



CARTERTON
DISTRICT COUNCIL

**Summary of the Annual Report
for the year ended 30 June 2017**

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Summary of the Annual Report

This document is a summary of the Council's annual report for the 2016/17 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 31 October 2017. This summary was authorised for issue by the Mayor and Chief Executive on 30 November 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 Report was adopted by Council on 31 October 2017. The auditors expressed a qualified audit opinion on the Council's full audited statement of service performance and an unmodified audit opinion on the Council's full audited financial statements and other audited information in their report dated 31 October 2017. This audit report also included an emphasis of matter paragraph highlighting the proposal for an amalgamated Wairarapa District Council.

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

*Mai i te pae maunga, raro ki te tai
Mai i te awa tonga, raro ki te awa raki
Tēnei te hapori awahi ai e Taratahi.
Whano whano, haramai te toki
Haumi ē, hui ē, tāiki ē!*

*From the peaks of our mountains, down to the coast
From Waiohine to the South, down to Waingawa to
the North*

*This is our community; embraced by Taratahi.
It binds us, strengthens us, and we move forward together.*

I am very pleased to present the summary of the Carterton District Council's 2016/17 annual report. The past year has seen another strong financial performance by the Council. There was an operating surplus of \$1.5 million reflecting significant building and development activity, capital expenditure was well within budget, and our reserves increased by a healthy \$0.7 million.

Carterton District's population, building activity, and other economic indicators all continue to show significant growth. So we are making sure our services and infrastructure are able to accommodate growth well into the future.

One of the most significant projects for us is our wastewater treatment plant upgrade. During the year we have further developed our plans in preparation for the lodging of our resource consent applications. We have incorporated into our plans a batch reservoir innovation that will allow us to maximise our land discharge and further improve the highly treated wastewater. Engaging with affected and interested people has been an important part of this project, and this has continued as we finalise our plans.

The Kaikōura earthquake was an important reminder about how vulnerable we all are to natural disasters. There were many messages coming from the experience of the Kaikōura and North Canterbury communities that we should heed. We have a very motivated and well organised group of volunteers working under the banner “Resilient Carterton” who are leading work to prepare our people for a major emergency event. Our Neighbourhood Support groups are an important part of this work and the resilience of Carterton.

One of the reasons Carterton is doing so well is the strength of our groups and volunteers. As an example we have a very strong arts community with both WaiArt and Heart of Arts providing opportunities for artists to present and sell their works.

As a Council we are very keen to take up opportunities to support both our rural and town communities. Much of this support flies under the radar, like our Parks and Reserves supplying plants to the Gladstone Complex to assist the beautification of the reserve. We have a very strong on-going relationship with Keep Carterton Beautiful Group who assists us to keep the town and our cemetery looking beautiful. And we work alongside many other volunteer groups, like the Carterton Foodbank.

Because we are a small Council we often have to be innovative in the way we deliver services. During the year we completed an upgrade of the road out to Flat Point. While we could not afford to seal the road, we have sealed the rises in the road where the slopes have resulted in corrugations from trucks. I’ve received a lot of positive feedback on this approach.

When our main water supply intake at the Kaipaitangata Stream got washed away in the floods this year, we diverted a number of our staff and equipment to fix the damage. This saved the ratepayers money, and gave our people some really interesting work that they did well and could feel very proud about.

During the year the Local Government Commission has been working on its proposal for amalgamating the three Wairarapa district councils. In July it confirmed a final amalgamation proposal. This will now be put to the community through a poll.

I would like to acknowledge the staff at the Council who—despite the uncertainty caused by the possibility of amalgamation—have continued to work hard for the Carterton community. We are lucky to have such a dedicated and professional team at the Council.

Please enjoy reading this report. There is much to be proud of.



John Booth
Mayor



Chief Executive's report

It has been a particularly busy year for the Council. Our high building and resource consent application numbers reflect the growth happening in the District. Carterton continues to attract new residents and businesses. As an organisation we strive to be welcoming and user-friendly. I get a lot of feedback that people find us easy to work with, which is a wonderful praise for our committed teams.

This year we have continued to deliver quality infrastructure services to Carterton. At times this has been a challenge for us, with major storm events during the year resulting in surface flooding and, more significantly, damage to our town drinking water intake at the Kaipaitangata Stream. Our operations team worked exceptionally hard to get the damage repaired, and to minimise the length of time we were dependent on our bores to supply the town with water.

