


Wairoa District Council

SUMMARY ANNUAL REPORT

For the year ending 30 June 2012

 *Te Wairoa Hōpūpū Hōnengenenge
Matangirau*



Adopted 23 October 2012



Wairoa District Council 2012 ©

JOINT STATEMENT FROM THE MAYOR AND THE CHIEF EXECUTIVE OFFICER

Welcome to readers of the Wairoa District Council Annual Report.

Overall Council completed the year with a surplus of \$3,297,386 (2011 – deficit of \$310,810).

A 1.6% increase in rates revenue (\$155,166), increase in subsidies (\$4,721,608) and increases in fees and charges (\$704,877) were partially offset by increases in operating costs (\$986,379) and decreases in investment income of \$976,014.

Working capital of \$16,218,981 was \$2,237,324 down on 2011 (\$18,456,305) whilst cash flow from Operations of \$9,429,632 was \$7,079,734 up on 2011 (\$2,349,898) due primarily to receipt of subsidies.

Capital Expenditure increased to \$10,200,318 (\$2011 - \$5,601,366) and there was a net decrease in financial assets of \$1,007,188.

All the above led to a decrease in cash balances of \$834,167.

Performance Management

Of the 180 identified service levels and targets, 126 were achieved, a score of 70% compared with 76% last year.

Quality Rooding and Services (Wairoa) Limited

Quality Rooding and Services (Wairoa) Limited Annual Report shows an operating surplus before tax of \$726,927. The after tax profit was \$521,661 which represents a 9.76% return on equity of \$5.34 million. A dividend of \$320,000 has been declared but only the amount received during the financial year of \$150,000 has been reflected within the 2012 Accounts.

Opoutama and Mahia Community Waste Water Schemes

The design of the Mahia Beach and Opoutama wastewater schemes has been completed. Construction is underway on the Mahia Beach scheme and will commence shortly on the Opoutama scheme. Further consultation on cost allocation is being undertaken for the Opoutama scheme.

Rooding

No new roads added to inventory
1.3km rehabilitated roads
24.1km resurfaced roads
15.4km unsealed road metal buildup

Stormwater

120m open drains piped

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)			
	2010	2011	2012		2010	2011	2012
Yes	31%	32%	22%	Yes, definitely	33%	39%	40%
The same	54%	53%	64%	Yes, mostly	58%	50%	57%
Worse	12%	13%	6%	Not really	6%	9%	2%
Unable to comment	4%	2%	8%	No, definitely not	1%	1%	1%
				Unsure	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)			
	2010	2011	2012		2010	2011	2012
Very Satisfied	11%	14%	13%	Very Good	38%	37%	38%
Satisfied	53%	55%	42%	Good	44%	41%	46%
Neither satisfied nor dissatisfied	21%	14%	33%	Fair	13%	16%	12%
Dissatisfied	9%	7%	7%	Poor	4%	5%	4%
Very dissatisfied	3%	5%	2%	Don't know	1%	1%	
Don't know	4%	6%	3%				

Community Spirit. (Supportive, caring and valued communities)				Natural Environment. (An environment that is appreciated, protected and sustained for future generations)			
	2010	2011	2012		2010	2011	2012
Very Good	32%	35%	26%	Very Satisfied	23%	21%	21%
Good	45%	44%	53%	Satisfied	54%	56%	54%
Neither good nor bad	17%	13%	14%	Neither satisfied nor dissatisfied	11%	13%	15%
Not very good	5%	6%	5%	Dissatisfied	9%	7%	5%
Poor	1%	1%	1%	Very dissatisfied	1%		3%
Don't know				Don't know	2%	2%	1%

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 2012. An unqualified audit report was signed on 23rd October 2012. 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 summary financial statements were authorised for issue on 23rd October 2012, by the Mayor, Les Probert, and the Chief Executive Officer, Peter Freeman.

