

Waimate District Council Summary Annual Report 2003/2004



Annual Report 2003/2004 Summary

CHIEF EXECUTIVE'S REPORT

The Chief Executive Officer, John Maxwell says ...” the year was one of major change in the way the Council functioned as well as a year when major unexpected demands were put upon the Council and its finances.



Despite all this, the financial situation at the end of the year was very healthy with the Council's debt position being \$240,000 better than budget. Savings elsewhere and increased revenues compensating for the unforeseen additional demands on resources.

The most severe impact on the end of year financial results came not from spending or income, but from the revaluation process demanded of us by current financial practices, resulting in a declared deficit of \$1,184,000 for the financial period ending 30 June 2004.

Two major assets, water reticulation systems and forestry stands, were both affected adversely by revaluations that down-valued the assets. In the case of water supplies it was because new methods and materials have lowered the cost of laying similar systems compared with 10 to 20 years ago. For forestry, the trees are revalued periodically using the contemporary value. This value has lowered recently following the current downward fluctuation in the market.

It is worth noting that in the previous Annual Report 2002/03, roading assets increased in value by \$10.5 million while Downland water assets increased by a further \$800,000.

Mr Maxwell goes on to say that “the most rewarding outcome of the year has been the close ties built between the Council and its Community and these will provide the foundation for truly enhancing the well-being of our community into the future”. Foremost amongst these projects, some of the highlights were:

- **Long Term Council Community Plan**

The impact of preparation and publishing of the Long Term Council Community Plan, or LTCCP, required extensive interaction with members of the Community and organisations as we prepared a plan for the future that accurately reflected the general desires and needs of the people who make up our District. We constituted a Community Panel of representatives of the Community and involved

them in many meetings where we discussed ideas for the future along with Council elected members and staff.

The process of public consultation was developed from the old annual plan process with more emphasis on staff reporting on proposals and feedback to submitters so that the end results were established by Council and the community on a strong mutual understanding of the full scope and impact of those submissions.

Overall, the LTCCP process was a major workload, and, by virtue of the work required, a significant expense, but the future should see payback in the form of simpler processes of annual update. In the end, we produced an overview of the Community's desired outcomes and objectives that is one of the few in New Zealand that have been attempted in such depth.

- **Waimate Medical Centre Ltd**

The Council took on the requests and demands of significant numbers of the Community to rescue the Waimate Medical Centre from imminent collapse. The Council created a Council Controlled Organisation (CCO), to operate the medical centre and provided loan finance for setting up and operating capital. Ratepayers funds were used to the tune of \$369,000 in the form of a loan and share capital however these amounts are intended to be repaid in future years from Waimate Medical Centre profits at no additional cost to the ratepayer.

- **Project Aqua**

The Project Aqua related operations remained a major impact right through to March of 2004 and will continue to occupy a significant amount of resource as the next year proceeds when the Waitaki Water Allocation Board carries out its deliberations.

THE MAYORS' REPORT



The retiring Mayor David Owen and the newly appointed Mayor John Coles jointly submitted their report.

Of note in the compilation of the Annual Report is the variances that inevitably occur as a result of various issues that arise during the Council's financial year.



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Along with the issues highlighted in the Chief Executive's report, others included:

- **150th Year Celebrations**

Waimate has a proud heritage in its facilities it provides for both residents and visitors and we pride ourselves on the standards of such amenities. With higher standards come associated costs and over this last year Council wished to see an increased maintenance and presentation for our 150th anniversary year.

- **Charnwood Forest Harvesting**

Council contracted 100ha's of mature forest to be harvested over this and next year to generate income and at the same time assist the new Waimate Timber Processing Mill.

- **Major Repair Work in Local Government Centre**

Remedial work on the interior ceilings resulted from the discovery of lower grade asbestos particles being evident in the ceiling surfaces. Council were advised to have the surfaces replaced and the extended Christmas-New year festive season was chosen as an appropriate time to carry out the extensive operational plan which involved specialist removal of the hazard and complete vacation of the building at that time by plant and personnel.

Alpine Energy Ltd has remained a solid investment for Council with a further increase returned to the budgeted figure making a total percentage return of 7% to the revenue stream.

Waimate urban area services are now mostly complete in infrastructural upgrades and we as citizens can look back on the projects now complete.

Looking to the immediate future, Council and its staff will be expanding sewerage and urban water services to other newly extended urban boundaries. This costs money but is essential to urban income streams if we are to continue on the desired growth strategy.

