



Kaikoura District Council

Annual Report Summary 2015/2016

For the financial year ended 30 June 2016

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 2016. 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 1 November 2016. The full annual report was authorised for issue by the Council on 1 November 2016.

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 cash flows as the full Annual Report.

The full Annual Report is available on our website; 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 2016 was \$3.2 million deficit, against a budgeted deficit of \$2.6 million. The council provided for this deficit so as to fund the Canterbury District Health Board's shortfall for Kaikoura's new hospital and health facilities.

Several variations from budget occurred, in summary these were:

- Substantial extra work on the civic centre to remove and replace the roof during construction, following a failure of insulation product within the roof. That extra work is subject to an insurance claim that is currently being negotiated.
- The council had signed a Memorandum of Understanding with the Canterbury District Health Board to fund a shortfall on the Kaikoura Hospital construction, up to \$3.4 million. In reality, the Kaikoura community and the Kaikoura Health Facility Charitable Trust raised significant grants and donations, and the council was only required to fund \$2 million.
- Revaluation gains on forestry and investment properties of \$389k and \$178k respectively; these gains are not budgeted for as they have no impact on cash flow.
- All major asset classes were revalued as at 30 June 2016; land, buildings, roading infrastructure, water supplies, sewerage and stormwater systems. Overall the asset values increased by \$1.3 million as a result of the revaluation, and \$2.9 million worth of capital additions.
- Cash and term deposits has reduced to fund the budget overruns on the civic centre, and also to repay term debt wherever possible, utilising moneys held in special funds for those purposes.
- The cost overruns and product failures during the civic centre construction has impacted on cash flows in multiple ways;
 - Unbudgeted operational costs relating to extra labour, scaffold hire, and other construction expenses,
 - The council sold the Clarence forest plus two investment properties so as to alleviate the need to borrow more,
 - All available term deposits have been used

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 survey, mandatory performance benchmarks, as well as our Earthcheck measures.

Roads & bridges

95% of vehicle kilometres travelled on rural roads met our smooth travel exposure target, but only 46% of residents are satisfied with the condition of rural roads

Water supplies

We had no urgent callouts for water problems, and no complaints with regard to water clarity, taste, odour or pressure

Sewerage services

The median time taken to respond to all overflows was within one hour of reporting

Recycling

72.36% of recyclable material was diverted from the landfill!

Community facilities

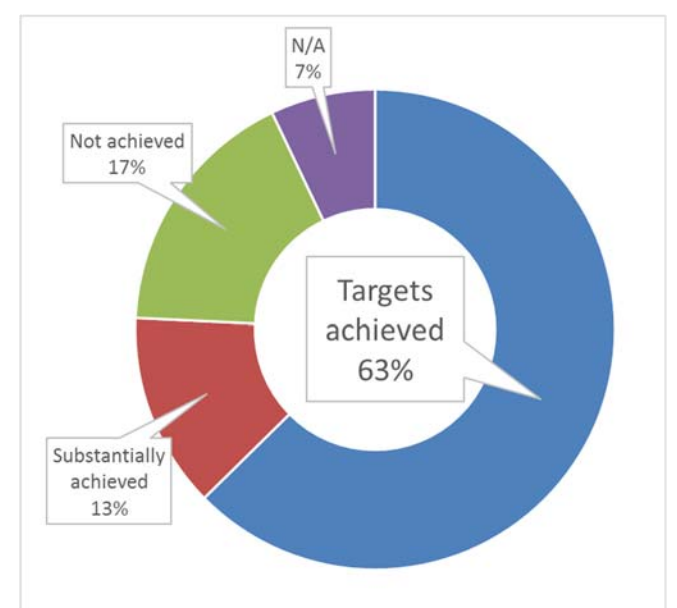
The swimming pool recorded 8,276 swims over the summer season of 2015/2016, the public slipway was used 4,339 times by recreational users, and there are 7.0 lending items per capita at the district library.

Regulation & control

Our dog control officers responded to 173 complaints about dogs (barking, wandering, aggressive, lost, welfare issues, etc.).

Safety & wellbeing

91% of survey respondents have a civil defence emergency kit in their household.



