



CARTERTON DISTRICT COUNCIL SUMMARY OF THE 2012/13 ANNUAL REPORT

This document is a summary of the Council's annual report for the 2012/13 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 9 October 2013. This summary was authorised for issue by the Mayor and Chief Executive on 30 October 2013.

This summary has been prepared in accordance with financial reporting standards and has been examined by the Council's auditors for consistency with the full annual report. A summary of the annual report cannot be expected to provide as complete an understanding as provided by the full report and citizens are referred to the annual report if they require more details. The Council was pleased to receive an unmodified audit opinion for both this summary and the full annual report.

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



Report from the Mayor and Chief Executive

We have pleasure in presenting the Carterton District Council's Annual Report for the 2012/13 financial year. This annual report summarises the Council's activities and financial results for the past year. The report also gives an update on the key matters that were highlighted in the Council's Long Term Plan 2012–2022.

Governance Changes

For us—Mayor, councillors, and Chief Executive—2012/13 was dominated by proposals for change to local government structures in the Wairarapa Region. Central government has changed the legislation relating to how local government boundaries and functions are determined. The three Wairarapa councils have been considering how to respond to these changes, and to suggestions from the Wellington Regional Council that they would submit a proposal for change. This has included commissioning research on options, consulting with the community on preferences, and meeting with other councils in the wider Wellington region.

In May 2013, the three Wairarapa district councils submitted a joint application to the Local Government Commission to amalgamate as a unitary council for all Wairarapa. The process is now under the control of the Commission, and the Council is working hard to ensure a positive outcome for all Wairarapa residents and ratepayers.

Resource Consents

The other dominant issue for us this year was a number of resource consent processes. These resource consents are expensive and time-consuming, and require significant lead time to prepare for. Our approach to each is to develop the

required infrastructure in a measured way, within an overall plan, and at a pace affordable to ratepayers. This has been frustrated by other parties who do not need to consider the affordability to ratepayers.

Despite these distractions, the Council staff and contractors continued to provide excellent service on a huge range of activities—from urban water supply and refuse collection to rural roads and water races, from sewage treatment to street lighting, from library to parks and reserves, and much, much more.

Financial Highlights

The Council remains sound financially. We recorded an accounting surplus of \$2.2 million for the 2012/13 year, \$1.1 million of which relates to the revaluation upwards of the sewerage systems. There was additional income from NZTA subsidies for unbudgeted emergency works and for subsidised roading works, insurance recoveries relating to the forestry fire, and extra fees relating to building consents. Most of this was matched by additional expenditure on roads. Rates income was over budget and expenditure on the Events Centre was lower than expected.

The Council's balance sheet improved over the year, with total equity now being \$153.6 million compared with \$146.6 million for the previous year. The value of the District's physical infrastructure assets, such as roads and water and sewerage pipes, make up the large majority of the Council's assets. Total borrowing has increased considerably during the year, from \$4.3 million to \$8.8 million, which is still low compared with most other councils.

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

Ron Mark
MAYOR

Colin Wright
CHIEF EXECUTIVE



Summary Financial Statements

The specific disclosures included in these summary financial statements have been extracted from the full financial statements adopted by the Council on 9 October 2013.

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).

The full financial statements were 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 comply with

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

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

Summary statement of financial performance, comprehensive income, and changes in equity for the year ended 30 June 2013

ACTUAL 30 JUNE 2012 \$		ACTUAL 30 JUNE 2013 \$	BUDGET 30 JUNE 2013 \$
14,030,045	Income	13,065,028	12,439,471
(12,635,186)	Expenditure	(12,168,459)	(12,166,829)
(133,003)	Other gains/(losses)	1,257,234	468
1,261,856	Total surplus/(deficit)	2,153,803	273,110
-	Assets vesting in the Council	-	-
(363,426)	Increase/(decrease) in revaluation reserves	4,866,323	1,938,804
-	Increase/(decrease) in other reserves	-	-
-	Financial asset revaluation gains	-	2,000
898,430	Total comprehensive income	7,020,126	2,213,923
145,675,893	Equity at start of year	146,574,323	146,577,142
146,574,323	Equity at end of year	153,594,449	148,791,065
2,761,673	Note: expenditure above includes the following:	2,942,633	3,271,686
194,402	- depreciation and amortisation	386,733	519,815
	- finance costs (interest)		

This summary statement of financial performance, comprehensive income, and changes in equity presents the

financial performance and equity movements of the Council. These statements summarise operating income

and expenditure as well as other financial transactions that have impacted on the Council's net equity.