David Owen

John Coles

Summary Statement of Performance Measures for Waimate District Council

In the area of performance measures, Council uses various methods including the surveying of 300 residents from throughout the District in the Communitrak Survey.

It is pleasing to note the efforts Council makes to promote the Waimate District is 23% above the national average, sewerage system a massive 36% above, and water 20% above average.

Two areas requiring improvement that Council are currently working on are Public Toilets and Resource Recovery Park.

Table: Communitrak Results	Satisfied %	National Average for District Councils of similar size to WDC
<i>Efforts Council makes to promote Waimate District Parks, Reserves and Gardens</i>	96	73
<i>Roading</i>	91	89
<i>District Libraries</i>	81	65
<i>Waimate Cemetery</i>	78	87
<i>Water</i>	74	78
<i>Dog Control</i>	75	55
<i>Rubbish Collection</i>	73	67
<i>Footpaths</i>	62	62
<i>Management of the Environment</i>	70	61
<i>Public Swimming Pools</i>	56	64
<i>Sewerage System – where service provided</i>	67	68
<i>Public Toilets</i>	93	57
<i>Resource Recovery Park</i>	43	68
<i>Road Signs</i>	38	54
	94	NA

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Council		Council		Consolidated	
		Budget	Actual	Budget	Actual
		2004	2004	2004	2004
		\$000	\$000	\$000	\$000
Summary of Statement of Financial Performance for the Year Ended 30 June 2004					
7,216	Total Operating Revenue	9,744	9,721	10,065	9,969
7,436	Total Operating Expenditure	9,824	10,905	10,152	11,357
(220)	Net Surplus/ (Deficit)	(80)	(1,184)	(87)	(1,388)

The Council made a net operating deficit of \$1,184,000 against a budgeted deficit of \$80,000.

Summary Statement of Movements In Equity for Year Ended 30 June 2004					
196,541	Total Equity at Start of Period	196,827	207,659	196,827	207,659
(220)	Net Surplus/(Deficit)	(80)	(1,184)	(87)	(1,388)
11,304	Movement in Revaluation Reserve	0	(842)	0	(842)
34	Movement in Reserves	9	0	9	0
11,118	Total Recognised Revenues & Expenses	(71)	(2,026)	(78)	(2,230)
207,659	Total Equity at End of Period	196,756	205,633	196,749	205,429

Summary Statement of Financial Position for Year Ended 30 June 2004					
836	Total Current Assets	609	1,446	624	1,424
210,417	Total Non-Current Assets	200,073	208,229	200,051	208,088
211,253	Total Assets	200,682	209,675	200,675	209,512
1,063	Total Current Liabilities	1,465	2,261	1,465	2,302
2,531	Less Non-Current Liabilities	2,461	1,781	2,461	1,781
207,659	Ratepayers Equity	196,756	205,633	196,749	205,429
211,253	Total Liabilities and Equity	200,682	209,675	200,675	209,512

Summary of Statement of Cashflows for Year Ended 30 June 2004					
1,554	Net Cashflow/(Outflow) from Operating	330	2,772	316	2,668
(3,666)	Net Cashflow/(Outflow) from Investing	(836)	(2,743)	(1,146)	(2,616)
2,291	Net Cashflows/(Outflow) from Financing	2,461	700	2,795	700
179	Net Increase/(Decrease) in Cash held	1,955	729	1,965	752
(381)	Opening Cash	(2,155)	(202)	(2,155)	(202)
(202)	Closing Cash (Overdraft)	(200)	527	(190)	550

The information included in the Summary Financial Report has been extracted from the audited full financial report and authorised for issue by the Corporate Services Manager on 30 November 2004. The accounting policies and notes form an integral part of the Summary Financial Report.

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CORPORATE SERVICES MANAGER'S REPORT

The Corporate Services Manager Lawrence Rawstorn reported on the financial aspects of the year, namely :

• Revaluation of Assets

In the case of the infrastructural water assets a loss of \$790,000 resulted from cheaper costs of replacing the asset. If this continues, then rates contributions to sustain those assets for the water schemes can be reduced.

The forestry valuation revealed a small increase of \$50,000, but this created an unfavourable variance of \$573,000 against the budget as Council was anticipating a gain on growth of \$623,000.

