

## **CARTERTON DISTRICT COUNCIL**

### **SUMMARY OF THE 2012 ANNUAL REPORT**

This newsletter is a summary of the Council's annual report for the 2011/12 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 24 October 2012. This summary was authorised for issue by the Mayor and Chief Executive on 20 November 2012.

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](http://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 2011/12 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 2011/12 year was a significant year for Carterton, and for this Council. The new Events Centre was opened, the first year of a new basis for our general rates, and a new Long Term Plan was developed for the next ten years. And perhaps most significantly, discussion began on possible changes to local government in Wairarapa.

#### *Events Centre*

Ten years ago, the community of Carterton started to talk about an expanded community facility that was to become our Events Centre. Since then, 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 in October 2010. Construction work began immediately and the Events Centre was completed in 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 public library, a large auditorium, two meeting rooms, a youth centre, Plunket, and other usable spaces.

Its innovative design has been recognised with Opus, the designers, receiving the *Ingenium* award for New Zealand public sector projects between \$2 and \$10 million.

### *Rates review*

2011/12 was the first year following a comprehensive review of options for the distribution of the general rate. Following extensive public consultation, the Council decided to change from land value to capital value and a reduction to only three differential factors (rural, urban, and commercial) as the basis for allocating the general rate.

These changes bring our rating system more in line with rating approaches elsewhere in the country, and we acknowledge the patient and constructive response from ratepayers with its implementation.

### *Long Term Plan 2012–2022*

A new Long Term Plan was developed for the next ten years, and adopted by the Council in June 2012. The process reminded us that although our services cover the wide-ranging economic, cultural, social, and environmental well-being of our community, there remains a strong focus on infrastructure.

Not surprisingly, three quarters of our planned capital expenditure and half of our operating expenditure will be on roads, sewerage, and water supply activities. The maintenance, renewal and development of this infrastructure is core to Council work, and we face the challenge of ageing assets and rising standards.

In the Long Term Plan, we will also continue the development of the town centre, starting with the civic precinct in Holloway Street, complementing the Events Centre, and moving on to Broadway. And we have planned some new activities, including the development of a multi-purpose recreation park at Kaipaitangata, and considering how to encourage households to collect rainwater runoff for non-potable uses.

### *Local body governance in Wairarapa*

Central government has proposed changes to the legislation relating to how local government boundaries and functions are determined. The three Wairarapa councils have been considering how to respond to these proposals. This has included commissioning research on options, consulting with the community on preferences, and meeting with other councils in the wider Wellington region. It is very likely that there will be changes to Wairarapa local government structures in the next year or two.

### *Financial highlights*

The Council remains sound financially. We recorded an accounting surplus of \$1.3 million for the 2011/12 year. Both operating income and expenditure were inflated by activity on our forestry block at Kaipaitangata. No harvest had been planned, but the previous year's harvest was carried over to 2011/12. An extra \$1.0 million harvest costs was incurred, almost matched by an increase in harvest revenue. Due to increased developments in the district, the level of infrastructure and reserve contributions for the year, and associated

costs, were ahead of budget, and NZTA subsidies received exceeded budget estimates due to increased capital spending in subsidised roading.

The Council's balance sheet improved slightly over the year, with total equity now being \$146.6 million compared with \$145.7 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 has increased considerably during the year, from \$1.6 million to \$4.3 million, which is still a very low figure compared with most other councils.

### *Other highlights*

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.

- A number of resource consent processes are at different stages.
  - Renewal of several expired resource consents related to Carterton sewage treatment had been sought. These consents included the discharge of treated wastewater to Mangatāre Stream and to land, and the production of associated odour. Subsequent to balance date, a Hearings Panel has approved consents for three years. The Council has subsequently lodged an appeal with the Environment Court with respect to some consent conditions including the short term of the consents.
  - Applications have been lodged for renewing the resource consents for taking water from the Waingawa River and Mangatāre Stream for the rural water race systems.
  - Background work has been underway this year in preparation for lodging consent applications to continue taking water from the Kaipaitangata Stream for the town water supply. The existing consent expires in 2013.

These resource consents are expensive and time-consuming, and require significant lead time to prepare for. Our approach to each is to develop the associated infrastructure in a measured way, within an overall plan, and at a rate affordable to ratepayers. This has been frustrated by other parties who do not need to consider the affordability to ratepayers.

