

Wairoa District Council

SUMMARY ANNUAL REPORT

 *Te Wairoa Hōpūpū Hōnengenenge
Matangirau*



Adopted 22 October 2013



Wairoa District Council 2013 ©

JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Welcome to the Wairoa District Council's 2012/13 Summary Annual Report. The past year has seen a variety of milestones and innovations that have placed the spotlight on our community's future.

Infrastructure received a significant boost this year with several big ticket projects coming to fruition.

After over a decade of planning, negotiating and consulting, the Mahia Beach Community Wastewater Scheme is now well and truly nearing completion, and Opoutama residents will soon benefit from their new wastewater system also.

Tuai residents experienced a complete upgrade to their water treatment system, ensuring safe drinking water for those connected to the village supply.

Another highlight was the inaugural Wairoa Business Week, creating a positive vibe that was perpetuated with the announcement of a \$400,000 Lotteries Grant boost to the fund to upgrade the Community Centre and skatepark – a project that is now well into the design stages.

At the time of writing, the Local Government Commission is reviewing the future organisation of representation in our district – the outcome of which will not be known until later in the year. Regardless, the highlights mentioned in this introduction are an example of a community that is forward-focused and committed to providing the best outcome for the people who reside here.

Below are some facts and figures that form the key points of this report:

Financials

Overall Council completed the year with an Operating surplus of \$5,751,053 (2012 – surplus of \$3,297,386).

A 3.6% increase in rates revenue (\$357,252), increase in fees and charges (\$91,511), increase in Investment Income (\$1,876,756) and a decrease in operating costs (\$1,502,213) were partially offset by a reduction in Subsidies received (\$1,365,061).

Working capital of \$14,986,875 was \$1,232,106 down on 2012 (\$16,218,981) whilst cash flow from Operations of \$11,535,669 was \$2,111,206 up on 2012 (\$9,424,463) due primarily to movements on Investment Income.

Capital Expenditure increased to \$13,176,327 (\$2012 - \$10,200,318) and there was a net decrease in financial assets of \$1,784,312.

All the above led to an increase in cash balances of \$711,949.

Performance Management

Of the 151 identified service levels and targets, 115 were achieved, a score of 76% compared with 70% last year.

Quality Rooding and Services (Wairoa) Limited

Quality Rooding and Services (Wairoa) Limited Annual Report shows an operating surplus before tax of \$336,487. The after tax profit was \$241,860 which represents a 4.23% return on equity of \$5.72 million. A dividend of \$320,000 has been declared but only the amount received during the financial year of \$205,000 has been reflected within the 2013 Accounts.

Rooding

649m new roads added to inventory
6.4km rehabilitated roads
28.43km resurfaced roads
13.8km unsealed road metal buildup

Stormwater

90m open drains piped

Mahia Beach Community Sewage Scheme

9km community reticulation
1 large pump station
1.7km rising/pumping main
15,000m² treatment pond

Opoutama Community Wastewater Scheme

4km community reticulation
Purchased treatment plant
3 small pump stations

We acknowledge the contribution of councillors, staff, consultants and contractors in completing the year's work programme.



C Little
MAYOR



P J Freeman
CHIEF EXECUTIVE OFFICER

COMMUNITY OUTCOMES

The Local Government Act 2002 requires Council to report measures taken and progress made towards achieving the community outcomes stated in the LTP at least once every three years.

Survey results relating to Outcomes:

Is Wairoa a better place to live than it was three years ago? (All outcomes)			
	2011	2012	2013
Yes	32%	22%	27%
The same	53%	64%	62%
Worse	13%	6%	8%
Unable to comment	2%	8%	4%

Is Wairoa District generally a safe place to live? (A safe and secure community)			
	2011	2012	2013
Yes, definitely	39%	40%	49%
Yes, mostly	50%	57%	49%
Not really	9%	2%	1%
No, definitely not	1%	1%	1%

Satisfaction with the way in which Council involves the public in the decisions it makes. (Strong leadership and a sense of belonging; Supportive, caring and valued communities)			
	2011	2012	2013
Very Satisfied	14%	13%	9%
Satisfied	55%	42%	44%
Neither satisfied nor dissatisfied	14%	33%	32%
Dissatisfied	7%	7%	9%
Very dissatisfied	5%	2%	1%
Don't know	6%	3%	5%

