



*Summary of the
Annual Report*
for the year ended 30 June 2016

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Summary of the Annual Report

This document is a summary of the Council's annual report for the 2015/16 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 22 February 2017. This summary was authorised for issue by the Mayor and Chief Executive on 22 February 2017

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 Annual Report was not adopted within the statutory deadline (31 October 2016). The Report was adopted in February 2017 with a modified audit opinion.

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



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 2015/16 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 2015–2025.

This is the second Annual Report that I have presented in my time as Mayor. It gives me great pleasure to report on our Annual Plan, and to confirm our achievements throughout the past 12 months.

I would like to take the opportunity to recognise the appointment of our new Chief Executive, Jane Davis. Jane's experience in strategic planning and thinking coupled with her strong leadership skills sets us in great stead, and we are incredibly lucky to have such a high calibre leader.

The statistics are telling us that Carterton District is doing well. Our employment rate is better than the NZ average, the numbers of new dwellings is tracking up on the NZ average, our GDP per capita is rising, we've had a record year for our building consents, and our population is growing—more and more people want to come and live in Carterton.

One of the strengths of Carterton is the way in which we as a community work together. We're a very small Council by NZ standards, and yet I feel we constantly punch above our weight. We can only do this by working effectively with our community through collaborations. Over this past year we have had some outstanding examples of just that.

We worked with the Lions Club of Carterton to upgrade Millennium Park and bring to the town a magnificent statue of our founding father, Charles Rooking Carter. Having the Prime Minister in town to unveil the statue was a real highlight of the year. We work with the Lions and many other groups on our annual Daffodil Festival, which is growing in success every year. The Rotary Club run our district's Christmas Parade each year. We have partnered with a number of organisations delivering arts, culture and community services to Carterton through our grants scheme, including Toi Wairarapa, the Carterton Historical Society and others. Over the past year we have developed a strong partnership with youth in Carterton through Rangatahi to Rangatira (R2R) and I am privileged to be supporting, as a mentor, two of our young leaders through the Tuia programme.

The Council also has strong partnership relationships with social services providers in our community, including the Carterton Foodbank. This year we have established Haumanu House, which has enabled the Council to bring back into Carterton social services providers to support our people here in town.

We are also very pleased, as a Council, to be working alongside Resilient Carterton. This is a community-led initiative aimed at growing our community's readiness to response to a major event. Our own Neighbourhood Support programme is an important part of that resilience.

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.

A handwritten signature in blue ink that reads "J. Booth".

John Booth
Mayor



Chief Executive's report

This is my first year at Carterton District Council and I feel very privileged to be part of this high-performing council.

Despite its small size the Council has very good financial management and is in a very sound financial position. We are operating well within our prudential limits. And we have outstanding staff and managers who deliver very high quality services to the Carterton community.

Some of the work we do is highly visible and we get a lot of very positive feedback about it. Our gardens and parks are particularly appreciated, and we are really proud of the work of our parks team. We also deliver outstanding drinking water and wastewater services. Our operations team quite rightly takes a lot of pride in what they do. I have been very impressed with their commitment to the people of Carterton.

The Events Centre is one of Carterton's biggest assets, in all meanings of the word. It is in its fifth year—an appropriate time to review its operations, which we did this year. Our strategic review of the centre confirmed that is highly valued as a local community facility, and that we need to continue to make its spaces available to community groups. We also found that there is potential to get better value from it, particularly the auditorium, through increased commercial use. We have begun marketing the facilities more actively and have already seen a significant increase in usage.

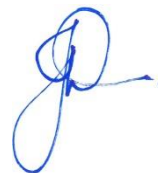
Responding to community needs, we have stepped up our community development work. Carterton, like many small towns, has lost direct access to a number of government and other support services. This year we have

established a social services hub, Haumanu House, which hosts a number of social service agencies. We are also supporting our young people under the umbrella of a Youth Strategy that the Council adopted this year.

One of the Council's contributions to the economic well-being of Carterton is in the way we deliver our regulatory services. We are very lucky to have a highly skilled team who work hard to be enabling and responsive, while still ensuring we meet our legal obligations. I receive a lot of positive feedback on the way we manage the various applications and processes, particularly our timeliness.

