

Summary Annual Report

2013-14



South
Waikato
District
Council



**Florence, age 6
on Finance**

"So we know how much money
we have"



**Michael, age 7
on Building**

"We have to check the walls to
see if it's a good one"



**Nathan, age 9
on Refuse**

"So the smelly rubbish
goes away"



**Dallas, age 8
on Libraries**

"Helping people find the
books they want"

Contents

Contents	1
Council directory	2
Your elected representatives	3
Tīrau Community Board	4
The 2013-14 Year in Numbers	5
Message from the Mayor and Chief Executive	6
Funding Impact Statement Report	8
Customer satisfaction survey	9
Significant Asset Acquisitions or Replacements	11
Report from the Audit Office	16
Summary of Groups of Significant Activities	18
Summary Financial Statements	25
Summary Consolidated Statement of Comprehensive Income for year ended 30 June 2014	26
Summary Consolidated Statement of Changes In Equity for the year ended 30 June 2014	27
Summary Consolidated Balance Sheet as at 30 June 2014	27
Summary Consolidated Cash Flow Statement for the year ended 30 June 2014	28
Summary Funding Impact Statement whole of Council for the year ended 30 June 2014	28
Summary of Cost of Services	29
Major Forecast Variations	30
Summary of Commitments	32
Summary of Contingent Liabilities	32
Components of Equity	32
Prior Period Adjustment	33
Summary of Events Occurring after the Balance Sheet Date	33

Council directory

Postal Address	Private Bag 7 TOKOROA 3444		
Tokoroa Office	Torphin Crescent TOKOROA 3420	Phone	+64 (07) 885 0340
		Fax	+64 (07) 885 0718
Putāruru Office	Overdale Street PUTĀRURU 3411	Phone	+64 (07) 883 7189
		Fax	+64 (07) 883 7215
Tīrau (Agency)	Tīrau Information Centre Main Road TĪRAU 3410	Phone	+64 (07) 883 1202
		Fax	+64 (07) 883 1203
Email	info@southwaikato.govt.nz		
On the web at	www.southwaikato.govt.nz		
Facebook	www.facebook.com/southwaikatodistrictcouncil		
Twitter	@SouthWaikatoDC		

Your elected representatives

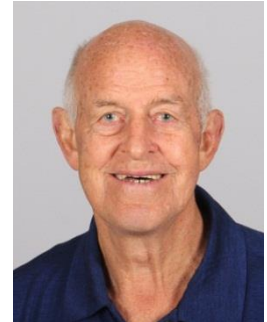
Mayor and Councillors



Neil Sinclair MNZM JP BDS
Mayor (Elected at large)
(07) 885 0716 Bus Phone
(027) 446 8422 Mobile
(07) 883 8122 Home Phone
neil.sinclair@southwaikato.govt.nz



Jenny Shattock QSM JP
Deputy Mayor
(Tokoroa Ward)
(07) 886 8120 Home Phone
(027) 441 6230 Mobile
jennyshattock@gmail.com



Herman Van Rooijen JP
(Putāruru Ward)
(07) 883 6764 Home Phone
(07) 883 6765 Home Fax
(027) 246 6601 Mobile
vanrooijen@xtra.co.nz



Adrienne Bell
(Putāruru Ward)
(07) 883 8045 Bus Phone
(027) 471 2404 Mobile
adriennejb@yahoo.co.nz



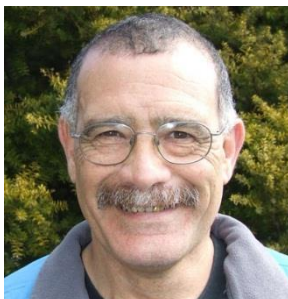
Anne Edmeades
(Putāruru Ward)
(07) 883 8262 Bus Phone
(07) 883 7490 Home Phone
(021) 249 3075 Mobile
anneandroyce@xtra.co.nz



Jeff Gash
(Tokoroa Ward)
(07) 886 4752 Bus Phone
(07) 886 9959 Home Phone
(027) 589 8472 Mobile
jigash@actirx.co.nz



Marin Glucina
(Tokoroa Ward)
(07) 886 5168 Bus Phone
(07) 886 8821 Home Phone
(021) 416 076 Mobile
glu_@hotmail.com



Thomas Lee
(Tokoroa Ward)
(07) 885 5542 Bus Phone
(07) 886 9405 Home Phone
(027) 332 1292 Mobile
Lee.whanau@clear.net.nz



Bill Machen
(Tokoroa Ward)
(07) 886 7139 Home Phone
(027) 471 5899 Mobile
lillyandbill@xtra.co.nz



Terry Magill
(Tirau Ward)
(07) 888 7049 Bus Phone
(07) 883 4888 Home Phone
(021) 240 7844 Mobile
terry@magilllearl.co.nz