- Council property files were digitised to provide access for staff and ratepayers to property information through the on-line GIS (geographic information system).
- Building consents were greater than budgeted, reflecting development activity in the District that is bucking the norm elsewhere.
- Marriages and marriage licences through the Council office were higher than expected, which resulted from Masterton Courthouse being temporarily closed for an extended period.

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

A handwritten signature in black ink, appearing to read 'Ron Mark', with a horizontal line underneath.

Ron Mark  
**Mayor**

A handwritten signature in black ink, appearing to read 'Colin Wright', written in a cursive style.

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 the Council on 24 October 2012.

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 2012

Actual 30 June 2011 \$		Actual 30 June 2012 \$	Budget 30 June 2012 \$
14,650,783	Revenue	14,030,045	13,211,198
(13,146,082)	Expenditure	(12,635,186)	(11,464,308)
27,763	Other gains/(losses)	(133,003)	506
<b>1,532,464</b>	<b>Total surplus/(deficit)</b>	<b>1,261,856</b>	<b>1,747,396</b>
-	Assets vesting in the Council	-	-
6,126,647	Increase/(decrease) in revaluation reserves	(363,426)	1,148,599
(4,704)	Increase/(decrease) in other reserves	-	750
<b>7,654,407</b>	<b>Total comprehensive income</b>	<b>898,430</b>	<b>2,896,745</b>
138,021,486	Equity at start of year	145,675,893	138,550,055
<b>145,675,893</b>	<b>Equity at end of year</b>	<b>146,574,323</b>	<b>141,446,800</b>
	Note: expenditure above includes the following:		
2,739,814	- depreciation and amortisation	2,761,673	3,189,667
117,073	- finance costs (interest)	194,402	367,810

This summary of Financial Performance, Comprehensive Income, and Movements 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 2012

Actual 30 June 2011 \$		Actual 30 June 2012 \$	Budget 30 June 2012 \$
	<b>ASSETS</b>		
4,849,315	Current assets	4,075,627	3,537,448
145,246,072	Non-current assets	148,778,073	146,476,204
<b>150,095,387</b>	<b>Total assets</b>	<b>152,853,700</b>	<b>150,013,652</b>
	<b>LIABILITIES</b>		
3,646,673	Current liabilities	4,046,273	2,559,467
772,821	Non-current liabilities	2,233,104	6,007,383
<b>4,419,494</b>	<b>Total liabilities</b>	<b>6,279,377</b>	<b>8,566,850</b>
<b>145,675,893</b>	<b>NET ASSETS/EQUITY</b>	<b>146,574,323</b>	<b>141,446,802</b>

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 2012

Actual 30 June 2011 \$		Actual 30 June 2012 \$	Budget 30 June 2012 \$
	Net cash flow from:		
2,266,852	- operating activities	2,712,122	4,867,164
(3,863,236)	- investing activities	(5,771,221)	(8,886,668)
10,611	- financing activities	2,621,887	4,117,416
<b>(1,585,773)</b>	<b>Net cash flows for the year</b>	<b>(437,212)</b>	<b>97,912</b>

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 \$1,262,000 for the year ended 30 June 2012. This surplus was less than the budget surplus of \$1,747,000.

Roading subsidies received were above budget because capital expenditure was higher than planned, and operating expenditure on roads was less than budget.

Infrastructure and reserve contributions were above budget.

Grants and subsidies were lower than budget, particularly in relation to the Events Centre. Fees and charges were below budget in a number of different areas including water metering and new connection fees for water and wastewater.

Forestry activity was less than planned and recorded a small net loss compared with an expected small net surplus, with harvest income exceeding budget by \$800,000 and expenses exceeding budget by \$1,000,000.

The movement in equity for the year resulted from the decreased surplus outlined above and the revaluation losses recorded on land and buildings.

### Summary Statement of Financial Position

At year end, total assets were \$2,840,000 greater than the budget. This reflects the revaluation of roading assets in the 2010/11 year being considerably higher than assumed in the Annual Plan, and despite the revaluation of land and buildings being less than expected. In addition, forestry assets were higher than budget due to Council not harvesting to the planned level, and cash was higher and debtors were higher at year end.

Total liabilities were also less than the budget, by \$2,287,000, reflecting loans and lease liabilities being less than budget at year end.

Asset revaluation reserves are higher than budgeted due to the revaluation of roading assets in the 2011 year being considerably higher than estimated in the Annual Plan.