One of the challenges ahead for us all at Carterton District Council over the next year will be responding to the decisions that are made about local government amalgamation in Wairarapa. Staff at the Council have been operating with the uncertainty of amalgamation for a few years now. It is likely that a final decision will be made in the coming year. I will be working very hard to ensure staff feel supported and well represented should amalgamation happen.

Irrespective of amalgamation decisions, I know we will all continue to work hard to maintain the high service levels we currently deliver. My personal thanks goes to the management team and the wider Council staff for their support of me in my first year. I acknowledge their dedication and professionalism in delivering services and programmes to Carterton over the past year.



Jane Davis

Chief Executive

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 2016.

Governance

- The Annual Report was not adopted within the statutory deadline (31 October 2016). The Report was adopted in February 2017 with a modified opinion; this being a modification due to the completeness of data in the Customer Request Management (CRM) system for reporting on numbers of complaints received and response times for attendance and resolution of complaints or faults.
- 8.8 percent of agenda items considered as 'public excluded' items, compared with the target of less than 5 percent.

Community support

- 4,408 members of the Library, or 54 percent of the 8,235 residents.
- Free access to the outdoor pool and favourable weather had the complex filled to capacity on several days of the 2015/16 summer. This demand compromised the measurement records on these days as limits were put in effect to restrict swimmers to the approved levels for each pool.
- All high profile or offensive graffiti reported removed within the 4 hour target.
- No calls with a potential public health or safety risk.

Regulatory and planning

- 280 PIMs and building consents, 204 LIMs, 47 resource consents, all processed within the required timeframes.
- 586 complaints and service requests were responded to

- All 59 known food premises and liquor outlets in the district monitored, ensuring current licensing and registration.

Roads and footpaths

- Average road roughness index of 64 points, better than the target of '80 or less'.
- 19 kilometres or 7 percent of the 290 kilometres of sealed roads resurfaced.
- 5 regulatory signs replaced, with only one replaced within the response target of 2 days.
- 42 streetlights identified with a fault after carrying out monthly inspections, 39 of which repaired within the target 2 weeks.
- 17 percent of complaints related to footpaths responded to within the target 2 working days.
- 2 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 complied with all conditions of all applicable resource consents.
- In response to sewerage system faults, the median response time was 1.68 hours and the median resolution time was 0.9 hours.

Storm water

- There were no flooding events reported during the year. A flooding event is where a residential or commercial floorspace is flooded.

- Three pipe blockages (ie service faults) were reported where one was attended within 3 hours and two outside the timeframe. All were resolved.
- All resource consent conditions complied with.

Waste management

- Did not achieve full compliance with resource consent conditions; Ground water sampling from the landfill has been found to exceed guideline parameters. These reflect past use of the landfill environs.

Water supply

- In respect of the safety of drinking water, Regional Public Health considered:
 - There had been insufficient sampling in that 5 days a week is required whereas practice had been 4 days a week.
 - There had been compliance in respect of Part 4 of the NZ Drinking Water Standards (bacteriological requirements)
 - There had not been compliance with Part 5 of the NZ Drinking Water Standards (protozoal requirements) as the Water Safety Plan (under which testing would occur) has yet to be approved by Regional Public Health.
- Sustainable water use occurred through:
 - A water demand flow from the Kaipaitangata and Supplementary Bore reservoirs being 2.7% less than that demand in 2014/15
 - The average consumption per resident serviced by water supply was 227 litres compared to the national expectation of 400 litres
 - The real water loss is 38% compared to national expectation of 15%. This loss did include flushing to maintain services as well as that lost through leaks and breakages.

- In response to water supply faults:
 - The median time taken to attend to urgent calls was 1 hour and the median time taken to resolve the fault was 1 hour. An urgent callout is where there is a complete loss of water supply.
 - The median time taken to attend a non-urgent callout was 65.1 hours, and the median time taken to resolve the callout was 1 hour.
 - There were 5 urgent call outs and 48 non-urgent callouts.
- There were 2,579 water supply connections and the effective complaint/service request rate is 22 per 1000 connections. 3 complaints were received during the year about water quality and 53 other service requests to correct water supply faults
- In respect of water resource consent conditions, GWRC issued an abatement notice for lateness in reporting usage demand.