Quality of Life. (All outcomes)			
	2011	2012	2013
Very Good	37%	38%	44%
Good	41%	46%	47%
Fair	16%	12%	5%
Poor	5%	4%	3%
Don't know	1%	0%	1%

Community Spirit. (Supportive, caring and valued communities)			
	2011	2012	2013
Very Good	35%	26%	35%
Good	44%	53%	51%
Neither good nor bad	13%	14%	12%
Not very good	6%	5%	2%
Poor	1%	1%	0%
Don't know			

Natural Environment. (An environment that is appreciated, protected and sustained for future generations)			
	2011	2012	2013
Very Satisfied	21%	21%	17%
Satisfied	56%	54%	53%
Neither satisfied nor dissatisfied	13%	15%	18%
Dissatisfied	7%	5%	8%
Very dissatisfied	0%	3%	2%
Don't know	2%	1%	2%

Summary Financial Report for the year ended 30th June 2013

The information contained in this report has been extracted from the audited Annual Report of the Wairoa District Council for the year ended 30th June 2013. An unqualified audit report was signed on 22nd October 2013. Ernst & Young, on behalf of the Auditor-General has reviewed this summary report and have confirmed that it fairly and consistently represents the full Annual report for the year.

A Summary Report cannot be expected to provide as complete an understanding of the financial and non-financial performance of the Council as the full Annual Report. A copy of the full report is available from Wairoa District Council, Coronation Square, Wairoa (PO Box 54 Wairoa) or by visiting the Wairoa District Council website at www.wairoadc.govt.nz

The financial statements comprise the Wairoa District Council and its Council controlled trading organisation, Quality Roading and Services (Wairoa) Ltd.

Changes in Accounting Policies:

All accounting policies have been applied on a consistent basis throughout the year.

Overview

The summary financial statements comply with FRS 43: The specific disclosures included in the summary financial statements have been extracted from the full financial statements.

The financial statements are prepared in New Zealand dollars. The financial statements are rounded to the nearest whole dollar.

The summary financial statements were authorised for issue on 22nd October 2013, by the Mayor, Craig Little, and the Chief Executive Officer, Peter Freeman.

The full financial statements were authorised for issue on 22nd October 2013. The Wairoa District Council is a public benefit entity. The full financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Summary of Council Revenue for the year ended 30th June 2013

	\$	%
Rates	10,100,302	35.56%
Subsidies	13,399,824	47.18%
Petrol Tax	64,112	0.23%
Fees and Charges	2,602,307	9.16%
Investment Income	2,235,683	7.87%
Miscellaneous Income	0	0.00%
	<u>28,402,228</u>	<u>100.00%</u>

Subsidies and Rates make up over 82% of the revenue of Council. The bulk of subsidies are received from Land Transport New Zealand to subsidise the cost of maintaining the local roading infrastructure. Council receives petrol tax as its share of the regional income based on the relative rating income of local authorities in the East Coast region. Fees and charges are the costs charged directly to consumers of Council services including Landfill. Investment Income includes income from interest on investments and dividends from Quality Roding and Services (Wairoa) Limited. Rates are charged to all residents owning land within the Wairoa District, and include uniform charges for running Council, and for services such as water and sewerage. Targeted rates are charged for roading, stormwater, parks and reserves and services.

Summary of Council Expenditure for the year ended 30th June 2013

	\$	%
Water Services	3,302,243	14.58%
Solid Waste	1,001,327	4.42%
Transport	12,475,526	55.08%
Community Facilities	1,686,503	7.44%
Planning and Regulatory	1,146,337	5.06%
Leadership and Governance	1,591,662	7.03%
Investments	459,997	2.03%
Property	982,349	4.34%
Corporate	5,231	0.02%
	<u>22,651,175</u>	<u>100.00%</u>

Water Services include the cost of supplying and reticulating water to residents, and collecting stormwater and sewerage. Waste Management includes the collection of rubbish and recyclables, the management of the Landfill and control of litter. Transport includes the cost of maintaining local roads, and parking facilities plus the safe operation of the airport. Community facilities include maintaining cemeteries, parks and reserves, pensioner housing plus funding of the Library, museum, community centre and community halls. Planning and Regulatory includes planning, health, building, livestock and dog control plus bylaw enforcement, liquor licensing, safer communities and emergency management. Leadership and governance includes community representation, maori liaison, and economic development. Investments include commercial and sundry properties, funds management and dividends. Corporate include management, administration, finance, asset information and information systems.

