



# Kaikoura District Council Annual Report Summary 2014/2015

For the financial year ended 30 June 2015

This Summary Annual Report provides an overview of Kaikoura District Council and group's operational and financial performance for the financial year ended 30 June 2015. It is prepared in accordance with section 98(4) of the Local Government Act 2002, and in line with section 98(5) of that Act, it represents fairly and consistently the information regarding the major matters dealt within the full Annual Report.

The specific disclosures included in this summary have been extracted from the full Annual Report, which has been audited by Audit New Zealand and an unmodified opinion was issued on 3 November 2015. The full annual report was authorised for issues by the Council on 3 November 2015.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$,000). This Summary Annual Report complies with PBE FRS43 Summary Financial Statements, and the full Annual Report was the first prepared in accordance with public benefit entity accounting standards with reduced disclosure requirements (Tier 2).

This summary report cannot be expected to provide as complete an understanding of the Council and group's financial and service performance, financial position and cashflows as the full Annual Report.

The full Annual Report is available on our website; [www.kaikoura.govt.nz](http://www.kaikoura.govt.nz) or contact the council office for a copy.

## Financial results and explanation for budget variances

The council's financial operating result for the year to 30 June 2015 was \$911,452 deficit, against a budgeted surplus of \$4,517.

Several variations from budget occurred, in summary these were:

- Grant funding of \$400k was budgeted for the civic centre, but did not eventuate (applications were never made in lieu of seeking grants for the hospital building instead),
- A product failure within the roof of the new civic centre resulted in impairment (write-off) of the roof panels (\$341k) as well as various costs incurred to replace the roof (\$166k); further costs will be incurred during the 2015/2016 financial year,
- The provision for landfill aftercare increased by \$349k to reflect new forecast work in the Long Term Plan 2015-2025 to cap the landfill once it is closed,
- Offsetting these adverse costs were the fair value gains on forestry and the vesting of land from St Pauls Presbytery to develop a new walkway,
- Cash held in special funds and reserves is being used more proactively to reduce term debt, and so cash balances are lower than forecast, as are term borrowings,
- The properties at 20 Beach Rd and 25 Beach Rd are held for sale, with the Pynes building sold during the financial year, and the land behind 20 Beach Rd no longer classified as an investment property,
- The installation of new computer software, Ozone, was still in progress at 30 June, with the costs incurred at balance date shown as intangible assets.
- Employee benefit liabilities (annual and sick leave) are not budgeted for,
- Development contributions levied for the civic centre are held as a liability until the new building is ready for use.

## How well did Council perform?

We measure our performance each year using the performance indicators from our Long Term Plan. The results present a high level view of performance. The indicators we use include results from our annual resident satisfaction surveys, achievement of national standards such as water quality grading, as well as technical measures and response times.

### Roads & bridges

100% of potholes on unsealed roads were sealed within 7 days of detection, but only 64% of residents are satisfied with the condition of rural roads

### Water supplies

100% of fire hydrants in the Kaikoura township have sufficient water pressure for fire fighting purposes, and 85% of residents are satisfied with their water supply

### Sewerage services

100% of alarms for overflows were responded to within one hour of reporting

### Recycling

75% of recyclable material was diverted from the landfill!

### Community facilities

Over 80% of residents are satisfied with our parks, reserves, cemetery, playground, sports fields, and the library.