The full financial statements were authorised for issue on 23rd October 2012. 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 2012

	\$	%
Rates	9,743,050	35.49%
Subsidies	14,764,885	53.78%
Petrol Tax	66,089	0.24%
Fees and Charges	2,510,796	9.15%
Investment Income	358,927	1.31%
Miscellaneous Income	7,027	0.03%
	<u>27,450,774</u>	<u>100.00%</u>

Subsidies and Rates make up over 88% 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 2012

	\$	%
Water Services	3,009,042	12.46%
Solid Waste	1,036,764	4.29%
Transport	14,013,591	58.02%
Community Facilities	2,642,956	10.94%
Planning and Regulatory	1,257,533	5.21%
Leadership and Governance	1,310,806	5.43%
Investments	112,439	0.47%
Corporate	770,257	3.18%
	<u>24,153,388</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 2012

	\$	%
Property, Equipment, and Intangibles	196,314,779	89.77%
Investment Properties	277,000	0.13%
Investment in Subsidiaries	1,250,000	0.57%
Cash and Cash Equivalents and other Financial assets	14,290,630	6.53%
Trade and other Receivables	6,433,205	2.94%
Other Assets	137,221	0.06%
	<u>218,702,835</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 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 2012

	\$	%
Trade and Other Payables	4,546,889	81.38%
Landfill Aftercare	850,518	15.22%
Employee Benefit Liabilities	189,745	3.40%
	<u>5,587,152</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 2011/2012 Annual Plan are as follows:

Income Statement	2012 Annual Plan \$
2012 plan net surplus	2,527,534
Higher (lower) subsidy revenue (regional projects, emergency works)	6,718,517
Higher (lower) income from investments	(1,099,930)
Higher (lower) income from fees & charges (water production, waste management)	811,951
Higher income from rates	496,909
Increase in costs due to additional roading work, operating deficits from production of water and sewerage	(6,160,711)
Capital gain on asset sales	-
Loss on revaluation of woodlots	-
Gain on revaluation of Wairoa Landfill Aftercare provision	-
Other	3,116
2012 actual net surplus	<u>3,297,386</u>
 Capital expenditure	
2012 plan	8,494,312
Projects deferred or cancelled	-
Additional projects approved	4,021,799
Projects under/over spent	-
Actual expenditure 2012	<u>12,516,111</u>

Summary Financial Statements for the Year Ending 30th June 2012

	COUNCIL 2012 ACTUAL \$	COUNCIL 2012 ANNUAL PLAN \$	COUNCIL 2011 ACTUAL \$	GROUP 2012 ACTUAL \$	GROUP 2011 ACTUAL \$
Summary Statement of Comprehensive Income					
Rates Revenue	9,743,050	9,246,141	9,587,884	9,743,050	9,402,675
Other Revenue	17,707,724	11,274,070	13,268,315	24,023,683	16,645,006
Total Operating Revenue	27,450,774	20,520,211	22,856,199	33,766,733	26,047,681
Total Finance Expense	-	-	-	107,171	134,924
Total Operating Expense (excluding finance expense)	24,153,388	17,992,677	23,167,009	29,928,084	26,080,279
(Increase)/decrease in biological asset	-	-	-	-	-
Capital Gain on Asset Sales	-	-	-	-	-
Operating Surplus/(Deficit) before taxation	3,297,386	2,527,534	(310,810)	3,731,478	(167,522)
Taxation	-	-	-	205,266	133,018
Net Surplus/(Deficit) after taxation	3,297,386	2,527,534	(310,810)	3,526,212	(300,540)
Gain on revaluation of Infrastructural assets	5,640,495	-	15,748,899	5,640,495	15,748,899
	8,937,881	2,527,534	15,438,089	9,166,707	15,448,359
Summary Statement of Changes in Equity					
Equity opening balance	204,177,802	190,549,947	188,739,713	207,907,135	192,458,776
Net Surplus/(Deficit)	3,297,386	2,527,534	(310,810)	3,526,212	(300,540)
Gain on revaluation of Infrastructural assets	5,640,495	-	15,748,899	5,640,495	15,748,899
Equity closing balance	213,115,683	193,077,481	204,177,802	217,073,842	207,907,135
Comprising:					
Accumulated Funds and Retained Earnings	126,675,813	122,257,074	121,149,306	129,643,438	123,888,105
Revaluation Reserves	70,933,439	51,747,064	66,277,144	71,923,973	67,267,678
Special Fund Reserves	15,506,431	19,073,343	16,751,352	15,506,431	16,751,352
Sinking Fund Reserves	-	-	-	-	-
	213,115,683	193,077,481	204,177,802	217,073,842	207,907,135
Summary Statement of Financial Position					
Current Assets	20,765,870	21,722,657	22,451,468	24,309,785	26,344,416
Non-current Assets	197,936,965	177,284,567	186,538,682	200,904,390	189,163,420
Total assets	218,702,835	199,007,224	208,990,150	225,214,175	215,507,836
Current Liabilities	4,546,889	5,072,355	3,995,163	5,675,124	5,510,734
Non-current Liabilities	1,040,263	857,388	817,185	2,465,209	2,089,967
Total Liabilities	5,587,152	5,929,743	4,812,348	8,140,333	7,600,701
Total Equity	213,115,683	193,077,481	204,177,802	217,073,842	207,907,135
Summary Cash Flow Statement					
Cash Flow from Operating Activities	9,424,463	6,174,213	2,349,898	9,888,983	4,163,292
Cash Flow from Investing Activities	(10,258,630)	(8,494,312)	(4,241,194)	(11,408,837)	(4,820,783)
Cash Flow from Financing Activities	-	-	-	76,310	(529,902)
Net Increase/(Decrease) in Cash and Cash Equivalents	(834,167)	(2,320,099)	(1,891,296)	(1,443,544)	(1,187,393)
Plus Opening Cash and Cash Equivalents	3,619,825	5,569,716	5,511,121	5,329,882	6,517,275
Closing Cash and Cash Equivalents	2,785,658	3,249,617	3,619,825	3,886,338	5,329,882

