

Summary Annual Report 2013/2014

Message from the Mayor and Chief Executive

We are pleased to present the Annual Report for the year ended 30 June 2014. This Report summarises our performance across different activity areas as well as the overall financial performance for the 2013/14 financial year.

The present Council, elected in 2013 has continued the application of our guiding principles of prudent financial management, sustainable asset infrastructure and the efficient delivery of services.

We worked closely with our key stakeholders and community partners to ensure our vision "Creating a better future with vibrant communities and thriving business" becomes a reality over time.

Our residents have confirmed we are on the right track through very good survey ratings. A total of 85% of residents surveyed were satisfied that we are moving towards this vision for the Waitomo District.

Our key infrastructure highlights for the past year include:

- the successful completion of the Te Kuiti Wastewater Treatment Plant upgrade;
- the completion of a large portion of the necessary storm water renewal and rehabilitation work in Te Kuiti; and
- the construction of the new Mokau Raw Water Storage Dam. The dam has doubled the capacity of the town's raw drinking water storage to 20,000 cubic metres and provides a secure and adequate water supply for the residents and visitors of Awakino and Mokau.

We have supported a strong and focussed Youth Council which through its efforts improved the Te Kuiti Skate Park and made this facility safer for the public. We look forward to continuing the engagement with our Youth through the Social Sector Trials, by developing Youth leadership skills and confidence so they can make a difference in our communities.

As an organisation, we have been focussed on delivering high quality services and again the measure of this is recorded by the positive results of our resident satisfaction survey. Overall, our targets were exceeded in terms of satisfied residents on our efficiency (73%), that we are capable and competent (81%) and we have good financial management (65%).

Our provision of safe waste management facilities was again recognised. A rating of 92% satisfaction was given for safety of the recycling facilities and transfer stations and 94% satisfaction with the safety of Councils landfill facility in this year's resident survey. We have also conducted audits at our refuse and recycling facilities to identify areas where safety could be further improved.

We continually review the way we deliver our very wide range of services, to ensure that we are delivering the best possible outcomes for our residents and ratepayers.

In 2012 the decision was taken to extend the in house delivery of maintenance for public amenities, gardens and playgrounds and interment services to include mowing and lawn maintenance. That arrangement reflects our new approach of providing a wide range of community services and amenities that are fit for purpose at best value.

In this year's survey, 77% of residents were satisfied with the quality of Parks and Reserves. Our parks and facilities team also played an integral part in the timely completion of the Rora Street Gardens project ahead of our annual 'The Great New Zealand Muster' event.

The team also supported a creation of the Meadville Gallery at the Waitete Rugby Club.

The revitalisation of the Te Kuiti Railway Buildings project has made good progress through the financial year. We are excited about the opportunities this vibrant hub will bring to Te Kuiti.

The Brook Park Incorporated Society is making great progress with their efforts to increase awareness of Brook Park and increase the membership of its volunteer management committee.

Volunteers have completed a major makeover of the park and walking tracks. The redevelopment includes signage and

information boards, new track markers, post and rail fencing, maintenance work in the arboretum, bush and woodlots and improvements to the barbecue and picnic area.

In terms of our financial performance, we continue to manage our finances prudently on behalf of the community.

Our public debt at the end of the financial year is \$4.9 million less than originally forecast by the 2013/14 Exceptions Annual Plan and is now recorded at \$44.8 million.

Operating expenditure was less than budgeted for at the end of the financial year. This result highlights the attention that is paid to ensuring service delivery is done in the most cost effective manner.

The capital expenditure was less than budgeted for reflecting in part the delay in the start of the planned Te Kuiti Water Treatment Plant upgrade work. This project is however underway at the time of writing this report.

We have continued to seek out subsidies and grants where possible to assist in the funding for our infrastructure works. In the 2013/14 year WDC received approximately \$7.1 million in subsidies and grants. This figure does not include the subsidy that is expected for the Te Kuiti Water Treatment Plant upgrade or the grant received for the restoration of the Te Kuiti Railway Buildings.

One significant financial change has been the revaluation of the investment in Inframax Construction Limited (ICL), confirming that the Company fair value sits in the range of \$2.6 - \$3.8 Million at the end of the 2013/14 financial year.

Council's investment in ICL has delivered an outstanding result posting an after tax profit of \$511,399.

The Board and Management are well on the way to completing the task of making ICL a very viable and competitive company with a strong focus on Health and Safety and industry innovation. The company can look forward to a bright trading future.

We would like to take this opportunity to congratulate the Board, Management and Staff on their consistent efforts which has resulted in the much improved trading margins, greater efficiencies and smart contracting that has led to this great outcome.

This achievement confirms that Councils decision in 2010 as the Shareholder; to fully back the recovery plan of the Company was the right decision to make.

ICL returning to profit also allows an ongoing sound contribution to the wider district and this will provide a huge benefit for the business community that ICL deals with.

In conclusion, during the 2013/14 financial year we have made excellent progress towards our goal of being a Council with sound financial management practices and sustainable infrastructure assets that will lead our communities towards a vibrant and thriving future.

We have a committed elected Council and staff working collectively to achieve good outcomes for our ratepayers and the community as a whole.