### Summary Statement of Cashflows

The net cash outflow for the year was \$437,212, compared with a budgeted net cash inflow of \$97,912. This reflects the late completion of the Events Centre. There was less cash inflow from fundraising and grants, slower cash outflow on construction, and payments to suppliers and employees higher than budget as a result of decreased levels of payables at year end. It also reflects greater than planned harvesting of forests, and less than planned borrowing, with associated reduced finance costs.

## **Events after balance date**

At balance date, the Council had sought renewal of several expired resource consents related to its treatment of sewage. These consents included the discharge of treated wastewater to Mangatāre Stream and to land, and the production of associated odour.

A Hearings Panel has now approved the consents.

The Council has subsequently lodged an appeal with the Environment Court with respect to some consent conditions and the short term of the consents.

## **Statement of Commitments and Contingencies as at 30 June 2012**

The Council had operating commitments of \$4,968,587 at 30 June 2012 (2011 \$7,131,510).

Road maintenance of \$3,096,600 is the largest commitment and is contracted for the next two 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 2012 (2011 \$2,049,051).

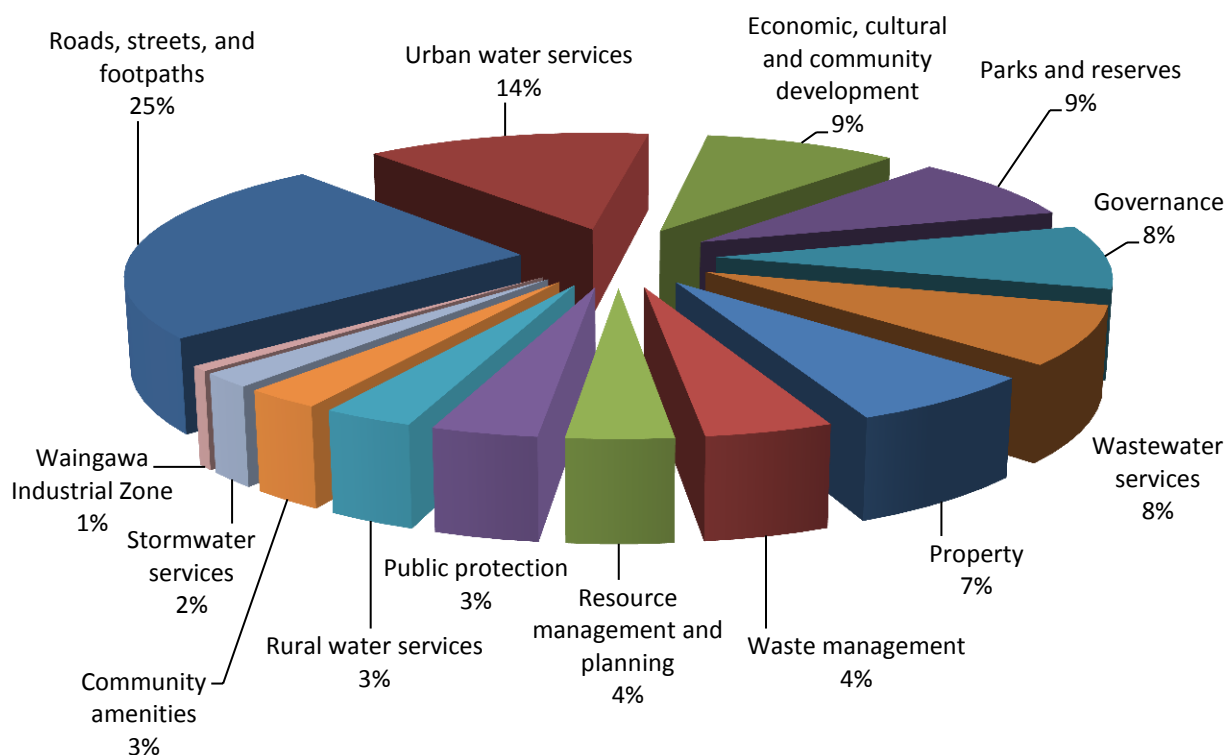
The Council had no contingent liabilities as at 30 June 2012 (2011 \$nil).