### Leadership & governance

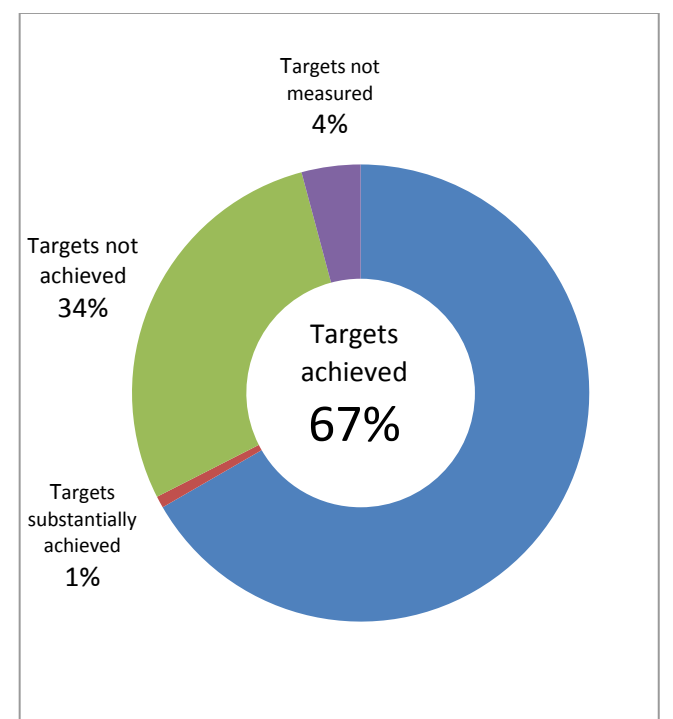
All agenda's for public meetings were made available within statutory timeframes

### Regulation & control

100% of resource consents were processed within statutory timeframes

### Safety & wellbeing

All of our volunteer firefighters are trained to the national standard.



Details on all of our performance indicators are included in the full Annual Report, available on [www.kaikoura.govt.nz](http://www.kaikoura.govt.nz)

## Kaikoura has achieved Platinum Status in the Earthcheck Environmental Programme

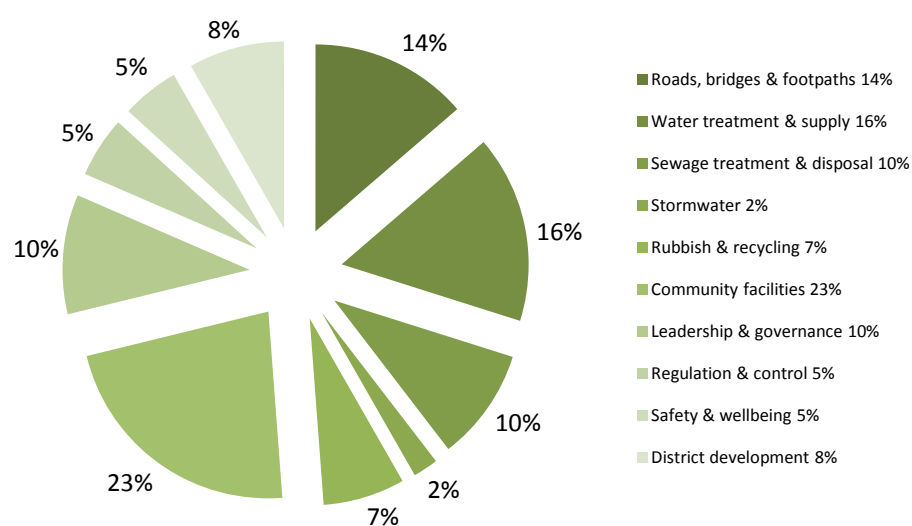
Kaikoura District Council  
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34 Esplanade  
PO Box 6  
Kaikoura

p: (03) 319-5026  
f: (03) 319-5308

Kaikoura District Library  
Shop 8, Harakeke Mall  
Beach Road, Kaikoura

## What your rates were spent on



## Resident satisfaction survey results

85% of people living in Kaikoura are satisfied with their water supply, and 91% of people are satisfied with the resource recovery centre. 95% of people are satisfied with the library. The satisfaction level of public toilets increases from 78% in 2014 to 86% in 2015. Other areas showing improvement in satisfaction include sewerage, and cemetery.