Summary statement of financial position as at 30 June 2013

ACTUAL 30 JUNE 2012 \$		ACTUAL 30 JUNE 2013 \$	BUDGET 30 JUNE 2013 \$
	ASSETS		
4,075,627	Current assets	5,649,012	3,323,038
148,778,073	Non-current assets	159,031,627	156,357,952
152,853,700	Total assets	164,680,639	159,680,990
	LIABILITIES		
4,046,273	Current liabilities	2,474,489	1,914,321
2,233,104	Non-current liabilities	8,611,701	8,975,604
6,279,377	Total liabilities	11,086,190	10,889,925
146,574,323	NET ASSETS/EQUITY	153,594,449	148,791,065

This summary statement of financial position presents the assets we own and the liabilities we owe to other parties.

Summary statement of cash flows for the year ended 30 June 2013

ACTUAL 30 JUNE 2012 \$		ACTUAL 30 JUNE 2013 \$	BUDGET 30 JUNE 2013 \$
2,712,122	Net cash flow from:	3,675,458	3,976,115
(5,771,221)	- operating activities	(7,101,113)	(6,952,833)
2,621,887	- investing activities	4,566,524	3,150,892
(437,212)	- financing activities	1,140,869	174,174
	Net cash flows for the year		

This summary statement of cash flows shows how we generated and used cash.



CARTERTON DISTRICT COUNCIL SUMMARY OF THE 2012/13 ANNUAL REPORT



Explanation of major variances against budget

Summary statement of financial performance, comprehensive income, and changes in equity

The total surplus after tax was \$2,154,000 for the year ended 30 June 2013. This surplus was more than the budget surplus of \$273,000.

Income for the year was above budget. There were higher recoveries in unsubsidised roading and insurance recoveries relating to a forestry fire. NZTA subsidies exceeded budget estimates due to increased capital spending in subsidised roading. And there was miscellaneous income for unsubsidised roading, sewerage reticulation, water reticulation, Waingawa sewerage, sewerage pumping stations and rural fire planning where none was budgeted.

Expenditure overall was pretty much on budget. But roads and footpath expenditure was significantly greater than budget because of unbudgeted emergency works, and expenditure on the Events Centre property maintenance was considerably less than expected.

The water, sewerage, and stormwater asset networks were revalued this year. Previous write-downs of \$1.1 million for these assets were brought back into the accounts, adding to the accounting surplus. A further \$4.9 million increase in valuation added to equity.

Summary statement of financial position

At year end, total assets were \$5,000,000 greater than budget. By and large, this reflects the revaluation of the water, sewerage, and stormwater asset networks being considerably higher than expected.

Other variances were cash being higher than budget due to increased funds on hand at 30 June 2013, debtors

and other receivables higher than budget due to an increase in the level of trade receivables outstanding at year end, including trade waste charges, consents, and the NZTA subsidy.

Total liabilities were \$200,000 more than forecast. Creditors and other payables were higher than budget due to an increase in accounts payables at year-end, including the final costs associated with the upgrade of Holloway Street, and the movement in loan balances was lower than budget due to the Council's decision to use internal funds during the 2011 year, delaying the projected drawdown of loan funds in 2012 and 2013.

In the equity balances, asset revaluation reserves were higher than budgeted because the revaluation of water, sewerage, and stormwater assets was greater than estimated in the Annual Plan.

Summary statement of cashflows

The net cash inflow for the year was \$1,141,000, compared with a budgeted net cash inflow of \$174,000.

Rates receipts were lower than expected because the year-end debtors were higher. NZTA subsidies were higher than expected but other receipts were lower by a similar amount. Payments to suppliers and employees were lower than budget as a result of increased levels of payables at year-end, mainly because of yet-to-be-paid expenses for major projects not quite finished at year-end.

