

Wairoa District Council

SUMMARY ANNUAL REPORT

2010-2011

 *Te Wairoa Hōpūpū Hōnengenenge
Matangirau*



Adopted 22 December 2011



Wairoa District Council 2011 ©

JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Welcome to readers of the Wairoa District Council Annual Report.

The delay in adopting these accounts is sincerely regretted.

Overall Council completed the year with a deficit of \$310,000 (2010 - \$916,000 surplus).

A 7.5% increase in rates revenue (\$658,000), increase in subsidies (\$757,000) were offset by increases in operating costs (\$2,329,000), reduced investment income (\$455,000) and reduced fees and charges (\$72,000).

Working capital has reduced from \$18,766,426 to \$18,456,000, while net cashflow from Operations has reduced from \$5,993,000 to \$2,350,000.

Capital Expenditure decreased to \$5,601,000 (2010 - \$5,804,000) and there was a net decrease in financial assets of \$1,601,000.

All the above led to a decrease in cash balances of \$1,891,000.

Performance Management

Of the 176 identified service levels and targets, 134 were achieved, a score of 76% compared with 78% last year.

Quality Roothing and Services (Wairoa) Limited

Quality Roothing and Services (Wairoa) Limited Annual Report shows an operating surplus before tax of \$445,000. The after tax profit was \$312,000 which represents a 6% return on equity of \$5.23 million. A dividend of \$200,000 has been provisionally declared.

Mahia Community Waste Water Scheme

Has been approved and confirmed by the Environment Court.

Work on these projects is still in the implementation phase with physical work due to commence this summer construction season.

Roothing

784m	new roads added to inventory
940m	rehabilitated roads
18.389km	resurfaced roads
21.033km	unsealed road metal buildup

We acknowledge the contribution of Councillors, Staff, Consultants and Contractors in completing the year's work programme.

L Probert JP
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 LTCCP 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)				Is Wairoa District generally a safe place to live? (A safe and secure community)			
	2009	2010	2011		2009	2010	2011
Yes	38%	31%	32%	Yes, definitely	36%	33%	39%
The same	51%	54%	53%	Yes, mostly	54%	58%	50%
Worse	6%	12%	13%	Not really	8%	6%	9%
Unable to comment	5%	4%	2%	No, definitely not	-	1%	1%
				Unsure	2%	2%	-

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)				Quality of Life. (All outcomes)			
	2009	2010	2011		2009	2010	2011
Very Satisfied	10%	11%	14%	Very Good	35%	38%	37%
Satisfied	44%	53%	55%	Good	50%	44%	41%
Neither satisfied nor dissatisfied	26%	21%	14%	Fair	13%	13%	16%
Dissatisfied	9%	9%	7%	Poor	2%	4%	5%
Very dissatisfied	4%	3%	5%	Don't know	-	1%	1%
Don't know	7%	4%	6%				

Community Spirit. (Supportive, caring and valued communities)				Natural Environment. (An environment that is appreciated, protected and sustained for future generations)			
	2009	2010	2011		2009	2010	2011
Very Good	36%	32%	35%	Very Satisfied	23%	23%	21%
Good	46%	45%	44%	Satisfied	53%	54%	56%
Neither good nor bad	15%	17%	13%	Neither satisfied nor dissatisfied	9%	11%	13%
Not very good	3%	5%	6%	Dissatisfied	8%	9%	7%
Poor	-	1%	1%	Very dissatisfied	4%	1%	-
Don't know				Don't know	3%	2%	2%

Health Services. (A lifetime of good health and wellbeing)				Education Services. (A strong, thriving and prosperous economy)			
	2009	2010	2011		2009	2010	2011
Very Satisfied	26%	**	**	Very Satisfied	10%	**	**
Satisfied	37%			Satisfied	46%		
Neither satisfied nor dissatisfied	13%			Neither satisfied nor dissatisfied	12%		
Dissatisfied	16%			Dissatisfied	14%		
Very dissatisfied	4%			Very dissatisfied	5%		
Don't know	4%			Don't know	13%		

** Satisfaction levels not monitored in 2010-2011

Summary Financial Report for the year ended 30th June 2011

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 2011. An unqualified audit report was expressed on 22th December 2011. Ernst and Young, on behalf of the Auditor General have 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 Roothing and Services (Wairoa) Ltd.