A particular strength of Carterton, and something that makes us attractive to those looking to settle in Wairarapa, is the strong community spirit and the commitment of our many volunteers. The work over the past year of Resilient Carterton in leading the District's communities to prepare for a major event is an excellent example. As we know from earthquakes affecting other parts of New Zealand in recent times, well-connected and prepared communities are better able to cope with a major disaster.

While the Council will be focussing efforts on getting our services back up and running following a major earthquake, people will need to look after each other. Through our very active Neighbourhood Support networks and the work of Resilient Carterton, our communities will be well placed to cope with a major emergency event, should one happen.

Over the last year we have worked with many volunteer and community groups. We have been developing our newest park – Bird's Park—as a collaborative project with the adjacent neighbourhood. We've continued our very strong partnership with the

Lions Club of Carterton to complete two more projects: the installation of seats at the top of Holloway Street and the placement of a barbecue in Carrington Park.

Our annual Daffodil Festival continues to grow in popularity, but is only successful because of the time and effort of all the volunteers that help. And of course our gardens, parks, and cemetery all benefit from our team of dedicated staff working alongside the Keep Carterton Beautiful Group.

We are also very fortunate to have the committed Carterton people running Carterton's Foodbank out of our Events Centre and a thriving arts sector, with Heart of Arts and WaiArt making a huge contribution to that success. We are also very pleased to be able to work with the many other groups and individuals whose work often goes under the radar.

This Annual Report shows we're doing very well against most of our key performance indicators. Our success is due to our very dedicated staff and managers, and the partnerships we've formed with our many community groups.



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 2017.

Governance

- The Annual Report was adopted within the statutory deadline (31 October 2017). The Report was adopted 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. This matter affects some of the performance measures being reported in this summary report.
- 5.6 percent of agenda items considered as 'public excluded' items, compared with the target of less than 5 percent.

Community support

- 3,114 members of the Library, or 38 percent of the 8,235 residents. 75% of residents are expected.
- All high profile or offensive graffiti reported is removed within the 4 hour target. There were three incidents of graffiti within the parks or reserves during 2016/17.
- No calls with a potential public health or safety risk.

Regulatory and planning

- 348 PIMs and building consents, 189 LIMs, and 45 resource consents were processed within the required timeframes. Six building consents were completed beyond the statutory timeframe.
- 439 complaints and service requests were responded to. 62% of which were responded to within the target of 4 working hours.

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

Roads and footpaths

- Average road roughness index of 64 points, better than the target of '80 or less'.
- 15 kilometres or 5 percent of the 292 kilometres of sealed roads resurfaced but less than the 6% target.
- 24 percent of complaints related to footpaths responded to within the target of 2 working days.
- 1 percent of the 2,300 road signs or markings were found missing or not visible in the six-monthly inspections, better than the target of being less than 5 percent missing or not visible.
- 1 regulatory sign was replaced in 2016/17 but replaced beyond the response target of 2 days.
- 37 of 47 non-regulatory signs reported for repair or replacement were actioned within 21 days of advice.
- 50 streetlights identified with a fault after carrying out monthly inspections, 41 of which were repaired within the target of 2 weeks.

Sewerage and the disposal of treated sewage

- Of 17 reported faults, four were not resolved within the target of 4 hours of notification. The median resolution time was 0.8 hours.
- There were no dry weather sewage overflows in the reticulation network during the year.
- The treatment plant complied with applicable resource consents.

Storm water

- There were no flooding events reported during the year. A flooding event is where a residential or commercial floor-space is flooded.
- Nine service faults with the stormwater system were reported and resolved within the 3 hours timeframe. Three other complaints or service requests were received about impacts upon water courses/streams within or near the urban zone.
- 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. Impacts upon groundwater reflect past use of the landfill environs.

Water supply

- In respect of the safety of drinking water, Regional Public Health considered:
 - There had not been compliance in respect of Part 4 of the NZ Drinking Water Standards (bacteriological requirements) due to issues related to the continuous monitoring of turbidity. Compliance is required.
 - There had not been compliance with Part 5 of the NZ Drinking Water Standards (protozoal requirements) due to issues related to the continuous monitoring of turbidity and free available chlorine equivalent (FACE). Compliance is required.
- Sustainable water use occurred through:
 - A water demand flow from the Kaipaitangata and Supplementary Bore reservoirs being 1.6% less than that demand in 2015/16. Water demand should reduce at 2.5% per year.
 - The average consumption per resident serviced by water supply was 396 litres per day compared to our target of 400 litres per day.
 - The real water loss is 42% compared to our aspiration 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:
 - There were no urgent callouts during 2016/17. An urgent callout is where there is a complete loss of water supply.
 - There were 127 non-urgent callouts, where the median time taken to resolve the callout was 21 hours. The target median is 24 hours.
- There were 2,658 metered water supply connections and the effective complaint/service request rate is 49 per 1000 connections. One complaint was received during the year about water quality and 129 other service requests to correct water supply faults. 3 service requests were unresolved at year-end. The target rate is less than 15 complaints per 1000 connections.
- In respect of water resource consent conditions, the Council has yet to report water usage to GWRC.