Summary of Council Assets as at 30th June 2013

	\$	%
Property, Equipment, and Intangibles	209,495,104	90.84%
Investment Properties	277,000	0.12%
Investment in Subsidiaries	1,250,000	0.54%
Cash and Cash Equivalents and other Financial assets	13,218,267	5.73%
Trade and other Receivables	6,242,954	2.71%
Other Assets	131,476	0.06%
	<u>230,614,801</u>	<u>100.00%</u>

Council Property includes land and buildings, vehicles, furniture and office equipment plus infrastructure assets such as roading, bridges, and water reticulation, and computer software.

Investment properties is the enterprise building that houses the information centre.

Investment in subsidies is the initial investment Council made in subsidiary Quality Roothing and Services (Wairoa) Limited.

Cash and cash equivalents and financial assets includes cash, investments, and assets held for sale.

Trade and other receivables includes all accounts outstanding as at year end.

Other assets include inventories, loans and other receivables, and forestry, a biological asset.

Summary of Council Liabilities as at 30th June 2013

	\$	%
Trade and Other Payables	4,512,637	81.75%
Landfill Aftercare	859,562	15.57%
Employee Benefit Liabilities	147,883	2.68%
	<u>5,520,082</u>	<u>100.00%</u>

Trade and other payables include all accounts owing to creditors at year end.

Landfill Aftercare is the liability Council has for ongoing maintenance of the Landfill.

Employee benefit liabilities represents the liability for annual leave, long service leave, gratuities, sick leave and accrued pay.

Explanation of major variances against budget

Explanation for major variations from WDC's estimated figures in the 2012/2013 Annual Plan are as follows:

	2013 Annual Plan
	\$
Income Statement	
2013 plan net surplus	7,144,260
Higher (lower) subsidy revenue (regional projects, emergency works)	(6,437)
Higher (lower) income from investments	1,057,583
Higher (lower) income from fees & charges (water production, waste management)	(671,891)
Higher income from rates	478,189
Increase in costs due to additional roading work, operating deficits from production of water and sewerage	(2,244,763)
Capital gain on asset sales	-
Loss on revaluation of woodlots	-
Gain on revaluation of Wairoa Landfill Aftercare provision	-
Other	(5,888)
2013 actual net surplus	<u><u>5,751,053</u></u>
Capital expenditure	
2013 plan	17,589,179
Projects deferred or cancelled	-
Additional projects approved	(4,261,272)
Projects (under)/over spent	-
Actual expenditure 2013	<u><u>13,327,907</u></u>