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

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 22 February 2017

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.

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 2016

Actual 30-Jun-15 \$		Actual 30-Jun-16 \$	Budget 30-Jun-16 \$
	Revenue		
9,709,837	- rates	10,224,374	10,337,324
1,599,964	- fees and charges	1,759,931	1,314,549
1,635,015	- NZTA subsidy	1,499,039	1,599,500
2,177,778	- other revenue	1,234,811	1,090,886
<u>15,122,594</u>	Total revenue	<u>14,718,155</u>	<u>14,342,259</u>
	Expenditure		
3,297,962	- depreciation and amortisation	3,448,373	3,476,495
489,820	- finance costs (interest)	445,723	553,094
3,348,570	- personnel costs	3,630,024	3,040,426
6,757,236	- other expenses	8,169,986	7,837,456
<u>13,893,588</u>	Total expenditure	<u>15,694,106</u>	<u>14,907,471</u>
18,529	Other gains/(losses)	77,802	-
<u>1,247,535</u>	Surplus/(deficit) before tax	<u>(898,149)</u>	<u>(565,212)</u>
-	Income tax expense	-	-
<u>1,247,535</u>	Surplus/(deficit) after tax	<u>(898,149)</u>	<u>(565,212)</u>
2,042,724	Gain on property plant & equipment revaluation	2,985,041	366,159
2,458	Financial assets at fair value through other comprehensive revenue and expense	6,147	1,350
<u>3,292,717</u>	Total comprehensive revenue and expense	<u>2,093,039</u>	<u>(197,703)</u>

Summary Statement of Changes in Equity for the year ended 30 June 2016

Actual 30-Jun-15 \$		Actual 30-Jun-16 \$	Budget 30-Jun-16 \$
160,486,867	Equity at start of year	163,779,584	162,008,052
3,292,717	Total comprehensive revenue and expense	2,093,039	(197,703)
163,779,584	Equity at end of year	165,872,623	161,810,349
	Components of equity at end of year		
114,916,539	Public equity	112,421,319	110,441,420
4,578,945	Restricted reserves	7,611,835	7,740,989
44,284,100	Revaluation reserves	45,839,469	43,627,940
163,779,584	Equity at end of year	165,872,623	161,810,349

Summary Statement of Financial Position as at 30 June 2016

Actual 30-Jun-15 \$		Actual 30-Jun-16 \$	Budget 30-Jun-16 \$
6,578,828	Current assets	7,554,267	7,977,039
167,506,546	Non-current assets	168,422,675	166,048,327
174,085,374	Total assets	175,976,942	174,025,366
2,315,677	Current liabilities	7,526,806	1,944,609
7,990,113	Non-current liabilities	2,577,513	10,270,408
10,305,790	Total liabilities	10,104,319	12,215,017
163,790,229	Net assets/equity	165,872,623	161,810,349

Summary Statement of Cashflows for the year ended 30 June 2016

Actual 30-Jun-15 \$		Actual 30-Jun-16 \$	Budget 30-Jun-16 \$
	Net cash flow from:		
4,144,665	- operating activities	5,118,031	4,251,775
(3,863,832)	- investing activities	(5,296,540)	(4,378,200)
(328,722)	- financing activities	(16,510)	2,493,058
(47,889)	Net cash flows for the year	(195,019)	2,366,633
4,637,793	Add cash at start of year	4,589,904	4,228,984
4,589,904	Balance at end of year	4,394,885	6,595,617
	Represented by		
4,589,904	Cash, cash equivalents, and bank overdrafts	4,394,885	6,595,617
4,589,904		4,394,885	6,595,617

Adjustments to the comparative year financial statements

The Council has adjusted its comparative year financial statements for the year ended 30 June 2015 to correct a prior period error.