Changes in Accounting Policies:

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

Overview

The summary financial statements comply with FRS 43: Summary Financial Statements

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

The full financial statements were authorised for issue on 22th December 2011. 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. The summary financial statements were not adopted within the statutory timeframe.

Summary of Council Revenue for the year ended 30th June 2011

	\$	%
Rates	9,402,675	41.47%
Subsidies	10,043,277	44.30%
Petrol Tax	70,168	0.31%
Fees and Charges	1,805,919	7.97%
Investment Income	1,334,941	5.89%
Miscellaneous Income	14,010	0.06%
	22,670,990	100.00%

Subsidies and Rates make up over 85% 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 Roothing 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 2011

	\$	%
Water Services	3,551,621	15.45%
Solid Waste	998,654	4.35%
Transport	13,312,492	57.93%
Community Facilities	2,063,297	8.98%
Planning and Regulatory	1,514,454	6.59%
Leadership and Governance	1,329,539	5.79%
Investments	124,667	0.54%
Corporate	87,076	0.37%
	22,981,800	100.00%

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 2011

	\$	%
Property, Equipment, and Intangibles	184,918,434	88.48%
Investment Properties	277,000	0.13%
Investment in Subsidiaries	1,250,000	0.60%
Cash and Cash Equivalents and other Financial assets	16,131,985	7.72%
Trade and other Receivables	6,270,970	3.00%
Other Assets	141,761	0.07%
	<u>208,990,150</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 subsidiaries is the initial investment Council made in subsidiary Quality Roding 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 2011

	\$	%
Trade and Other Payables	3,995,163	83.02%
Landfill Aftercare	604,080	12.55%
Employee Benefit Liabilities	213,105	4.43%
	<u>4,812,348</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 2009/2019 Long Term Council Community Plan and the 2010/2011 Annual Plan are as follows:

	2011
Income Statement	Annual Plan
	\$
2011 plan net surplus	1,810,234
Higher (lower) subsidy revenue (regional projects, emergency works)	2,497,798
Higher (lower) income from investments	(97,559)
Higher (lower) income from fees & charges (water production, waste management)	(150,672)
Higher income from rates	158,506
Increase in costs due to additional roading work, operating deficits from production of water and sewerage	<u>(4,543,296)</u>
Capital gain on asset sales	-
Loss on revaluation of woodlots	-
Gain on revaluation of Wairoa Landfill Aftercare provision	-
Other	<u>14,179</u>
2011 actual net surplus	<u><u>(310,810)</u></u>
 Capital expenditure	
2011 plan	9,257,951
Projects deferred or cancelled	-
Additional projects approved	-
Projects under/over spent	<u>(3,656,585)</u>
Actual expenditure 2011	<u><u>5,601,366</u></u>

