included in the *Carterton Crier* monthly publication.

Economic, cultural, and community development

- Twenty three community grants complying with the Community Grants Policy were awarded during the year.
- Four school holiday programmes were completed by the Library during the year.

Roads, streets, and footpaths

- Road roughness measurements were carried out in July 2010. The average road roughness index measured 58 points, better than the target of '80 or less'.
- Only 77 percent of signs were repaired or replaced within three days of advice of a fault, compared with the target of 95 percent.
- Agreed funding was provided to the Wairarapa Road Safety Council to raise awareness of road safety issues and promote safe and sustainable transport.
- Streetlights identified with a fault during the year after carrying out monthly inspections were all repaired within the target two weeks.

Urban water

- One of the weekly samples did not comply with the NZ Drinking Water Standards bacteriological requirements. Independent reviewers (ETL) concluded that the result was 'likely due to sampling or laboratory error'. This non-compliance was a one-off, and all subsequent sampling was compliant.
- All hydrants tested complied with minimum fire fighting pressures.
- No complaints were received about water pressure during the year.
- Of the 50 service requests for repairs and system failures, 11 (or 22 percent) were completed within 4 working hours, compared with the target of 90 percent.
- Total water consumption increased by six percent, compared with the target of nil increase.

Rural water

- Of the 29 service requests for repairs and system failures, 25 (or 86 percent) were completed within 4 working hours, compared with the target of 100 percent.
- Greater Wellington Regional Council issued two non-compliance notices for exceeding water resource consent limits.

- There were no environmental complaints received during the year.

Storm water

- Of the 8 service requests for clearing reticulation blockages, 2 (or 25 percent) were completed within 4 working hours, compared with the target of 90 percent.
- All resource consent conditions, including discharge requirements, were complied with.

Waste water

- No public health risks/issues were identified.
- No wastewater overflows occurred during the year.
- The treatment plant did not fully comply with all conditions of all applicable consents for the following reasons:
 - unrealistic sampling requirements under the old resource consent were unable to be met
 - a discharge to water occurred due to a faulty valve
 - a sampling run was missed due to a staff shortage.
- Of the 9 service requests for repairs and system failures, 3 (or 33 percent) were completed within 4 working hours, compared with the target of 90 percent.

Waste management

- No public health risks/issues were identified.
- All resource consent conditions, including monitoring, were complied with.

Parks and reserves

- All staff using chemicals are Growsafe-certified.
- All reported incidents of offensive graffiti (4) were removed within the target of four hours, and all non-offensive graffiti (10) were removed within three working days.
- All new play equipment that was installed complied with the NZ Standard for Playground Equipment and Surfacing. All play equipment was regularly inspected.

Community Amenities

- No public health or safety complaints were received.
- All public restroom facilities were cleaned on a daily basis.
- There was a very substantial increase of people using the outdoor swimming complex due to Council trialling free admittance to encourage more locals and families to use the pool facilities.

Property

- All buildings requiring a Warrant of Fitness hold a current certificate and were maintained in accordance with the warrant.
- The Holiday Park maintained its Four Star Plus Qual Mark rating.
- No personal safety complaints were received from residents of Council's housing complexes.

Resource management and regulatory services

- All LIMs (Land Information Memorandums) have been processed within the statutory timeframes.
- All resource consents were completed within the statutory timeframe.
- All complaints related to resource management and planning were responded to within the required timeframe.

Public protection

- 92 percent of enquiries/complaints were completed within the 24-hour target.
- All known food premises and liquor outlets in the District have been registered or licensed.
- Only 50 percent of the weekly radio communication tests of the Civil Defence emergency response systems were responded to, compared with the target of 90 percent, due to staff workloads. Civil Defence activities have been contracted to Masterton District Council from 1 July 2011.
- All of the 260 PIM and building consent applications were completed with the statutory timeframes.

A number of customer service response targets were not met (e.g. road sign repairs, water system repairs, storm water blockages, and waste water service requests). The responses that took longer than the target were considered non-urgent and were programmed to be completed as soon as possible.

Customer satisfaction surveys were planned this year covering several activities. These did not eventuate but will be conducted in the 2011/12 year.

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 of the annual report for the year ended 30 June 2011

We have audited the summary of the annual report (the summary) as set out on pages 5 to 12, which was derived from the audited statements in the annual report of the Carterton District Council (the District Council) for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 26 October 2011.

The summary comprises:

the summary statement of financial position as at 30 June 2011, and summaries of the statement of financial performance, the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year then ended and other explanatory information; and

the summary of the District Council's statement of service performance and summaries of other information contained in its annual report.

- **Opinion**

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

- **Basis of opinion**

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 26 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the 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 in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

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



Leon Pieterse,
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
16 November 2011

Matters relating to the electronic presentation of the summary audited financial statements, statement of service performance and the other requirements

This audit report relates to the summary financial statements, statement of service performance and the other requirements of Carterton District Council for the year ended 30 June 2011 included on the Carterton District Council's website. The Council 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 summary financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, statement of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, statement of service performance and the other requirements. 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 summary financial statements, statement of service performance and the other requirements as well as the related audit report dated 16 November 2011 to confirm the information included in the audited summary financial statements, statement of service performance and the other requirements presented on this website.

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