BRIAN HANNA
MAYOR



CHRIS RYAN
CHIEF EXECUTIVE

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

The summary annual report was derived from the annual report of the Waitomo District Council (the District Council) and group for the year ended 30 June 2014. 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 balance sheet as at 30 June 2014;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as summary statement of service performance) 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 3 November 2014.

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 and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 29th October 2014 on the full audited statements.

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.

Melissa Youngson
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand
3 November 2014

Purpose of the Annual Report

Every year we are required to produce an audited Annual Report and within the following month produce a Summary of that Annual Report. The Annual Report reports on Council's results and achievements against its Annual Plans and its 10 year Long Term Plan (LTP).

The full Annual Report was adopted by Council on 29 October 2014. It is a key accountability document for our communities and it explains how we have performed for the year. It is an important way of informing our communities about how we are progressing in achieving our goals. It also highlights the areas we performed well in and the areas we need to improve on and how we plan on doing this.

This Summary Annual Report was authorised for issue by the Mayor and Chief Executive on 3 November 2014.

This Summary Annual Report provides a snapshot of our performance over the last financial year from 1 July 2013 to 30 June 2014. The information contained in this Summary has been extracted from our full Annual Report which contains audited statements that detail information about our finances and service performance.

Copies of the full Annual Report are available on Council's website. You can request a copy by contacting Waitomo District Council on 0800 932 4357 or send us an email info@waitomo.govt.nz

Role and Direction

Under the Local Government Act 2002, the purpose of Local Government (Council) is:

1. To enable democratic local decision-making and action by, and on behalf of communities; and
2. To meet the current and future needs of the communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

In performing its role, Council must have particular regard to the contribution that the following core services make to the communities:

- (a) network infrastructure;
- (b) public transport services;
- (c) solid waste collection and disposal;
- (d) the avoidance or mitigation of natural hazards;
- (e) libraries, museums, reserves and other recreational facilities, and community amenities.

The Act imposes specific responsibilities relating to Water, Wastewater and other sanitary works (such as public toilets).

Under other legislation, Council is also responsible for:

- public health and safety,
- waste minimisation,
- civil defence,
- emergency management,
- regulating building and land development/land use,
- food and liquor sales,
- gambling,
- animal control, and a range of other services provided to the community.

The Act provides Council with the general authority and responsibility to take actions that are wholly or principally for the benefit of Waitomo district, including gathering rates (property tax) and setting bylaws.

Our Reporting

In order to enable good governance oversight, Council is provided with a financial report on a monthly and quarterly basis. Our non-financial performance (Statement of Service Performance) is reported to Council on a quarterly basis along with detailed commentary on what we have achieved or not and what we plan on doing to improve our future performance results.

In the full Annual Report, for each of Council's 10 Groups of Activities, you will find:

- What we do
- How we contribute to Community Outcomes
- What projects were completed in the year
- How we performed and whether we achieved our targets
- How we went against our budget.

All of this information is intended to provide a complete picture about how WDC is performing.

Measuring Resident Satisfaction

Assessing the satisfaction of the residents of the District with the services and facilities we provide is important for Council. We undertake a Resident Satisfaction Survey (RSS) every year to find out how well the community thinks we are doing. This report uses information from the RSS to report on our performance against our strategic goals.

The Guiding Principles

In order to develop well-balanced, inter-connected and focussed proposals that will respond to challenges over the next 10 years and beyond, Council adopted three guiding principles during the development of the 2012-22 LTP:

1. Financial Sustainability

Developing and maintaining good financial health which can withstand cyclic ups and downs. The management of liquidity, interest rate exposure and structured debt reductions form an integral part of the Plan.

2. Community Well-being

For the past few years Council's focus has been on the provision of core infrastructure particularly where it could have a high level of impact on public health.

Services have been prioritised into areas of greatest need, as per community and legislative requirements, and in a manner that optimises return on investment.

3. Affordability

In keeping with the principle of rates affordability, Council has made optimal use of sequencing and prioritising to provide essential services first, deferring services where it's not detrimental to do so.

The focus for the 2013/14 year was to maintain existing service levels in all its activities, strive towards operational efficiency and carry out capital renewals in keeping with sound asset management practices.

The 2013/14 financial year saw Council continuing to work on implementing strategies that recognise the need to strike the right balance between the need for prudent and sustainable financial management, rates affordability and an overall contribution to the community through the delivery of services.

Council carefully considered rates affordability and at the same time focussed on its goal to maintain robust financial health and meet the wishes of our residents. The average rate increase for the 2013/14 year was 3.2% for all properties in the District, against the original LTP forecast of 7% for the 2013/14 financial year.

Legislative Considerations

December 2012 saw the introduction of further amendments to the Local Government Act 2002.

The key change was to the purpose clause of the Local Government Act which now directs Councils to "meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses".

Council assessed all its activities and determined that they were aligned with the new purpose.

Progress against Strategic Priorities

Council's vision for our District is "Creating a better future with vibrant communities and thriving business".

To make this vision a reality, we plan to facilitate better economic and social outcomes for our District. We want to make the Waitomo District an attractive place that people will choose to come and live, visit or work in.