In both cases these revaluations had a strong influence on the financial performance but are beyond the management control of Council.

• Other variances during the year.

1. Real estate property sold for a gain of \$76,000.
2. Additional forestry revenue of \$220,000 occurred through processing 65 hectares instead of a budgeted 52 hectares of Charnwood Forest. Because of forestry prices, the harvesting of the Morven Recreational Reserves Forest was delayed resulting in a reduction in revenue of \$140,000. Council are carrying forestry debtors totalling \$425,000.
3. Revenue from dividends and interest were above budget by \$327,000.
4. Major maintenance required on Local Government Building to eliminate asbestos in the ceiling cost \$122,000.
5. Costs to administer District's interest in Project Aqua were above budget \$80,000.
6. The costs of completing the District's first Long Term Council Community Plan (LTCCP) for 2004-2014 were above budget by \$130,000.
7. Council's cash flow remained slightly ahead of budget, with increased funds the result of increasing the term loan from 2.3 million to 3 million dollars.
8. Council has loaned the Waimate Medical Centre Limited \$369,000 for its first year of operation.
9. An increase in building consents meant staff in Planning and Regulatory were working to capacity – the financial results show building consent revenue 41% above budget.

10. Increased visitor numbers resulted in Camping Ground revenue 32.5% and promotions revenue 62% above budget.

CHAIRMAN'S REPORT - WAIMATE MEDICAL CENTRE LIMITED ANNUAL REPORT

John Coles presented the first Annual Report as a requirement of Council producing its Consolidated Financial Accounts.

Some of the significant events during the year in his report were:

- While locums were used at first, it was the directors' wish that the practice have two fulltime doctors. While one fulltime doctor was recruited, it was many months before a woman doctor was to fill the second position.
- Waimate Medical Centre Ltd's leased premises were in need of redecorating for patients, staff and doctors to be in pleasant surroundings.
- A house was purchased and another owned by Council was redecorated and made available. These were taken up by the two permanent doctors employed by the Medical Centre.
- Waimate Medical Centre Ltd has signed an agreement to be funded through the Primary Health Organisation (PHO) which involved supplying a roll of the Medical Centre patients in the last three years, who still wish to be on the Centre's roll. This funding mechanism was deemed to be better than the previous funding system.
- The company operated at a deficit of \$204,000, but has forecasted surpluses of \$37,000 in 2005 and in addition the repayment of \$20,000 off the loan from Council.

The Directors would like to see this practice grow and provide a well run practice which will deliver a very good doctor service to meet the health needs of those attending the Medical Centre.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1. Accounting Policies

Basis of Preparation

The Council has prepared the summary financial report in order to provide users with a succinct overview of Council performance. The specific disclosures included in the summary financial report have been extracted from the full audited financial report also dated 30 November 2004.

Users of the summary financial report should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full financial report of the financial and service performance, financial position and cash flows of the Council.

Users who require additional information are encouraged to request a printed version from the following address:

Corporate Services Manager
Waimate District Council
P O Box 122
Waimate

The Financial Statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

2. Changes in Accounting Policy

There have been no changes to the accounting policies from those adopted last year and accounting principles that have been applied on a basis consistent with last year.

AUDIT REPORT - TO THE READERS OF WAIMATE DISTRICT COUNCIL AND CONSOLIDATED GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2004

We have audited the summary annual report.

Unqualified 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 information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 30 November 2004, on:

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. Other than the audit we have no relationship with or interest in the Waimate District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

Tony Uttley
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand
30 November 2004

Matters relating to the electronic presentation of the audited summary annual report.

This audit report relates to the summary annual report of Waimate District Council and group for the year ended 30 June 2004 included on Waimate District Council's website. Waimate District Council is responsible for the maintenance and integrity of the Waimate District Council's website. We have not been engaged to report on the integrity of the Waimate District Council's website. We accept no responsibility for any changes that may have occurred to the summary annual report since they were initially presented on the website.

We have not been engaged to report on any other electronic versions of the Waimate District Council and group's summary annual report, and accept no responsibility for any changes that may have occurred to electronic versions of the summary annual report published on other websites and/or published by other electronic means.

The audit report refers only to the summary annual report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this summary annual report. 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 annual report and related audit report dated 30 November 2004 to confirm the information included in the audited summary annual report presented on this website.

Legislation in New Zealand governing the preparation and dissemination of the summary annual report may differ from legislation in other jurisdictions.