## HOW WERE YOUR RATES SPENT?

The total rates collected for the 2011/12 year was \$7,834,305. They were applied to the following activities:

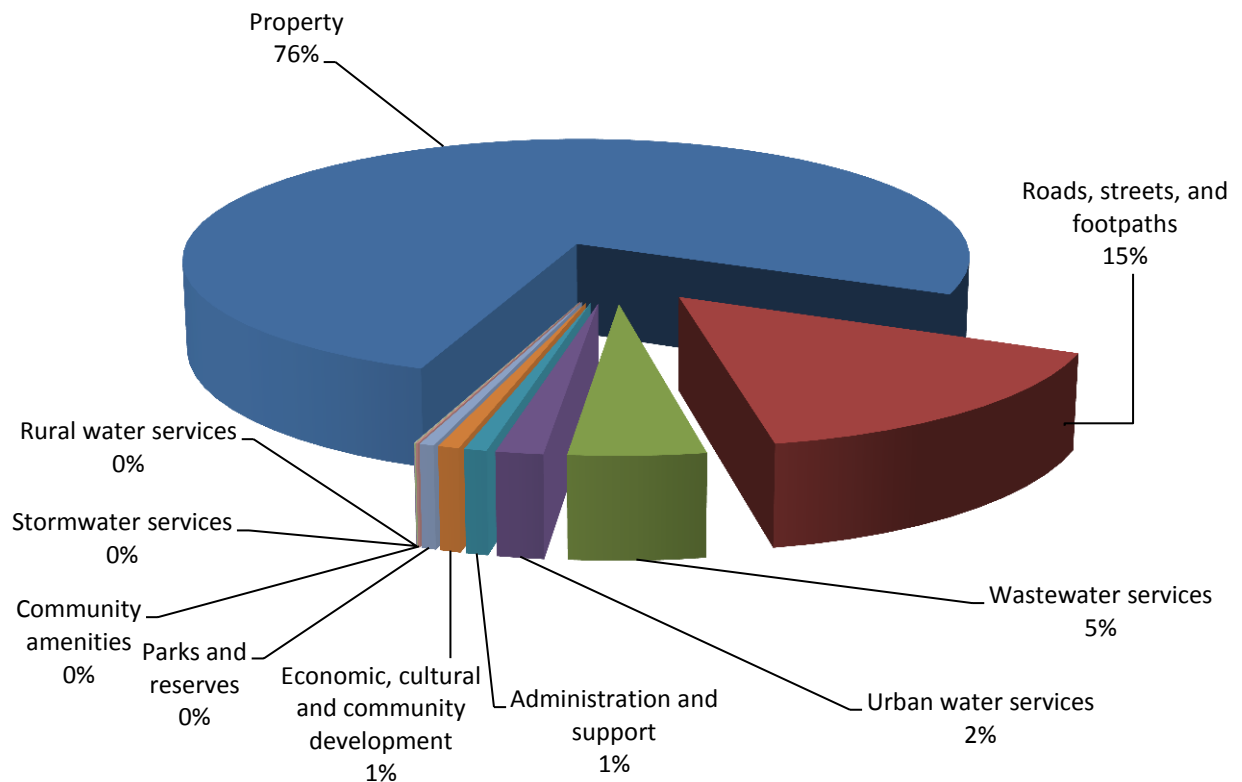
Activity	\$
Governance	666,041
Economic, cultural, and community development	738,704
Roads, streets, and footpaths	1,947,208
Urban water services	1,081,584
Rural water services	246,704
Stormwater services	149,271
Wastewater services	603,078
Waingawa Industrial Zone	55,193
Waste management	346,740
Parks and reserves	682,998
Community amenities	210,522
Property	531,931
Resource management and planning	287,885
Public protection	286,446
<b>Total expenditure of rates</b>	<b><u><u>\$7,834,305</u></u></b>



## CAPITAL EXPENDITURE

Total capital expenditure for the 2011/12 year was \$11,643,488. Of that, \$8,862,196 or 76 percent was the construction of the Events Centre. The following table and graph provide a breakdown of all the capital expenditure by activity:

Activity	\$
Economic, cultural, and community development	85,462
Roads, streets, and footpaths	1,786,693
Urban water services	190,944
Rural water services	2,043
Stormwater services	4,409
Wastewater services	549,571
Parks and reserves	59,713
Community amenities	8,004
Property	8,865,254
Administration and support	91,395
<b>Total capital expenditure</b>	<b><u><u>\$11,643,488</u></u></b>



## 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 2012.

### Governance

- 62% of residents rated the performance of the Mayor and councillors in the 12 months to December 2011 as 'very good' or 'fairly good', compared with a target of 75%.
- The 2012 Annual Report was adopted within the statutory timeframe by the Council on 24 October 2012, with an unqualified audit opinion.
- 11 issues of 'Council Snippets' notifying council news and current information were included in the *Carterton Crier* monthly publication.