During the year ended 30 June 2015 part of the Kaipaitangata Forest was harvested for replanting in manuka. The reconciliation of costs and revenue was late in being presented by the forest manager to Council, which meant that the net cash outflow (\$10,645) occurred during the year ended 30 June 2016. In effect this lateness meant that the council received revenue and incurred expenses relating to the harvest which should have been recognised in the 30 June 2015 financial year. The financial statements for 2015, which are presented as comparative information in the 30 June 2016 financial statements, have been restated to correct this error.

Major variances against budget

Explanations for major variations from the Council's estimated figures in the 2015/16 year in the Long Term Plan are as follows:

Statement of Financial Performance

- Fees and charges revenue is above budget due to water metering fees and sewerage trade waste charges being higher than expected.
- Transactions relating to the forest harvest that occurred during the 2014/2015 year were processed in February 2016. These transactions resulted in net expenditure for the Council. A prior period adjustment has been made.
- Contributions for the year are above budget due to increased levels of development activity across all areas.
- Sewerage expenditure was above budget due to higher than expected activity in the reticulation area.
- Parks and reserves expenditure was above budget due to the delay of three months for the transfer of pensioner housing to the Carter Society.
- Gifted assets expenditure is above budget due to the revaluation of the pensioner housing in 2015 being higher than expected, resulting in a higher value of the properties gifted to the Carter Society.

Statement of Other Comprehensive Revenue and Expense

- The total deficit 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 water, sewerage and stormwater assets being greater than the estimated levels in the LTP as a result of actual results

exceeding projected inflation factors from Business and Economic Research Limited.

Statement of Movements in Equity

- 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.
- The unbudgeted transfers from revaluation reserves result from the gifting of the pensioner housing.

Statement of Financial Position

- Property, plant and equipment and asset revaluation reserves are above budget due to the explanation mentioned for the statement of other comprehensive revenue and expense.
- Forestry assets are above budget due to a higher than expected increase in value resulting from further natural growth of the second rotation stands.
- Intangible assets are over budget due to the capitalisation of resource consents that were not included in the LTP.
- 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 external loans not being drawn down during 2016 for sewerage mains, stormwater and parks and reserves that were expected in the LTP.
- Restricted reserves are above budget due to the Council's decision to write off the combined district plan reserve which was overdrawn.

Statement of Cashflows

- Other revenue was greater than budgeted due to the explanations mentioned for the statement of financial performance.
- Payments to suppliers and employees was greater than budget due to the explanations mentioned for the statement of finance 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.

Independent Auditor's Report
To the readers of
Carterton District Council's summary annual report
for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Carterton District Council (the District Council) for the year ended 30 June 2016. 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 2016;
- 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 2016;
- the notes to the summary financial statements that include other explanatory information; and
- the summary performance measures of the District Council.

We expressed a qualified audit opinion on the District Council's full audited statement of service performance and an unmodified audit opinion on the District Council's full audited financial statements and other audited information in our report dated 22 February 2017. The nature of the qualified audit opinion is explained below.

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.

However, the summary measuring progress against performance measures includes a limitation of scope to the equivalent extent as the full audited statement of service performance. The limitation of scope of the full audited statement of service performance is described in our qualified audit opinion dated 22 February 2017 and is explained below.

An important part of the District Council's service provision is the recording of complaints received in relation to the services it provides and the response time it takes to attend to and resolve service requests and fault notifications. This is significant because information about the number of complaints and response times are indicative of the quality of services received by ratepayers.

The District Council reports on a number of complaints and response time related performance measures included in its Long-term plan to demonstrate levels of service. The District Council relies on data from its Customer Request Management

(CRM) system for reporting on these performance measures. We found the information in the CRM system was not complete because not all complaints and faults received by the District Council were recorded in the system and therefore could be omitted from the District Council's reporting. Consequently, our work was limited and there were no practical audit procedures we could apply to obtain assurance that all complaints and faults received by the District Council have been included in the District Council's reporting.

Our qualified opinion states that, except for the matter explained above for complaints and response time related performance measures, the statement of service performance complies with generally accepted accounting practice in New Zealand and presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016.

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 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.

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



Mari-Anne Williamson,

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand

22 February 2017