Summary Financial Statements for the Year Ending 30th June 2013

	COUNCIL 2013 ACTUAL \$	COUNCIL 2013 ANNUAL PLAN \$	COUNCIL 2012 ACTUAL \$	GROUP 2013 ACTUAL \$	GROUP 2012 ACTUAL \$
Summary Statement of Comprehensive Income					
Rates Revenue	10,100,302	9,622,113	9,743,050	10,100,302	9,743,050
Other Revenue	18,301,926	17,928,559	17,707,724	21,085,842	24,023,683
Total Operating Revenue	28,402,228	27,550,672	27,450,774	31,186,144	33,766,733
Total Finance Expense	-	-	-	116,531	107,171
Total Operating Expense (excluding finance expense)	22,651,175	20,406,412	24,153,388	25,407,790	29,928,084
(Increase)/decrease in biological asset	-	-	-	-	-
Capital Gain on Asset Sales	-	-	-	-	-
Operating Surplus/(Deficit) before taxation	5,751,053	7,144,260	3,297,386	5,661,823	3,731,478
Taxation	-	-	-	94,627	205,266
Net Surplus/(Deficit) after taxation	5,751,053	7,144,260	3,297,386	5,567,196	3,526,212
Property, Plant and Equipment - Vested asset	6,227,983	-	-	6,227,983	-
Gain on revaluation of Infrastructural assets	-	-	5,640,495	-	5,640,495
	11,979,036	7,144,260	8,937,881	11,795,179	9,166,707
Summary Statement of Changes in Equity					
Equity opening balance	213,115,683	193,077,481	204,177,802	217,073,842	207,907,135
Net Surplus/(Deficit)	5,751,053	7,144,260	3,297,386	5,567,196	3,526,212
Property, Plant and Equipment - Vested asset	6,227,983	-	-	6,227,983	-
Gain on revaluation of Infrastructural assets	-	-	5,640,495	-	5,640,495
Equity closing balance	225,094,719	200,221,741	213,115,683	228,869,021	217,073,842
Comprising:					
Accumulated Funds and Retained Earnings	140,279,119	129,716,184	126,675,813	143,062,887	129,643,438
Revaluation Reserves	70,146,362	51,747,064	70,933,439	71,136,896	71,923,973
Special Fund Reserves	14,669,238	18,758,493	15,506,431	14,669,238	15,506,431
Sinking Fund Reserves	-	-	-	-	-
	225,094,719	200,221,741	213,115,683	228,869,021	217,073,842
Summary Statement of Financial Position					
Current Assets	19,499,512	24,898,162	20,765,870	23,391,435	24,309,785
Non-current Assets	211,115,289	192,416,984	197,936,965	213,645,286	200,904,390
Total assets	230,614,801	217,315,146	218,702,835	237,036,721	225,214,175
Current Liabilities	4,512,637	6,707,360	4,546,889	5,879,987	5,675,124
Non-current Liabilities	1,007,445	10,386,045	1,040,263	2,287,713	2,465,209
Total Liabilities	5,520,082	17,093,405	5,587,152	8,167,700	8,140,333
Total Equity	225,094,719	200,221,741	213,115,683	228,869,021	217,073,842
Summary Cash Flow Statement					
Cash Flow from Operating Activities	11,535,669	8,140,666	9,424,463	12,865,794	9,888,983
Cash Flow from Investing Activities	(10,823,720)	(17,584,179)	(10,258,630)	(11,399,438)	(11,408,837)
Cash Flow from Financing Activities	-	9,528,657	-	(166,579)	76,310
Net Increase/(Decrease) in Cash and Cash Equivalents	711,949	85,144	(834,167)	1,299,777	(1,443,544)
Plus Opening Cash and Cash Equivalents	2,785,658	3,249,617	3,619,825	3,886,338	5,329,882
Closing Cash and Cash Equivalents	3,497,607	3,334,761	2,785,658	5,186,115	3,886,338

In the opinion of Council and Management of Wairoa District Council, the summary financial report for the year ended 30th June 2013 fairly reflects the financial position and operations of Wairoa District Council.

Chief Executive
Peter Freeman
22nd October 2013

Mayor
Craig Little
22nd October 2013

Summary of Performance Measures

Activity Group	Achieved	Not Achieved	Not Measured
Transport, Water and Waste			
Water Reticulation and Production	10	2	
Storm Water and Drainage	3	4	
Sewerage	7	4	
Waste Management	12	3	
Roads	10	5	
Airport	2	4	
Community Services			
Cemeteries	4	2	
Parks and Reserves	5	1	
Library	5	2	
Community Support	4	1	
Planning and Regulatory			
Resource Planning	7		
Environmental Health	6		
Dog Control	3		
Livestock Control	1		
Bylaw Compliance General	2		
Building Inspection	3	3	1
Liquor Control	5		
Emergency Management	8	1	3
Leadership and Governance			
Community Representation	7		
Maori Liaison	6		
Economic Development	5		
	115	32	4

Community Survey Results	2013			2012		
	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know
Water Services	95%	5%	0%	92%	7%	1%
Stormwater and Drainage	79%	20%	1%	72%	26%	1%
Sewerage	86%	13%	0%	86%	9%	4%
Waste Management	74%	22%	4%	74%	18%	8%
Roads	75%	25%	0%	71%	28%	2%
Parks and Reserves	87%	11%	2%	90%	7%	3%
Library	98%	1%	1%	96%	2%	2%
Dog Control	65%	31%	4%	56%	36%	8%
Mayor and Councillors	90%*	6%	4%	90%*	6%	5%

* Includes 63% Very good/fairly good plus 27% Just acceptable (2012 -69% Very good/fairly good plus 21% Just acceptable)

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
WAIROA DISTRICT COUNCIL AND GROUP'S
SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

The summary annual report was derived from the annual report of the Wairoa District Council (the District Council) and group 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 4 to 8:

- the summary statement of financial position as at 30 June 2013;
- the summaries of the 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 made up of Community Outcomes and Summary of Performance Measures of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 22 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 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 and group.

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 or any of its subsidiaries.



Grant Taylor
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
22 October 2013