## Capital projects completed

During the year we started or completed the following projects:

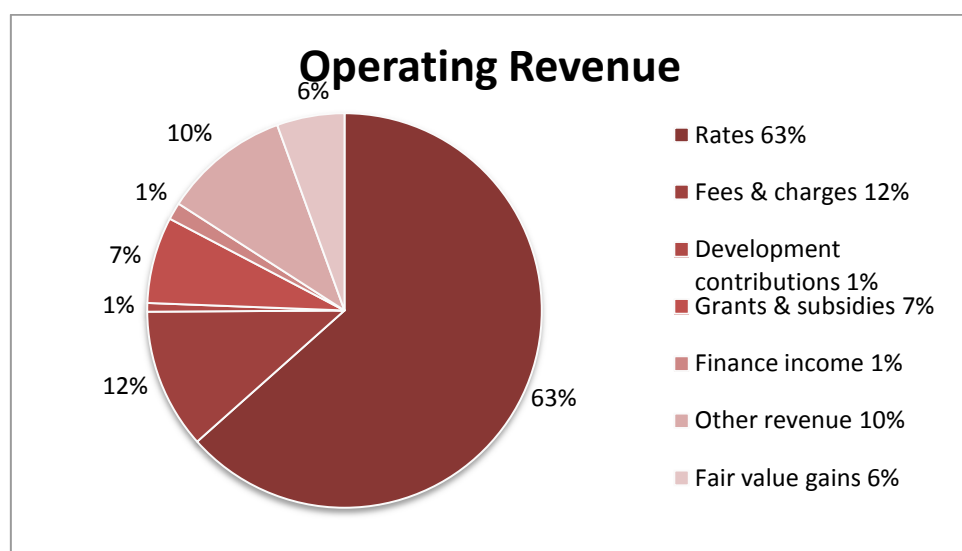
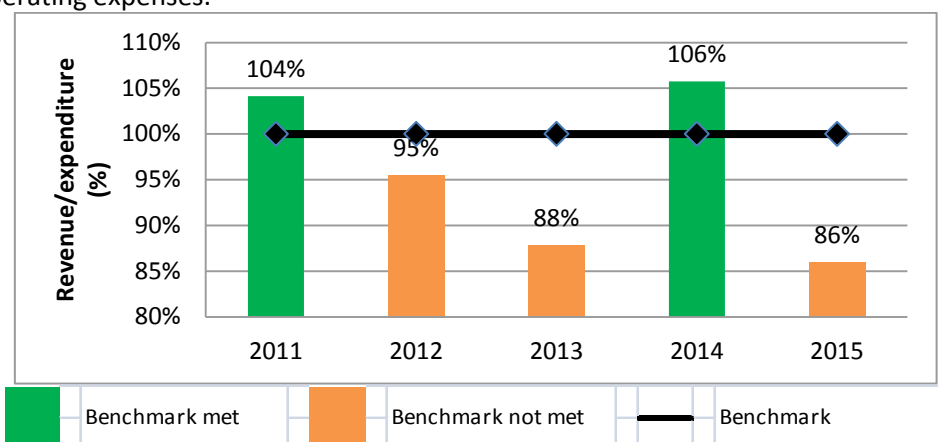
- Road drainage improvements on Killarney, Ludstone and Topline Roads
- New storage tanks for the Suburban water supply
- Leachate (liquid waste from landfill) collection systems upgraded
- The Museum/library/council office building is underway, with delays caused by a product failure in the insulation foam within the roof panels. An insurance claim is in progress and the building should open in 2016.

## Water quality in the district

Council has 8 water supply schemes, with water quality gradings ranging from ungraded to A. During the year work at the new Kaikoura reservoir was completed, new tanks were required for the Kaikoura Suburban supply, substantial repair work was undertaken on the East Coast rural supply, and a new turbidity meter was installed at the Kincaid rural supply.

## Balanced budget benchmark

The council meets this benchmark if its revenue equals or is greater than its operating expenses.