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 31 October 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 Financial Performance, 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 Financial Performance for the year ended 30 June 2017

Actual 30-Jun-2016 \$		Actual 30-Jun-2017 \$	Budget 30-Jun-2017 \$
	Revenue		
10,399,093	- rates	10,903,516	10,595,655
1,585,212	- fees and charges	1,861,214	1,486,100
1,499,039	- NZTA subsidy	1,412,366	1,680,900
1,234,811	- other revenue	1,468,894	859,583
<u>14,718,155</u>	Total revenue	<u>15,645,989</u>	<u>14,622,238</u>
	Expenditure		
808,863	Governance	909,471	899,597
3,156,942	Roads and footpaths	3,357,647	3,392,791
1,773,632	Water supply	2,055,560	1,835,669
1,841,568	Sewerage	1,600,437	1,685,113
165,699	Stormwater	185,585	219,402
733,431	Waste management	764,364	849,394
3,394,976	Community support	3,653,274	3,469,478
1,602,011	Regulatory and planning	1,610,284	1,429,208
2,216,984	Other expenses	21,568	(24,000)
<u>15,694,106</u>	Total expenditure	<u>14,158,190</u>	<u>13,756,652</u>
77,802	Other gains/(losses)	(194,806)	-
(898,149)	Surplus/(deficit) before tax	1,292,993	865,586
-	Income tax expense	-	-
(898,149)	Surplus/(deficit) after tax	1,292,993	865,586
	<i>Note: Operating expenditure included:</i>		
3,448,373	- depreciation and amortisation	3,297,226	3,548,783
445,723	- finance costs (interest)	403,931	499,549
3,210,217	- personnel costs	3,754,658	3,084,659

Summary Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2017

Actual 30-Jun-2016 \$		Actual 30-Jun-2017 \$	Budget 30-Jun-2017 \$
(898,149)	Surplus/(deficit) after tax	1,292,993	865,586
2,985,041	Gain on property plant & equipment revaluation	23,822,458	3,731,332
6,147	Financial assets at fair value through other comprehensive revenue and expense	1,810	1,000
2,093,039	Total comprehensive revenue and expense	25,117,262	4,597,918

Summary Statement of Changes in Equity for the year ended 30 June 2017

Actual 30-Jun-2016 \$		Actual 30-Jun-2017 \$	Budget 30-Jun-2017 \$
163,779,584	Equity at start of year	165,872,623	162,066,602
2,093,039	Total comprehensive revenue and expense	25,117,262	4,597,918
165,872,623	Equity at end of year	190,989,885	166,664,520
	Components of equity at end of year		
112,421,319	Public equity	113,021,576	114,229,510
7,611,835	Restricted reserves	8,304,571	5,513,935
45,839,469	Revaluation reserves	69,663,738	46,921,075
165,872,623	Equity at end of year	190,989,885	166,664,520

Summary Statement of Financial Position as at 30 June 2017

Actual 30-Jun-2016 \$		Actual 30-Jun-2017 \$	Budget 30-Jun-2017 \$
7,554,267	Current assets	8,330,015	8,115,379
168,422,675	Non-current assets	192,558,052	170,866,828
175,976,942	Total assets	200,888,067	178,982,207
7,526,806	Current liabilities	3,687,259	2,496,700
2,577,513	Non-current liabilities	6,210,923	9,820,987
10,104,319	Total liabilities	9,898,182	12,317,687
165,872,623	Net assets/equity	190,989,885	166,664,520

Summary Statement of Cash-flows for the year ended 30 June 2017

Actual 30-Jun-2016 \$		Actual 30-Jun-2017 \$	Budget 30-Jun-2017 \$
5,118,031	Net cash flow from:	4,773,254	4,916,489
(5,296,540)	- operating activities	(6,275,201)	(6,110,139)
(16,510)	- investing activities	(164,401)	2,482,570
(195,019)	Net cash flows for the year	(1,666,349)	1,288,920
4,589,904	Add cash at start of year	4,394,885	5,217,008
4,394,885	Balance at end of year	2,728,536	6,505,928
4,394,885	Represented by	2,728,536	6,505,928
4,394,885	Cash, cash equivalents, and bank overdrafts	2,728,536	6,505,928

Events after balance date

There has been one event subsequent to 30 June 2017 that requires disclosure but none that require adjustment to the financial statements.