It is important that our District attracts outsiders and retains youth by ensuring that relevant opportunities exist for them within the District.

We continue to work closely with all our key stakeholders: local Police and other government agencies along with numerous community groups in Te Kuiti, Waitomo, Piopio and Benneydale to make our communities a better place to live in.

Community Development

The activities within this group are focussed on promoting a better quality of life and a better living environment within the District.

A priority for the 2013/14 year has been youth engagement including supporting and mentoring the Waitomo Youth Council, Mayor's Taskforce for Jobs, Tuia Programme, Social Sector Youth Trials; and Social Sector Youth Mentoring Programme.

The Council also received funding from the Ministry of Social Development to set up the Youth Hub, and to make improvements to the Te Kuiti Skate Park.

Te Kuiti Railway Buildings

This project was consulted upon and endorsed through the 2013/14 Annual Plan; and is progressing as planned with construction work commencing in 2014.

Funding application, tenders and contracting work related to the external restoration and structural strengthening of these historic buildings was completed in the 2013/14 year.

Roading renewal for the area adjacent to the buildings is largely complete.

Council will continue to engage with the community on this project.

Council aspires to create a 'hub' in the centre of Te Kuiti which will contribute to the vibrancy of the township and is expected to have a positive impact on economic and community development for Te Kuiti and the Waitomo District.

Regional Collaboration

We have been working closely with other Council's as an active participant in the Waikato Mayoral Forum (WMF), a group involving the Mayors and Chief Executives of local authorities within the Waikato Region.

The workstreams covered by the WMF include Economic Development, Road, Water/ wastewater and Stormwater, Planning and Governance, and Policy and Bylaws.

Other collaborative initiatives that WDC has participated in are common procurement and development work in the Information Technology area, procurement of joint insurance and joint agreement for postal services.

Infrastructure Upgrades

We have been working on improving the condition of our district's core infrastructure assets (Water Supply and Sewerage) in order to support public health outcomes and to meet Resource Consent and other legislative requirements.

Upgrades have also been planned to other community assets to ensure consistent and good quality services are delivered to its communities.

Key achievements for 2013/14

Construction of the new Mokau storage dam to increase the holding capacity of the town's raw drinking water storage to 20,000 cubic metres and to provide a secure and adequate water supply to Awakino and Mokau.

Disinfection upgrades were completed at Mokau and Benneydale Water Supplies.

The Te Kuiti Wastewater Plant rebuild has been completed and is performing exceptionally well.

This has been one of the largest infrastructure projects undertaken in our district.

We were successful in obtaining Central Government subsidies for essential projects:

\$725,789	Mokau Water supply storage dams (amount of subsidy claimed in 2013/14 is \$548,100).
\$58,744	Mokau Water Treatment Plant.
\$67,108	Benneydale Water Treatment Plant.
\$20,000	Funding towards Youth Council.
\$108,495	Social Sector Youth Trials
\$15,823	World War One Commemorations

These subsidies will ensure the successful completion of the upgrades to essential services and the delivery of important projects in the community.

Our performance - at a glance

During the year we continued to manage the District's finances prudently on behalf of the Waitomo District community.

WDC reported a net surplus after tax of **\$3.9 million** compared to a budget surplus of \$3.7 million. This result is mainly attributable to expenditure being less than budget due in the areas of finance costs, solid waste management, sewage and community services.

Revenue was **\$0.27 million** less than budget

Expenditure was **\$0.51 million** less than budget

Balance Sheet

- Total equity was **\$6.7 million** more than budget due to the gain in 'revaluation of assets available for sale' reserve (this relates to the change in value of investment in Inframax Construction Ltd). There was also an increase in the revaluation reserve as a result of the revaluation of road and solid waste assets.
- Current assets were **\$0.5 million** less than budget due to a reduced level of Debtors and other receivables than what was anticipated at the time the budgets were prepared. This was partially offset by a higher level of Cash and Cash Equivalents than anticipated.
- Current liabilities were **\$5.5 million** less than budget as there is a reduction in creditors and also a significant reduction in the current portion of borrowings than what was budgeted.
- Non current assets were **\$1.9 million** more than budget due to the increase in the value of Other Financial Assets from the valuation of the investment of Inframax Construction Ltd of \$2.6 million. Property, Plant and Equipment was less than budget due to delays in the capital expenditure programme and the increase in asset valuations for roads and solid waste that were more than anticipated. Derivative Financial Assets were also \$0.4 million more than budget.

The Group consists of Waitomo District Council and its 100% owned subsidiary Inframax Construction Limited and Inframax Construction Limited's 100% owned subsidiary Independent Roadmarkers Taranaki Limited.

The Group's **overall performance** for the year was an after-tax profit of \$4.6 million.

At 30 June 2014 total equity for the Group was **\$278 million**. There was a \$7 million increase in equity reflecting:

- The Group's after tax profit of **\$4.6 million** and a gain of **\$0.4 million** from cash flow hedges.
- Current assets increased by \$0.6 million mainly due to increase in cash and cash equivalents, and a decrease in debtors and other receivables.
- Overall current liabilities decreased by \$14.4 million mainly as a result of the decrease in the current portion of borrowings.
- Non-current liabilities increased by \$13.8 million due mainly to an increase in non current borrowings.
- Non-current assets increased by \$5.9 million due mostly to the increase in property, plant and equipment assets at 30 June 2013 and derivative financial instruments.