In the opinion of Council and Management of Wairoa District Council, the summary financial report for the year ended 30th June 2012 fairly reflects the financial position and operations of Wairoa District Council.



Chief Executive
Peter Freeman
23rd October 2012



Mayor
L Probert
23rd October 2012

Summary of Performance Measures

Activity Group	Achieved	Not Achieved	Not Measured
Transport, Water and Waste			
Water Reticulation and Production	3	6	2
Storm Water and Drainage	3	4	
Sewerage	4	3	
Waste Management	9	5	
Roads	6	6	
Airport	5	1	
Community Services			
Cemeteries	2	1	
Parks and Reserves	6	1	
Library	5	2	
Community Support	4	1	
Pensioner Housing	8	1	
Planning and Regulatory			
Resource Planning	6		
Environmental Health	5	1	
Dog Control	5	2	
Livestock Control	4	3	
Bylaw Compliance General	1	1	1
Building Inspection	6	2	
Liquor Control	3	2	
Emergency Management	8		
Leadership and Governance			
Community Representation	10		
Maori Liaison	7		
Economic Development	5	1	
	115	43	3

	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know	Very satisfied/Fairly satisfied	Not Very satisfied	Don't Know
Water Services	92%	7%	1%	88%	9%	3%
Stormwater and Drainage	72%	26%	1%	72%	26%	2%
Sewerage	86%	9%	4%	88%	10%	2%
Waste Management	74%	18%	8%	69%	24%	7%
Roads	71%	28%	2%	69%	29%	2%
Parks and Reserves	90%	7%	3%	88%	8%	4%
Library	96%	2%	2%	93%	1%	7%
Dog Control	56%	36%	8%	66%	30%	3%
Mayor and Councillors	90%	6%	5%	87%	8%	5%

INDEPENDENT AUDITOR'S REPORT**TO THE READERS OF
WAIROA DISTRICT COUNCIL'S
SUMMARY OF THE ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

We have audited the summary of the annual report (the summary) as set out on pages 4 to 8 which was derived from the audited statements in the annual report of the Wairoa District Council (the Council) for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 23 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, 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 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 23 October 2012 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 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*.

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



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

Matters relating to the electronic presentation of the summary audited financial statements, non-financial performance information and the other requirements

This audit report relates to the summary financial statements, non-financial performance information and the other requirements of Wairoa District Council for the year ended 30 June 2012 included on the Wairoa District Council's website. The Council is responsible for the maintenance and integrity of the Wairoa District Council's website. We have not been engaged to report on the integrity of the Wairoa District Council's website. We accept no responsibility for any changes that may have occurred to the summary financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the summary financial statements, non-financial performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited summary financial statements, non-financial performance information and the other requirements as well as the related audit report dated 23 October 2012 to confirm the information included in the audited summary financial statements, non-financial performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.