On 19 July 2017, the Local Government Commission (LGC) released the final proposal on the amalgamation of Carterton District Council, Masterton District Council and South Wairarapa District Council to create the Wairarapa District Council. A valid petition was submitted to the LGC calling for a poll to be held. Postal ballots will be sent out three weeks ahead of the poll which closes at midday on Tuesday 12 December. If 50 percent or more of ballots from across the Wairarapa oppose the proposal, it will not go ahead and there is no further action. If more than 50 percent support the proposal it goes ahead and the process of setting up a new combined Wairarapa District Council will start. The proposed new Wairarapa District Council would come into existence no earlier than 1 November 2018 and until that point in time the existing Councils would continue to be responsible for carrying out the day-to-day operations until their disestablishment.

The outcome of the amalgamation proposal and the impact on our long term future will only be known once the poll results are known. Therefore, at the time of adopting this annual report, there remains uncertainty about the future of the District Council arising from the amalgamation proposal.

Major variances against budget

Explanation for major variations from the Council's estimated figures in the 2016/17 Annual Plan are as follows:

Statement of Financial Performance

Overall the increase in operating surplus was driven by increased infrastructure and other development contributions and receipts from fees and charges, primarily building consents; both reflecting increased developmental activity within the District. Operationally, storm event damage upon the water supply facilities at Kaipaitangata imposed significant costs for repairs and providing alternative supply. In addition there were costs associated with advisory and consultancy services for

health and safety, building control, and waste water treatment. There was continued activity on reducing dependency upon out-sourced services, leading to increased staff levels.

Statement of Other Comprehensive Revenue and Expense

The library collection and the roading and footpath assets held by Council were this year revalued to reflect current replacement values. Both revaluations were positive and increase the asset revaluation reserves accordingly.

Statement of Movements in Equity

The change in retained earnings reflects the current operating surplus for this year and a transfer made to the restricted reserves. The revaluation reserves have been increased by the increases in value for the Library Collection and roading and footpaths assets held by the Council. The restricted reserves reflect changes in the respective holdings in the targeted rates reserve, Council's depreciation reserves used to support capital expenditure and the special reserves administered by the Council.

Statement of Financial Position

The overall position of the Council is that it is currently able to meet commitments having sufficient means to cover current liabilities. Debt has been reduced while the value of assets held by the Council to support services have increased over the year.

Statement of Cashflows

Council has been able in the current year to use positive operating cash flows from income exceeding operating expense to invest in plant and equipment as well as longer term cash holdings and reduce debt.

Independent Auditor's Report

To the readers of

Carterton District Council's summary of the annual report

for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of the Carterton District Council (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 5 to 9:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of financial performance, statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash-flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include other explanatory information; and
- the summary Measuring progress against performance measures.

Opinion

In our opinion:

- the summary of the 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 in 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 report dated 31 October 2017 and is explained below in the full annual report and our audit report thereon section.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

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 and group's full audited financial statements and other audited information in our report dated 31 October 2017. The basis for the qualified audit opinion on the statement of service performance 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. The modification also applies to the comparative information shown in respect of all complaints and response time measures reported by the District Council.

Our audit report also included an emphasis of matter paragraph on the proposal for an amalgamated Wairarapa District Council. Note 30 on page 62 of the audited financial statements explains the proposal to amalgamate Carterton, Masterton and South Wairarapa District Councils into a single Wairarapa District Council. As a valid petition was submitted to the Local Government Commission, a poll will be held to determine the outcome. The poll will close on 12 December 2017. As the outcome of the amalgamation proposal will not be determined until poll results are known, there is uncertainty about the future of the Carterton District Council arising from the amalgamation proposal. Information on the proposal for an amalgamated Wairarapa District Council, is also disclosed in the events after balance date note on page 9 of the summary annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual

report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council.



Mari-Anne Williamson,

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand

30 November 2017