Inframax Construction Limited

Council recently commissioned an independent valuation of ICL as at 30 June 2014. This valuation estimated ICL's enterprise value to be between \$9.2 - \$10.4 million and its fair value (net of debt and surplus assets) to be in the range of \$2.6 - \$3.82 million, with a **mid-point of \$3.2 million**.

This is most encouraging for ICL and for Council as shareholder particularly since the value of Council's investment in ICL has been recorded in our books at zero value for the past four years. **The value of our investment in ICL has now been included at \$2.6 million.**

The Company's performance has improved tremendously during 2013/14 with a **net profit of \$551,399**. This is an excellent result in a very competitive market and particularly given that ICL posted a net pre-tax loss of \$92,000 in the 2012/13 year.

When combined with the result from Independent Roadmarkers Taranaki Limited (IRT), the two subsidiaries produced a net pre-tax profit of \$535,299 in 2013/14, a significant increase on the combined net pre-tax profit of \$75,110 at 30 June 2013.



Key Highlights for 2013/14

These are some of the projects we completed across our ten significant activities.

Governance - Leadership and Investments

- We prepared, consulted and adopted the Exceptions Annual Plan for 2014/15.
- Our Pre-election report was prepared and published prior to the Triennial Local Government elections in October 2013.
- Actively participated in the Waikato Mayoral Forum to review and consider opportunities to collaborate in planning, purchasing and service delivery options.
- Completion of the 2014 Residents Satisfaction Survey.

Community Service

- New signage within the reserve at Brook Park was installed by Brook Park Society.
- Tender and contract documentation for Te Kuiti Railway building was completed.
- Agreement reached with Te Kuiti Community Child Care Centre (The Cottage) to establish a shared carpark, known as the Esplanade Carpark, for Waitomo Cultural and Arts Centre.

Community Development

- Administration of the Community Development Fund.
- Continued delivery of district events, The Great NZ Muster and Waitomo District Christmas Parade.
- Participation and support of youth engagement projects.
- Development of a Waitomo District Customer Service Charter and Customer Service Strategy.

Regulation

- Council had its accreditation as a Building Consent Authority renewed with no corrective actions requiring attention.
- The development of a draft Local Alcohol Policy to control the location, number and opening hours of licensed premises.

Solid Waste Management

- Continuation of waste reduction initiatives in the District - the EnviroSchools programme, Paper for trees with schools and the Compost bins at schools programme.
- Audits conducted at waste management facilities to identify hazards and safety improvements.

Stormwater

- Commencement of critical renewal/rehabilitation works in Ngatai Street, George Street and Duke Street.
- Approximately 4,000 linear metres of Stormwater reticulation system cleaned and surveyed.

Resource Management

- Continued effective administration of the Resource Management Act 1993 and the District Plan so as to facilitate responsible development within the District.
- The District Plan was amended to give effect to the following National Environmental Standards:
 - » NES for Telecommunications Facilities
 - » NES for Electricity Transmission Activities
 - » NES for Assessing and Managing Contaminants in Soil to Protect Human Health.

Sewerage and the Treatment and Disposal of Sewage

- Completion of the upgrade to the Te Kuiti Wastewater Treatment plant.
- Update of asset information to improve accuracy and completeness. Information is collated on critical assets and a greater focus on risk identification and management is developed as part of the asset management programmes.

Water Supply

- Development of a phased 10 year plan of improvements to the Council's water supply system to ensure adequate water supply volume; meet the Drinking-water Standards for New Zealand 2005 and to address aesthetic concerns raised by residents (taste, odour, colour).
- Construction works on the Mokau storage dam to increase the holding capacity of the town's raw drinking water storage to 20,000 cubic metres and provides a secure and adequate water supply to Awakino and Mokau.

Roads and Footpaths

- Rehabilitation of sections of Mangaokewa Road and Aria Roads pavement.
- Installation of new street lights to replace existing lights that were in an unsafe condition completed.
- Structural metal was placed on 42km of unsealed road
- Completion of the Rora Street upgrade (Stage three).

Summary of Activity Performance

Council adopted a range of performance targets to allow it to measure, over time, whether or not the performance in the delivery of services was properly focused on WDC's priorities. As part of the development of the 2012-22 LTP, a new set of performance measures were adopted.



2014 Resident Satisfaction Survey

This year the Council changed from the commissioned telephone survey approach it used in 2013 to a paper survey. The paper based survey was supported by the option of completing the same survey online using Survey Monkey. In total 4,000 paper surveys were distributed to letterboxes, Post Office boxes, rural delivery addresses and the remaining copies were made available at the Visitor Information Centre, Library, Customer Services counter and Te Kuiti New World.