Details on all of our performance indicators are included in the full Annual Report, available on www.kaikoura.govt.nz

Kaikoura has achieved Platinum Status in the Earthcheck Environmental Programme

Kaikoura District Council
e: kdc@kaikoura.govt.nz
w: www.kaikoura.govt.nz

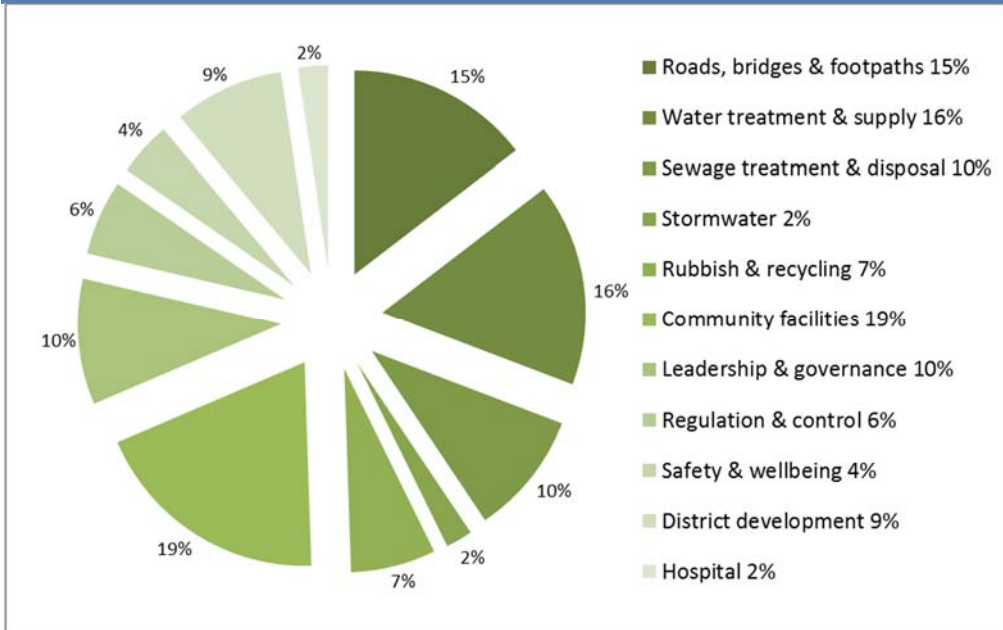
96 West End
PO Box 6
Kaikoura

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

WE HAVE MOVED!

Find us on the top floor at 96 West End, and why not visit the library and the new museum while you're there!

What your rates were spent on



Resident satisfaction survey results

98% of people are satisfied with the cemetery. Over 75% of people are satisfied with the condition of urban streets, but only 46% of people are satisfied with rural roads. The satisfaction level for harbour facilities is 82% in 2016. Only 56% of people agreed, or strongly agreed, that the council delivers quality services.

Capital projects completed

During the year we started or completed the following projects:

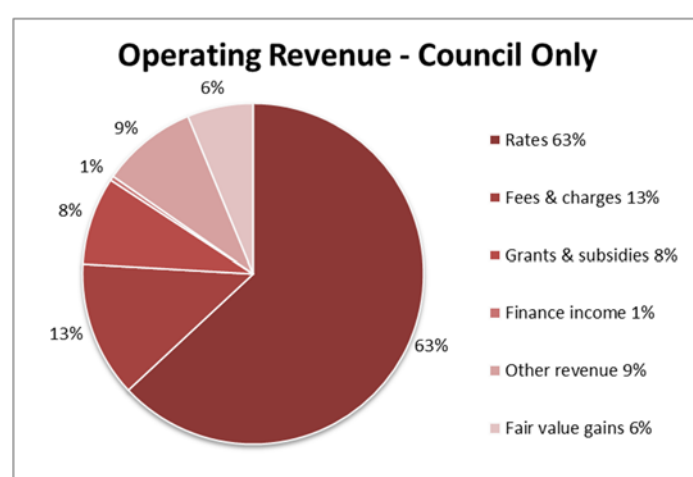
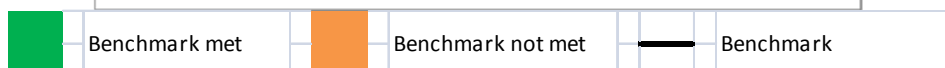
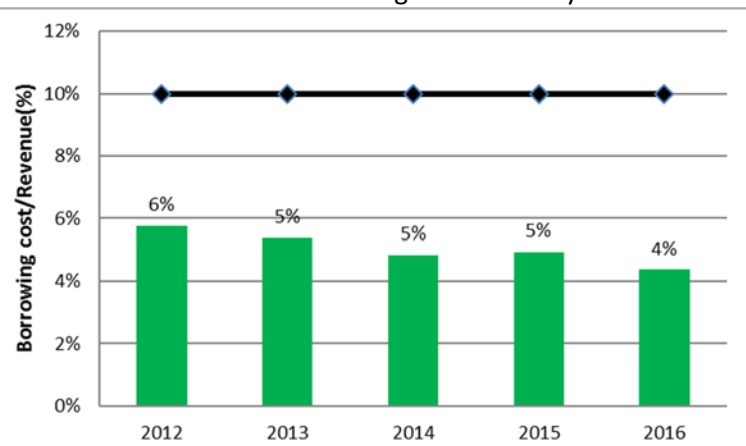
- Road drainage improvements on Waipapa and Red Swamp Roads
- Several footpaths and walkways were renewed
- Substantial water pipe work was replaced in South Bay, including undergrounding power lines
- Stormwater pipes in the West End were realigned to better serve the civic centre and the i-Site
- Two pensioner flats were refurbished, and wheelchair ramps installed