Finance payments were less than forecast, reflecting the delay in drawing down loans for major projects that were deferred or delayed. However, cash inflow from borrowing increased. Although there was less borrowing for projects delayed by resource consents, this was more than offset by the unbudgeted borrowing for the purchase of land adjacent to the sewage treatment station.

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Events after balance date

There have been no events subsequent to 30 June 2013 that require disclosure or adjustment to the financial statements.



Statement of commitments and contingencies as at 30 June 2013

The Council had operating commitments of \$2,950,709 at 30 June 2013 (2012 \$4,968,587).

Road maintenance of \$1,554,800 is the largest commitment and is contracted for one more year. 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 2013 (2012 \$nil).

The Council had no contingent liabilities as at 30 June 2013 (2012 \$nil).

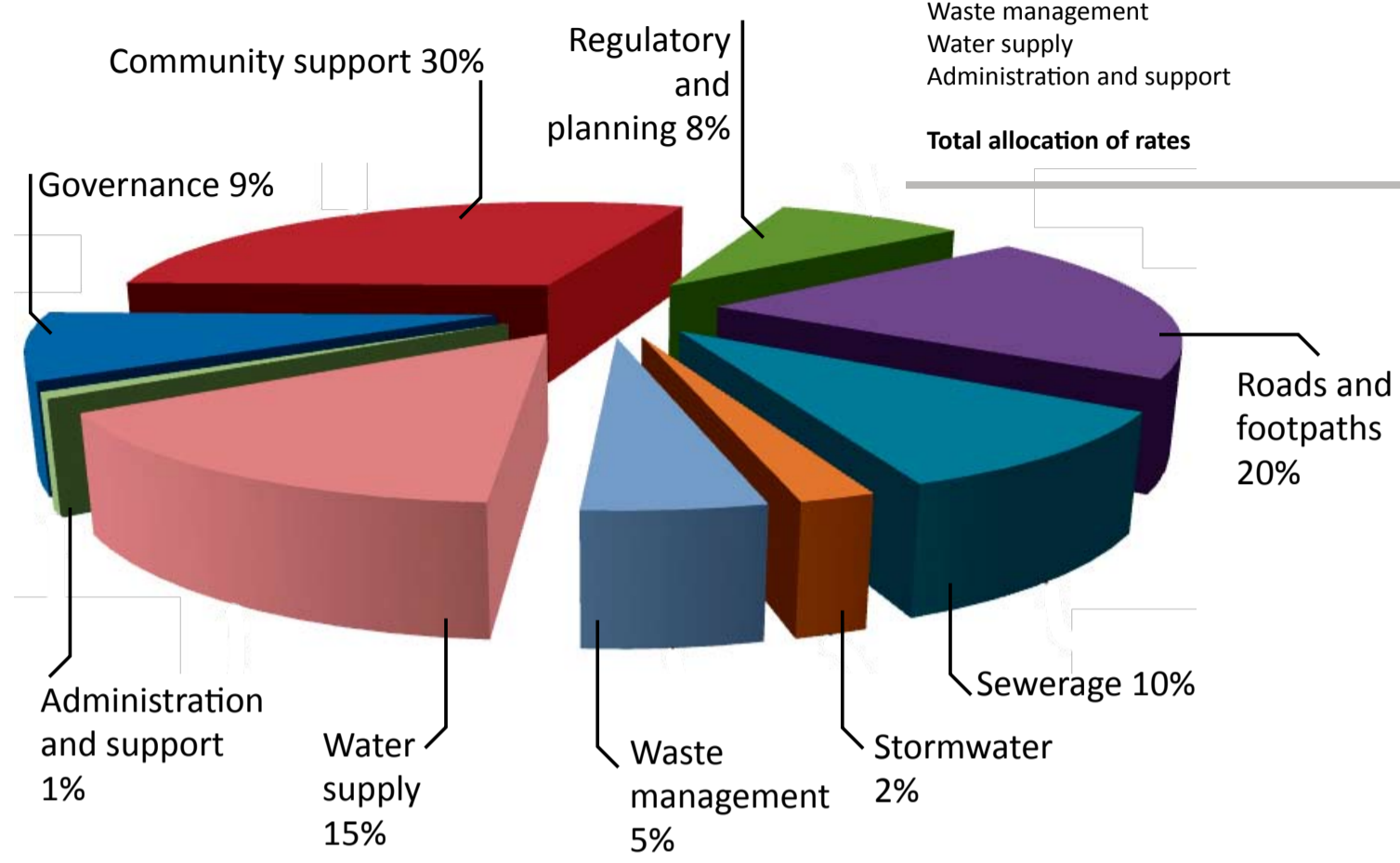


FROM LEFT: Bill Knowles, Brian Poulsen, Deputy Mayor Elaine Brazendale, Grant Smith, Mayor Ron Mark, John Booth, Ruth Carter, Barbara Durbin, Jill Greathead

What were your rates spent on?

The total rates collected for the 2012/13 year was \$8,619,289. They were applied to the following activities:

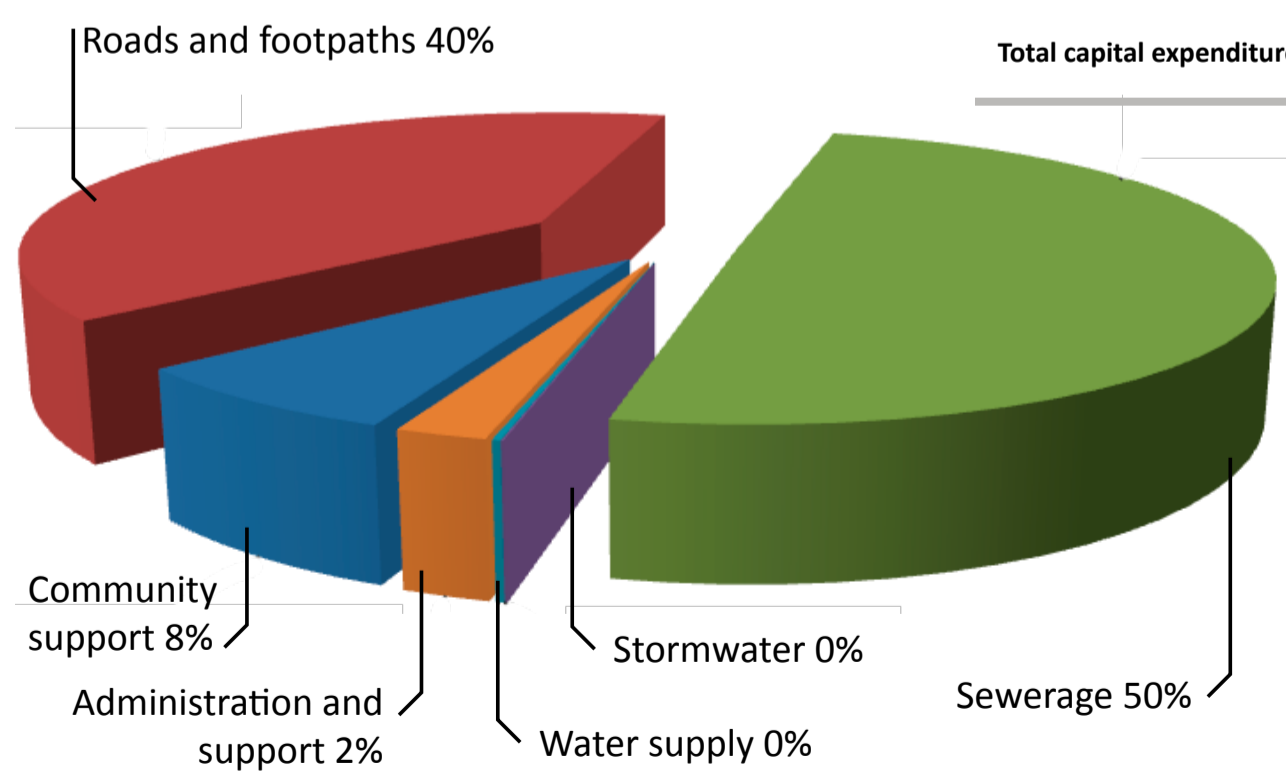
GROUP OF ACTIVITY	\$
Governance	752,442
Community support	2,621,884
Regulatory and planning	742,295
Roads and footpaths	1,721,709
Sewerage	844,682
Stormwater	173,849
Waste management	413,966
Water supply	1,279,000
Administration and support	69,462
Total allocation of rates	\$ 8,619,289