Residents were asked to provide their opinion on the level of satisfaction with the services provided by WDC using a five point rating scale. The percentage of neutral responses received was high. Neutral responses were not included in the calculations for the purpose of reporting as these responses do not indicate whether the user is satisfied or dissatisfied. Although it would have been fair to read neutral responses as a measure of satisfaction since if the respondents were dissatisfied they would rate so, however, it was decided that not including neutral responses at all was probably the more conservative approach and certainly less likely to be construed as interpretation. This approach is consistent with the 2013 Resident Satisfaction Survey, in which the don't know responses have been removed.

WDC received a good response to its residents survey this year, with a total of 470 completed surveys returned by the 30th May.

The following information provides a snapshot of progress made by WDC in achieving the performance targets. Detailed Statement of Service Performance can be found under the 'Our Activities' section of the full 2013/14 Annual Report.

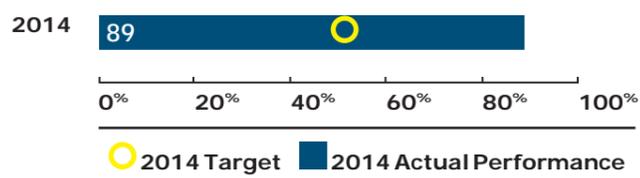
Activity	Number of performance targets	Achieved	Not Measured	Not Achieved
Roads and Footpaths	6	3	-	3
Water Supply	8	4	-	4
Sewerage	4	3	-	1
Stormwater	5	5	-	-
Solid Waste	8	6	-	2

Governance: Leadership and Investments

This activity has four performance measures of which all four were achieved during the year.

Council provides effective and useful communications.

In the 2014 Residents Satisfaction Survey (RSS), 89% of residents surveyed are satisfied and very satisfied with the provision of Council communications. This rating exceeds Council's target of greater than or equal to 50%.



Community Service

The performance of the Community Service activity was excellent with 11 out of 12 performance targets achieved during the year.

90% of library users are satisfied with the quality of library facilities and service.

90% of residents surveyed were satisfied or very satisfied with the Council's library facilities and service.

This rating exceeds Council's target for 2013/14 of greater than or equal to 85%.



We ensure that staff are equipped and trained to efficiently manage the Civil Defence headquarters in an emergency.

NZ Shakeout Exercise involving Civil Defence headquarters staff was undertaken at Waitomo District Council Office in June 2014.

Community Development

There are six performance measures for Community Development, of which five were achieved during the year.

Through our membership with the Hamilton and Waikato Regional Tourism Organisation, we will ensure enhanced presence in national and international markets for the District.

How we measured success	Our Performance
Number of District Promotion opportunities taken by the Hamilton and Waikato Regional Tourism Organisation in key publications and industry events. Target > 4	Achieved Thirteen District promotion opportunities were taken in key publications and industry events

We support the positive development of youth within the District.

The Youth Council hosted 'Waitomo's Got Talent' on 23 August 2013. They also completed the Skate Park Project on 25th May 2014. The project was initiated to enhance the facility and improve safety for users of the park.



Regulation

There are seven performance measures for the Regulation activity, of which three were achieved during the year.

We ensure that consented building works adhere to the Building Code.

How we measured success	Our Performance
Percentage of consented buildings under construction (inspected) to ensure code compliance. Target 100%	Achieved 100% of consented buildings under construction are inspected.

We provide an effective environmental health service for the community.

52% of residents were satisfied or very satisfied with the Environmental Health Service, in the 2014 Resident Satisfaction Survey.

Resource Management

All three performance measures for the Resource Management activity, were achieved during the year.

We ensure that resource consents are processed in a timely and customer friendly manner so as to facilitate district wide development.

92% of non notified consents processed within 20 working days.

There are also areas where our performance is declining or has fallen short of the target, for example:

- Results for resident satisfaction in regards to water quality show that it did not meet the target of 75%. 49% of residents surveyed indicated they were satisfied or very satisfied with the district's water quality.
- Animal control service fell short of its target of 50% or more residents surveyed satisfied with the service. 46% of residents surveyed were satisfied or very satisfied with this service.
- Provision of parks & quality reserves also showed a decline in satisfaction. 77% of residents surveyed indicating they were satisfied or very satisfied with this service. The target rate for 2013/14 of equal to or greater than 80% was not achieved.
- The performance target of 'less than four service complaints from ratepayers in any one month regarding the condition of the roading surface' was also not achieved.

Further details of the satisfaction survey and of the results measured against Council's Key Performance Indicators (KPIs) can be found on page 15 of the full Annual Report and in the Statements of Service Performance on pages 16-55 of the full Annual Report.

Summary Financial Statements for the year ended 30 June 2014

The summary financial statements have been extracted from the corresponding full Annual Report which was authorised for issue on 29 October 2014 by the Mayor and Chief Executive. An unqualified audit report was issued and signed as part of the Annual Report on 29 October 2014. Deloitte have audited this Summary Report and have issued an unmodified opinion on **3 November 2014**. The Summary Report was authorised for issue on **3 November 2014** by the Mayor and Chief Executive. The information included in the Summary Report has been prepared in accordance with FRS 43: Summary Financial Statements.

A Summary Report cannot provide as complete an understanding of the financial and non-financial performance of Waitomo District Council as the full Annual Report.