### Economic, cultural, and community development

- 26 community grants complying with the Community Grants Policy were awarded.
- A total of 85,575 items were issued by the Library, 9% more than the previous year.
- Four school holiday programmes were completed by the Library.

### Roads, streets, and footpaths

- There was only 76% compliance (target of 90%) with the maintenance contract response times due to an unusually high level of wet weather and emergency works. Response times improved towards the end of the year.
- Road roughness measurements were carried out in July 2011. The average road roughness index measured 58 points, better than the target of '80 or less'.
- 47 streetlights were identified with a fault after carrying out monthly inspections, and all were repaired within the target two weeks.
- 81% of residents were satisfied with the district's roads (excluding State Highway 2) compared with a target of 80%.
- 58% of residents were satisfied with Carterton's footpaths, compared with a target of 60%.

### 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 has been compliant.
- All fire hydrants tested complied with minimum fire fighting pressures.
- 91% of Urban Ward residents were satisfied with their water supply, compared with a target of 80%.

### Rural water

- Of the 79 diary entries and 2 service requests for repairs and system failures, only one request was not acknowledged within the 4 hour target time frame.
- 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**

- 8 service requests were received for clearing reticulation blockages.
- All resource consent conditions, including discharge requirements, were complied with.

### **Waste water**

- No public health risks/issues were identified.
- No wastewater overflows in the reticulation network, as a result of storm events, 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. These have been reduced in the new resource consent currently sought.
  - An overflow from the wetlands to the Mangatāre Stream occurred on 5 January 2012, after a long period of rain and infiltration of rainwater into sewer mains. This is being addressed as part of the programme of main renewals.
- 87% of Urban Ward residents were satisfied with the wastewater system, compared with a target of 80%.
- 8 service requests or weekend callouts for major repairs and system failures were received. 6 were responded to within the target 4 working hours. The other 2 service requests were responded to within 4.5 and 5.5 hours.

### **Waste management**

- 84% of Urban Ward residents were satisfied with the refuse collection service (excluding kerbside recycling) compared with a target of 75%.
- 89% of Urban Ward residents were satisfied with kerbside recycling, compared with a target of 75%.
- No public health risks/issues were identified.
- Resource consent conditions for discharge (01) to land and for discharge (02) to air fully complied. Conditions for discharge (03) to land and water rated significant non-compliance. The monitoring report found 'the results of a number of the chemical parameters analysed in the groundwater samples continue to exceed the relevant guideline levels and are likely to be as a direct result of leachate from the landfill ... This is essentially the same result as for the last reporting period'.

### **Parks and reserves**

- 90% of residents were satisfied with the district's parks and reserves. Of the households that used or visited a park or reserve in the previous 12 months, 95% were satisfied.
- All staff using chemicals are *Growsafe*-certified.
- All reported incidents of offensive graffiti (1) were removed within the target of four hours, and all non-offensive graffiti (3) 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 is regularly inspected.

### **Community amenities**

- 57% of residents were satisfied with the swimming baths, 39% didn't know, and only 5% were not satisfied. Of those households that used or visited the swimming baths in the previous 12 months, 87% were satisfied.
- 49% of residents were satisfied with the public toilets, 29% didn't know, and 22% were not satisfied. Of those households that used a public toilet in the previous 12 months, 68% were satisfied.
- The one public health or safety complaints received was responded to within the target 4 working hours and rectified the following day.
- All tests of pool water quality during the season met the NZ Standard.

### **Property**

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

### **Resource management and regulatory services**

- All 142 LIMs (Land Information Memorandums) were processed within the target 10 working days.
- All 50 resource consents were completed within the statutory timeframe.
- All 10 complaints related to resource management and planning were responded to within the target 2 working days.

### **Public protection**

- 95 percent of enquiries/complaints were completed within the target 2 working days.
- All 98 known food premises and liquor outlets in the District have been registered or licensed.
- The Coastal Tsunami project was completed.
- All 267 PIM and building consent applications were completed with the 20-day statutory timeframes.

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 2012**

We have audited the summary of the annual report (the summary) as set out on pages 1 to 13, 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 2012 on which we expressed an unmodified audit opinion in our report dated 24 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, and summaries of the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies 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 24 October 2012 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, which includes obligations to carry out the audit of the annual report and the audit of the long term plan, we have no relationship with, or interests in, the District Council.



Leon Pieterse,

Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

20 November 2012

### **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 2012 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 20 November 2012 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.