Capital Expenditure

Total capital expenditure for the 2012/13 year was \$6,155,225. Of that, \$2,400,000 or 39 percent was for the purchase of land adjacent to the sewage treatment plant. The following table and graph provide a breakdown of all the capital expenditure by activity:

GROUP OF ACTIVITY	\$
Governance	-
Community support	464,226
Regulatory and planning	-
Roads and footpaths	2,477,649
Sewerage	3,055,479
Stormwater	4,139
Waste management	-
Water supply	12,632
Administration and support	141,100
Total capital expenditure	\$6,155,225



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 2013.

Governance

- The 2013 Annual Report adopted within the statutory timeframe by the Council on 9 October 2013, with an unqualified audit opinion.
- 9.6 percent of agenda items considered as 'public excluded' items, compared with the target of less than 5 percent.

Community support

- 4 percent increase in the number of library users.
- 15,800 entrants to the outdoor swimming pool, an average of 139 per day.
- No high profile or offensive graffiti reported.
- No calls with a potential public health or safety risk.

Roads and footpaths

- Average road roughness index of 65 points, better than the target of '80 or less'.
- 86 percent compliance with the maintenance contract response times, compared with the target of 90 percent.
- 67 signs replaced, of which 55 or 82% were within the response target of 3 days.
- 40 streetlights identified with a fault after carrying out monthly inspections, all but one repaired within the target two weeks.
- 67% of complaints related to footpaths responded to within the target 2 working days, and the remainder within 5 working days.
- None of the 2,300 road signs or markings found missing or not visible in the six-monthly inspections.

Water supply

- Three samples not complying with the NZ Drinking Water Standards bacteriological requirements but samples taken immediately afterwards were compliant.
- One significant repair to the network, resolved within the target 4 hours.
- Target 2.5 percent reduction in community water not met. Water flow from the Kaipaitangata and Supplementary Bore reservoirs 16% more than the previous year, which had an unusually wet summer, after a 18 percent reduction in the previous year.
- Full compliance expected with the resource consent conditions for the urban water supply and water races.

Stormwater

- All significant reticulation blockages cleared within 4 hour target during storm events, except one which took almost 5 hours to be cleared because specialised equipment was needed.
- All resource consent conditions, including discharge requirements, complied with.

Sewerage and the disposal of treated sewage

- No sewage overflows in the reticulation network as a result of inflow or infiltration in storm events.
- The treatment plant not expected to fully comply with all conditions of all applicable resource consents:
 - Unrealistic sampling requirements under the old resource consent unable to be met. These have been reduced in the new resource consent.
 - An odour issue for which 6 complaints were received in 2 weeks. Subsequent daily monitoring has allowed more refined adjustment of the treatment process, and no further complaints received.
- All service requests or weekend callouts for major repairs and system failures resolved within the target 4 working hours.

Waste management

- Compliance with resource consent conditions not expected. Some monitoring samples of groundwater contained excessive levels of some contaminants.

Regulatory and planning

- All 162 LIMs (Land Information Memorandums) processed within the target 10 working days. Average process time of 4 working days.
- All 39 resource consents processed completed within statutory timeframes.
- All 318 PIMs (Project Information Memorandums) and building consents processed within the 20-day statutory timeframe. Average process time of 4 working days.
- 247 complaints and service requests received during the year, of which 214 or 87 percent responded to within target 4 working hours.
- All 86 known food premises and liquor outlets in the district have been registered or licensed.

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



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Independent Auditor's Report

To the readers of Carterton District Council's summary annual report for the year ended 30 June 2013

The summary annual report was derived from the annual report of the Carterton District Council (the District Council) for the year ended 30 June 2013. 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 2 to 7:

- the summary statement of financial position as at 30 June 2013;
- the summaries of the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2013;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as Group of Activities) of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 9 October 2013.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with FRS 43 (PBE): Summary Financial Statements.

Basis of opinion

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

report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 9 October 2013 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 FRS 43 (PBE): Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

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

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

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

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