For further detailed information please refer to the following sections in the full Annual Report: Financial Statements page 61 to 133, Report of the Audit Office page 57-60 and Our Activities page 15-55. A full copy of the Annual

Report is available from Waitomo District Council Office, Te Kuiti Public Library or on our website: www.waitomo.govt.nz

The primary objective of the Council is to provide goods or services to the community for social benefit rather than for making a financial return.

Accordingly the Council has designated itself as a public benefit entity for the purposes of NZ IFRS. The full set of financial statements complies with NZ GAAP and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements at 30 June 2014 comprise the Waitomo District Council and its wholly owned subsidiary Inframax Construction Limited incorporated in New Zealand, and its wholly owned subsidiary Independent Roadmarkers Taranaki Ltd incorporated in New Zealand.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Summary Statement of Comprehensive Income for the year ended 30 June 2014

	Council			Group	
	2014 BUDGET \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
Continuing Operations					
Rates excluding targeted water supply rates	17,248	16,931	16,416	16,931	16,416
Fees, charges and targeted rates for water supply	529	685	692	685	692
Subsidies and Grants	7,120	7,068	7,863	7,068	7,863
Interest Revenue	107	91	92	35	107
Other Revenue	3,307	3,327	3,225	32,026	29,264
Other Gains/(Losses)	32	(24)	195	(24)	195
Total Revenue and Gains/(Losses)	28,343	28,078	28,483	56,721	54,537
Employee Benefit Expenses	3,355	3,757	3,402	12,287	12,076
Depreciation and Amortisation	5,303	5,433	5,363	6,530	6,351
Finance Costs	2,738	2,311	2,306	2,918	2,862
Other Expenses	13,200	12,586	11,817	30,551	27,739
Total Expenditure	24,596	24,087	22,887	52,286	49,028
Surplus/(Deficit) Before Tax	3,747	3,991	5,596	4,435	5,509
Income Tax Expense/(Revenue)	0	0	0	(152)	26
Surplus/(Deficit)	3,747	3,991	5,596	4,587	5,483
Other Comprehensive Income					
Revaluation of Property, Plant and Equipment	0	2,112	0	2,112	359
Gains/(Losses) from Cash Flow Hedges	0	383	551	383	551
Revaluation of Available for Sale Assets	0	2,600	0	0	0
Income Tax relating to Components of Other Comprehensive Income	0	0	0	0	0
Other Comprehensive Income/(Loss) for the Year, Net of Tax	0	5,095	551	2,495	910
Total Comprehensive Income for the Year, Net of Tax	3,747	9,086	6,147	7,082	6,393

The major variances in overall performance are explained below:

Revenue was **\$0.27 million** less than budget due to:

- Rates revenue being \$0.3 million less than budget. This was a result of excluding rates revenue on Council owned properties, which was included in the budgeted figure.
- Grants forecast to be received from the Lotteries Grant Commission for restoration of the Railway Building was received after 30 June 2014.
- A \$0.5 million increase in trade waste revenue due to increased activity at local meat works.
- Refuse dump charges and sales of recycled materials at the Landfill were \$0.2 million less than budget due to reduced volumes being received.
- As the combined roading maintenance and renewals expenditures were more than budgeted, total subsidies claimed during the year were correspondingly \$1.0 million more than budget.

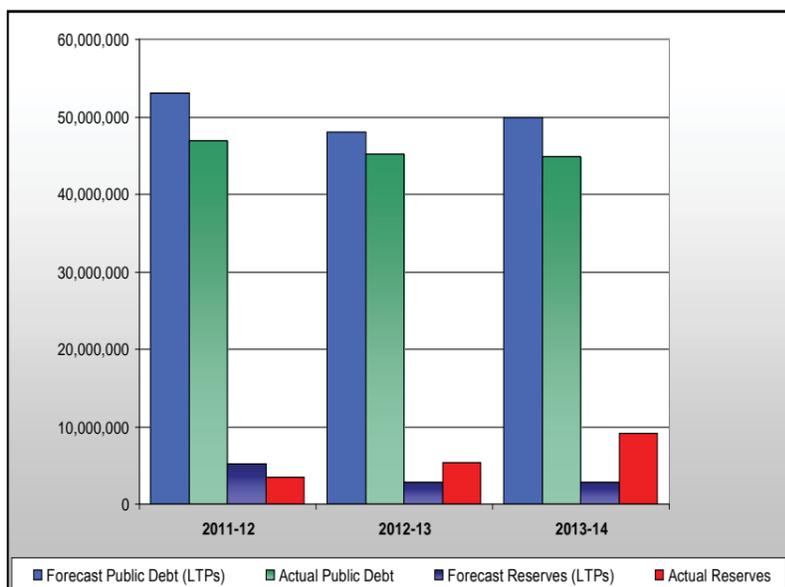
Expenditure was **\$0.51 million** less than budget due to:

- Finance costs being \$0.4 million less than budget due to a reduced public debt level than what was budgeted for and interest rates were less than anticipated.
- Depreciation costs were \$0.1 million more than budget as the useful life estimates for capital additions were shorter than what was anticipated at the time the budget was prepared.
- Solid waste management costs were \$0.2 million less than budget due to reduced volumes of refuse entering the landfill which has reduced the landfill operational costs.
- Sewerage costs being \$0.2 million less than budget due to reduced electricity and maintenance costs.
- Community service costs were \$0.5 million less than budget as a result of excluding rates paid on Council owned properties which were included in budgeted figures. Repairs and maintenance expenditure was also less than budget as this work is only carried out as required.
- Roads expenditure was \$0.6 million more than budget due to increased expenditure on first response emergency maintenance and additional sealed and unsealed pavement maintenance work carried out during the year.