The new Civic Centre

The new museum, library and council building was still under construction at 30 June 2016. This has been a major project for the council and, with the total cost far exceeding the council's forecasts, has caused anger amongst some in the community. The failure of the insulation product in the roof exacerbated costs and caused further delays; that product failure is the subject of a substantial insurance claim that is yet to be settled. The amount of the claim cannot be disclosed pending settlement.

Debt servicing benchmark

Despite the challenges of the civic centre build, the council has managed to keep its borrowings within forecast and debt servicing costs are only 4% of total revenue.



	Council			Group	
	2016 Budget	2016 Actual	2015 Actual	2016 Actual	2015 Actual
	\$000	\$000	\$000	\$000	\$000
Summary Statement of Comprehensive Income					
Total Revenue	8,795	9,133	8,593	9,823	9,127
Total Expenses excluding financing	10,813	11,947	9,101	12,592	9,669
Financing expenses	541	398	403	411	414
Operating surplus/(deficit)	(2,559)	(3,212)	(911)	(3,180)	(956)
Ecan share of MRF surplus	-	(65)	(35)	(65)	(35)
Net surplus/(deficit) before tax	(2,559)	(3,277)	(946)	(3,245)	(991)
Income tax	-	-	-	(119)	-
Net surplus/(deficit) after tax	(2,559)	(3,277)	(946)	(3,364)	(991)
Gains on asset revaluation	7,019	1,274	16	1,274	16
Total Comprehensive Income	4,460	(2,003)	(930)	(2,090)	(975)
Summary Statement of Movements in Equity					
Equity at start of year	159,438	159,850	160,780	160,180	161,152
Prior year adjustment for KET	-	-	-	0	3
Total Comprehensive Income	4,460	(2,003)	(930)	(2,090)	(975)
Equity at end of year	163,898	157,847	159,850	158,090	160,180
Summary Statement of Financial Position					
Current assets	4,085	2,726	5,158	2,930	5,256
Non-current assets	172,055	166,099	163,897	166,630	164,416
Total Assets	176,140	168,825	169,055	169,560	169,672
Current liabilities	3,485	5,188	4,384	5,544	4,567
Non-current liabilities	8,757	5,790	4,821	5,926	4,925
Equity	163,898	157,847	159,850	158,090	160,180
Total Liabilities & Equity	176,140	168,825	169,055	169,560	169,672
Summary Statement of Cashflows					
Net cash from operating activities	(362)	(919)	1,626	(794)	1,696
Net cash from investing activities	(2,151)	468	(1,161)	560	(1,180)
Net cash from financing activities	2,384	1,435	(314)	1,493	(362)
Net increase/(decrease) in cash held	(129)	984	152	1,259	155
Opening cash at start of year	3,039	1,068	916	1,116	960
Closing cash balance	2,910	2,052	1,068	2,375	1,116
Equity					
	2016 Actual	2015 Actual	2016 Actual	2015 Actual	
<i>Year end equity is split into the following reserves:</i>					
	\$000	\$000	\$000	\$000	
Public equity	86,025	87,911	86,269	88,241	
Special reserves & special funds	1,214	2,605	1,214	2,605	
Asset revaluation reserves	70,608	69,334	70,609	69,334	
	157,847	159,850	158,092	160,180	

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 2016

The summary annual report was derived from the annual report of the Kaikoura District Council (the District Council) and group for the year ended 30 June 2016. 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 2016;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2016; and
- the summary statement of service provision (referred to as "How well did the Council perform?" and "Resident satisfaction survey results") of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 1 November 2016.

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 1 November 2016 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
28 November 2016