	Council			Group	
	2015 Budget \$000	2015 Actual \$000	2014 Actual \$000	2015 Actual \$000	2014 Actual \$000
<b>Summary Statement of Comprehensive Revenue and Expense</b>					
Total Revenue	8,401	8,593	9,222	9,127	9,747
Total Expenses excluding financing	7,900	9,101	8,167	9,669	8,739
Financing expenses	496	403	440	414	451
<b>Operating surplus/(deficit)</b>	<b>5</b>	<b>(911)</b>	<b>615</b>	<b>(956)</b>	<b>557</b>
Ecan share of MRF surplus	-	(35)	(61)	(35)	(61)
<b>Net surplus/(deficit)</b>	<b>5</b>	<b>(946)</b>	<b>554</b>	<b>(991)</b>	<b>496</b>
Gains on asset revaluation	-	16	(17)	16	(17)
<b>Total Comprehensive Income</b>	<b>5</b>	<b>(930)</b>	<b>537</b>	<b>(975)</b>	<b>479</b>

<b>Summary Statement of Movements in Equity</b>					
Equity at start of year	171,369	160,780	160,243	161,152	160,698
Prior year adjustment for KET	-	-	-	3	(25)
Total Comprehensive Income	5	(930)	537	(975)	479
<b>Equity at end of year</b>	<b>171,374</b>	<b>159,850</b>	<b>160,780</b>	<b>160,180</b>	<b>161,152</b>

<b>Summary Statement of Financial Position</b>					
Current assets	4,841	5,158	7,263	5,256	7,351
Non-current assets	175,719	163,897	162,985	164,416	163,558
<b>Total Assets</b>	<b>180,560</b>	<b>169,055</b>	<b>170,248</b>	<b>169,672</b>	<b>170,909</b>
Current liabilities	2,937	4,384	4,843	4,567	4,992
Non-current liabilities	6,249	4,821	4,625	4,925	4,765
Equity	171,374	159,850	160,780	160,180	161,152
<b>Total Liabilities &amp; Equity</b>	<b>180,560</b>	<b>169,055</b>	<b>170,248</b>	<b>169,672</b>	<b>170,909</b>

<b>Summary Statement of Cashflows</b>					
Net cash from operating activities	1,849	1,626	2,162	1,696	2,193
Net cash from investing activities	(5,369)	(1,161)	(2,487)	(1,180)	(2,521)
Net cash from financing activities	1,507	(314)	(265)	(362)	(285)
<b>Net increase/(decrease) in cash held</b>	<b>(2,011)</b>	<b>152</b>	<b>(590)</b>	<b>155</b>	<b>(613)</b>
Opening cash at start of year	5,743	916	1,506	960	1,573
<b>Closing cash balance</b>	<b>3,732</b>	<b>1,068</b>	<b>916</b>	<b>1,116</b>	<b>960</b>

<b>Equity</b>				
Year end equity is split into the following reserves:				
	2015 Actual \$000	2014 Actual \$000	2015 Actual \$000	2014 Actual \$000
Public equity	87,911	88,438	88,241	88,810
Special reserves & special funds	2,605	3,025	2,605	3,025
Asset revaluation reserves	69,334	69,317	69,334	69,317
<b>Total</b>	<b>159,850</b>	<b>160,780</b>	<b>160,180</b>	<b>161,152</b>

The product failure within the roof of the new Civic Centre resulted in impairment losses as well as construction losses together totalling \$507,000 to 30 June 2015, with further losses expected during 2015/2016 related to the replacement of the roof panels.

## Audit statement

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

### Independent Auditor's Report To the readers of Kaikoura District Council's summary annual report for the year ended 30 June 2015

The summary annual report was derived from the annual report of the Kaikoura District Council (the District Council) for the year ended 30 June 2015. 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:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2015; and
- the summary statement of service provision (referred to as 'How well did the Council perform?') of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 3 November 2015.

#### 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 PBE FRS-43: *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 3 November 2015 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.

#### 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 PBE FRS-43: *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 PBE FRS 43: *Summary Financial Statements*.

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

Bede Kearney,  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
30 November 2015