Summary Balance Sheet as at 30 June 2014

	Council			Group	
	2014 BUDGET \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
Equity	272,930	279,611	270,525	278,264	271,182
Current Assets	6,831	6,316	5,878	12,099	11,497
Current Liabilities	10,023	4,563	18,091	10,403	24,791
Net Working Capital	(3,192)	1,753	(12,213)	1,696	(13,294)
Non Current Assets	321,936	323,803	315,776	327,544	321,651
Non Current Liabilities	45,814	45,945	33,038	50,976	37,175
Net Assets	272,930	279,611	270,525	278,264	271,182

Trend Analysis - Public Debt and Reserves



Public Debt and Reserves

The following tables illustrate favourable trends in the levels of public debt and reserve funds over the last three financial years, as follows:

Public Debt	30 June		
	2012	2013	2014
Forecast Public Debt (LTPs)	53,123,000	48,086,000	49,890,000
Actual Public Debt	47,005,000	45,182,000	44,865,000
\$ Trend	-6,118,000	-2,904,000	-5,025,000
% Trend	-11.5%	-6.0%	-10.0%

These trends show that the public debt has been reducing over the last three years and the actual debt requirements were considerably less than forecast. This is despite major capital works (\$32.05 million) having been completed over the last three years, (particularly on water and wastewater networks for the District's communities).

Council has managed to fund those works from subsidies and available cash whilst reducing its overall debt during that time.

Council and Group Borrowings

Borrowings of the Council and Group as at balance date:

	Council		Group	
	2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
Current				
Bank Overdraft	0	0	1,948	3,144
Secured Loans	334	13,791	334	13,791
Lease Liabilities	46	60	114	141
Total Current	380	13,851	448	13,932
Non Current				
Secured Loans	43,697	30,497	48,564	34,588
Unsecured Loans	750	750	750	750
Lease Liabilities	38	84	176	103
Total Non Current	44,485	31,331	49,490	35,441
Total Borrowings	44,865	45,182	49,938	49,373

Summary Cashflow Statement for the year ended 30 June 2014

	Council			Group	
	2014 BUDGET \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
Net Cash Inflow from Operating Activities	9,148	11,288	14,898	13,314	15,386
Net Cash Inflow from Investing Activities	(11,789)	(10,144)	(15,592)	(11,910)	(15,294)
Net Cash Inflow from Financing Activities	2,641	(360)	(1,846)	552	(3,178)
Net increase/ (decrease) in cash, cash equivalents and bank overdrafts	0	784	(2,540)	1,956	(3,086)

Statement of Changes in Equity for the year ended 30 June 2014

	Council		Group	
	2014 ACTUAL \$000's	2013 ACTUAL \$000's	2014 ACTUAL \$000's	2013 ACTUAL \$000's
Balance at 1 July	196,865	192,232	195,399	190,879
Surplus/(Deficit) for the year	3,991	5,596	4,587	5,483
	3,991	5,596	4,587	5,483
Transfer from Retained Earnings on Asset Disposal	30	234	30	234
Transfer to Council Created Reserves	(823)	(1,197)	(823)	(1,197)
Balance at 30 June	200,063	196,865	199,193	195,399
Other Reserves				
Council Created Reserves				
Balance at 1 July	5,423	4,226	5,423	4,226
Transfers from Retained Earnings	823	1,197	823	1,197
	6,246	5,423	6,246	5,423
Available for Sale Reserves				
Balance at 1 July	4	4	4	4
Valuation Gains/(Losses)	2,600	0	0	0
Balance at 30 June	2,604	4	4	4
Hedging Reserve				
Balance at 1 July	(150)	(701)	(150)	(701)
Gains/(Losses) from Cash Flow Hedges	383	551	383	551
Balance at 30 June	233	(150)	233	(150)
Total Other Reserves at 30 June	9,083	5,277	6,483	5,277
Revaluation Reserves				
Balance at 1 July	68,383	68,617	70,506	70,381
Revaluation Gains/(Losses)	2,112	0	2,112	359
	2,112	0	2,112	359
Transfer from Retained Earnings Prior Period Adjustment	0	0	0	0
Transfer from Retained Earnings on Asset Disposal	(30)	(234)	(30)	(234)
Balance at 30 June	70,465	68,383	72,588	70,506
Total Equity				
Balance at 1 July	270,525	264,378	271,182	264,789
Prior Period Adjustment	0	0	0	0
Adjusted Balance at 1 July	270,525	264,378	271,182	264,789
Surplus/(Deficit) for the year	3,991	5,596	4,587	5,483
Other Comprehensive Income				
Revaluation of Property, Plant and Equipment	2,112	0	2,112	359
Revaluation of Available for Sale assets	2,600	0	0	0
Gains/(Losses) from Cash Flow Hedges	383	551	383	551
Total Comprehensive Income	9,086	6,147	7,082	6,393
Balance at 30 June	279,611	270,525	278,264	271,182