Summary Financial Statements for the Year Ending 30th June 2011

	COUNCIL 2011 ACTUAL \$	COUNCIL 2011 ANNUAL PLAN \$	COUNCIL 2010 ACTUAL \$	GROUP 2011 ACTUAL \$	GROUP 2010 ACTUAL \$
Summary Statement of Comprehensive Income					
Rates Revenue	9,402,675	9,244,169	8,744,342	9,402,675	8,744,342
Other Revenue	13,268,315	11,004,570	12,877,089	16,645,006	18,247,475
Total Operating Revenue	22,670,990	20,248,739	21,621,431	26,047,681	26,991,817
Total Finance Expense	-	-	-	134,924	123,512
Total Operating Expense (excluding finance expense)	22,981,800	18,438,505	20,652,727	26,080,279	25,341,894
(Increase)/decrease in biological asset	-	-	53,001	-	53,001
Capital Gain on Asset Sales	-	-	-	-	(20,264)
Operating Surplus/(Deficit) before taxation	(310,810)	1,810,234	915,703	(167,522)	1,493,674
Taxation	-	-	-	133,018	272,605
Net Surplus/(Deficit) after taxation	(310,810)	1,810,234	915,703	(300,540)	1,221,069
Gain on revaluation of Infrastructural assets	15,748,899	-	-	15,748,899	-
	15,438,089	1,810,234	915,703	15,448,359	1,221,069
Summary Statement of Changes in Equity					
Equity opening balance	188,739,713	185,583,397	187,824,010	192,458,776	191,237,707
Net Surplus/(Deficit)	(310,810)	1,810,234	915,703	(300,540)	1,221,069
Gain on revaluation of Infrastructural assets	15,748,899	-	-	15,748,899	-
Equity closing balance	204,177,802	187,393,631	188,739,713	207,907,135	192,458,776
Comprising:					
Accumulated Funds and Retained Earnings	121,149,306	120,993,631	122,108,555	123,888,105	124,837,084
Revaluation Reserves	66,277,144	49,900,000	50,528,245	67,267,678	51,518,779
Special Fund Reserves	16,751,352	16,500,000	16,102,913	16,751,352	16,102,913
Sinking Fund Reserves	-	-	-	-	-
	204,177,802	187,393,631	188,739,713	207,907,135	192,458,776
Summary Statement of Financial Position					
Current Assets	22,451,468	17,805,075	23,984,161	26,344,416	26,979,008
Non-current Assets	186,538,682	177,704,485	170,830,675	189,163,420	173,762,640
Total assets	208,990,150	195,509,560	194,814,836	215,507,836	200,741,648
Current Liabilities	3,995,163	4,122,524	5,217,735	5,510,734	5,693,365
Non-current Liabilities	817,185	3,993,405	857,388	2,089,967	2,589,507
Total Liabilities	4,812,348	8,115,929	6,075,123	7,600,701	8,282,872
Total Equity	204,177,802	187,393,631	188,739,713	207,907,135	192,458,776
Summary Cash Flow Statement					
Cash Flow from Operating Activities	2,349,898	6,607,389	5,993,232	4,163,292	6,338,709
Cash Flow from Investing Activities	(4,241,194)	(10,045,179)	(6,952,331)	(4,820,783)	(7,554,759)
Cash Flow from Financing Activities	-	3,067,651	-	(529,902)	(30,126)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,891,296)	(370,139)	(959,099)	(1,187,393)	(1,246,176)
Plus Opening Cash and Cash Equivalents	5,511,121	2,729,081	6,470,220	6,517,275	7,763,452
Closing Cash and Cash Equivalents	3,619,825	2,358,942	5,511,121	5,329,882	6,517,276

In the opinion of Council and Management of Wairoa District Council, the summary financial report for the year ended 30th June 2011 fairly reflects the financial position and operations of Wairoa District Council.



P J Freeman
Chief Executive Officer
31 May 2012



L Probert JP
Mayor
31 May 2012

Summary of Performance Measures

Activity Group	Achieved	Not Achieved	Not Measured
Transport, Water and Waste			
Water Reticulation and Production	4	5	2
Storm Water and Drainage	3	4	
Sewerage	3	4	
Waste Management	11	4	
Roads	8	4	
Airport	5	1	
Community Services			
Cemeteries	2	1	
Parks and Reserves	7		
Library	5	2	
Community Support	4	1	
Pensioner Housing	9		
Planning and Regulatory			
Resource Planning	6		
Environmental Health	5	1	
Dog Control	4	3	
Livestock Control	7	1	
Bylaw Compliance General	4		
Building Inspection	5	3	
Liquor Control	4	1	
Emergency Management	7	1	
Leadership and Governance			
Community Representation	10		
Maori Liaison	7		
Economic Development	6		
	126	36	2

Community Survey Results	2011			2010		
	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know
Water Services	88%	9%	3%	84%	15%	2%
Stormwater and Drainage	72%	26%	2%	63%	37%	
Sewerage	88%	10%	2%	83%	12%	5%
Waste Management	69%	24%	7%	64%	30%	7%
Roads	69%	29%	2%	69%	30%	1%
Parks and Reserves	88%	8%	4%	84%	11%	5%
Library	93%	1%	7%	95%	2%	3%
Dog Control	66%	30%	3%	56%	42%	3%
Mayor and Councillors	87%	8%	5%	89%	9%	2%

INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF
WAIROA DISTRICT COUNCIL DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

We have audited the summary of the annual report (the summary) as set out on pages 3 to 7, which was derived from the audited statements in the annual report of the Wairoa District Council (the District Council) for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 22 December 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the District Council's non-financial performance information and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements, from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 22 December 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.



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

31 May 2012