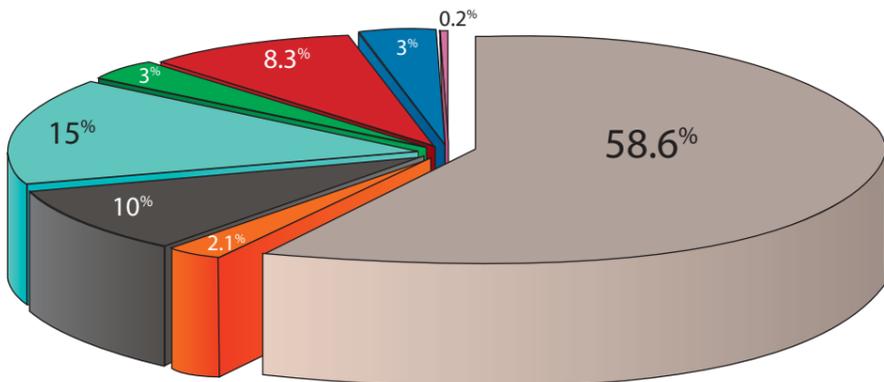
Capital Projects



Total capital expenditure amounted to **\$8.74 million**.

Overall, the capital expenditure was under spent by \$3.06 million during the year. The majority of this variance relates to delay in the commencement of planned upgrade of the Te Kuiti Water Treatment Plant (further details below).

Capital Expenditure \$8.74 million



Category	Percentage
Roads and Footpaths	58.6%
Water Supplies	15%
Sewerage Systems	10%
Community Services	8.3%
Corporate	3%
Solid Waste Management	3%
Stormwater	2.1%
Community Development	0.2%

(* Corporate includes vehicle replacements, office equipment and computer hardware renewals).

Water Supply

Total capital expenditure on water supplies was under spent by **\$2.78 million**.

- The design work for the Te Kuiti water treatment plant has been completed; however, there were delays in commencing with the upgrade.
- Delays have been experienced with the upgrade of the existing dams in Mokau.

(\$000's)	Actual	Budget	Variance
Te Kuiti	319	3,242	2,923
Piopio	44	41	(3)
Benneydale	29	3	(26)
Mokau	925	810	(115)
	1,317	4,096	2,779

Community Facilities

Total capital expenditure was \$729,000 less than budget.

- Upgrade works at the Taupiri Street building for the relocation of the Community House has not commenced fully as it is subject to grants from the Lotteries Commission.
- Work on the railway building restoration will be completed in the 2014/15 year.
- Additional capital expenditure was spent upgrading the fencing at Brook Park and the Japanese Garden in Rora Street and constructing the sea wall at Marokopa.

Sewerage Systems

Total Capital expenditure in the Sewerage activity was less than budget. Capital expenditure for Te Kuiti Sewerage exceeded budget by \$135,000 due to work on the ultra violet disinfection unit and some minor modifications required to the Te Kuiti Waste water Treatment Plant required to optimise treatment.

Additional expenditure was required to replace the main pump line at Te Waitere due to failure.

Planned renewals for Benneydale were not carried out in 2013/14 and have been deferred to 2014/15.

(\$000's)	Actual	Budget	Variance
Te Kuiti	806	671	(135)
Piopio	21	101	80
Benneydale	11	78	67
Te Waitere	0	10	10
	838	860	22

Roads and Footpaths

- The total capital expenditure for this activity exceeded budget by \$428,000.
- There was over-expenditure in the Subsidised works which is mainly attributable to unplanned emergency works that needed to be carried out during the year.
- Additional amount was also spent on Sealed Road surfacing and Unsealed Road metalling which relates to deferred maintenance from 2012/13 which became urgent.
- Expenditure on non-subsidised works was for footpath renewals. All other planned non-subsidised works were deferred on an 'as needs' basis and have been carried forward into 2014/15.

(\$000's)	Actual	Budget	Variance
Total Subsidised Works	5,026	4,435	(591)
Non-Subsidised Works	102	265	163
Total All Roothing Works	5,128	4,700	(428)

Stormwater

Capital Expenditure was \$184,000 less than budget. Works on the renewal projects in George Streets and Hospital Road in Te Kuiti were commenced however were not completed by 30 June.

Miscellaneous Capital Works and Purchases

Other minor capital projects completed during the year included:

» Vehicle Replacements	126
» Railway Station Buildings (revalued)	107
» Land Purchase – Te Kuiti Cemetery	4
» Upgrade Waitomo Cultural & Arts Centre	194
» Stormwater Renewals (Urban)	183
» Landfill & Transfer Stations	212
» Purchase Library Books	40
» Renewal and improvements to Council Buildings	49
» Computer & Office Equipment	88
» Land Purchases (incl. easements)	31
» Parks & Reserves	13
» Retaining Wall Marokopa	122
» Improvements to other Assets	98
» Renewals of other Assets	119
Total Miscellaneous Capital Works and Purchases	1,386

Capital Expenditure - Actual to Budget