Tua Numanga
(Tokoroa Ward)
(07) 885 5811 Bus Phone
(07) 886 1977 Home Phone
(021) 961 977 Mobile
bangit_12@hotmail.com

Tirau Community Board



Cassandra Robinson
(Chairperson)
(07) 883 1866 Home Phone
(027) 243 4931 Mobile
Cassandra.r@xtra.co.nz



Clive Collingwood
(07) 883 1788 Home Phone
(027) 245 8027 Mobile
Noddy_collingwood@clear.net.nz



Nora Martelletti JP
(07) 883 4874 Home Phone



Terry Magill
(07) 888 7049 Bus Phone
(07) 883 4888 Home Phone
(021) 240 7844
terry@magilllearl.co.nz



Derek Keesing
(027) 4893 8819 Mobile
Derek@arcserv.co.nz

THE 2013-14 YEAR IN NUMBERS

\$402m

Total asset value

\$18.8m

Net loss, after \$20.5 million of the SWIF is paid out to two community Trusts

89%

Achievement of our key performance indicators

82%

Achievement in our capital expenditure by project

\$1,948

The average rates bill on all rateable properties in our district

538 KM

Of roading managed and maintained by Council

4

Urban and two rural water supplies operated and maintained with a combined reticulation length of 227km

\$25M

The value of the 465 building consents processed during the year while achieving 99.3% compliance with the statutory timeframes

7.3

Book issues per resident for the year

869

Rates rebate applications approved at an average rebate of \$520 per applicant. This scheme continues to provide considerable relief to those least able to pay their rates

79

Pensioner housing units with 96% occupancy rate achieved

2,763 TONNES

Of solid waste recycled for the year, representing 19% of total waste excluding greenwaste

Message from the Mayor and Chief Executive

The past year has been a huge year for Council. A year dominated by significant change, big decisions and strong economic prospects. Local body elections in October last year resulted in six new Councillors. While Putāruru representation remained the same, Tirau welcomed a new Councillor and five of the six Councillors elected in Tokoroa were new. This leadership has naturally brought different viewpoints, new thinking and fresh priorities.

Amalgamation was the buzzword of the year gone by. We say 'was' because the talk has died down a little in recent months. In a nutshell, no formal proposal that includes the South Waikato has been submitted. Our district is mentioned in one draft proposal from the Property Council of New Zealand Waikato Branch; whether that will ever be formally lodged we don't know.

Council made one of the biggest decisions in its 25 years this past year when it moved its investment funding to two external trusts. Council moved the bulk of its investment, \$20 million into the external South Waikato Investment Fund (SWIF) Trust and \$500,000 into a second South Waikato Development (DRIVE) Trust. This is the major contributor to Council's \$18.8 million reported loss for the financial year. The driver for this decision was to protect our investment fund for the benefit of the current South Waikato District, and to ensure the funding is used for economic and community development projects that will benefit the district into the future.

Council also took a further \$5 million from the investment fund and asked the community to apply for funding that would have an economic and community focussed spin-off for the South Waikato. We received 43 applications that showed fantastic community passion and a number of really good ideas. The applications totalled \$13 million so funding them all was never going to be possible. Council committed funding to 15 projects, including the road rail terminal, Leith Place refurbishment, pensioner housing, public transportation study, Cougar Mountain Bike Park development, Rangiuira Village among others.

In order to place more emphasis on community engagement and improve levels of community liaison, Council undertook a restructure in January resulting in our new community group. The change means that the libraries, customer services, pools and South Waikato Sport and Events Centre have moved under the community umbrella joining the smaller previous community and economic development teams. This structure change was created within existing budgets and staff numbers.

The Lake Moananui dam repair and silt removal project gained a lot of attention over the past year. Due to the complexities of the investigation into detailed options for Council to consider, the project took a little longer to get off the ground than we had hoped. The project did however progress well, although Council had to approve additional funding. It was only when work started that the sheer volume of silt in the lake became fully apparent.

Council reviewed two bylaws this year; the Dog Control Bylaw and the Open Fires in Urban Areas Bylaw. We also held a successful Open Day at the dog pound. Another hot topic this past year has been about the availability of psychoactive substances in our district and our community has been exceptionally passionate about it. Our Council developed a policy which was taken to the community for input and we would like to thank you all for the support we received. The policy has been adopted giving Council the power to restrict where an outlet may operate from. Council also resolved to keep pressure on central government to ban these products outright.

Council hosted a successful visit from the Consul-General of China and three senior members of his staff (representing education, commerce, local government and overseas Chinese), along with other business leaders in shipping and travel/tourism. The high-powered group had a strong business oriented focus on investment opportunities in the district. Opening our doors to investment opportunities is important to the future economic growth of our district.

Council was pleased that the legal action taken against us over the landfill contract was overturned resulting in the recovery of close to half a million dollars.

The South Waikato Sport and Events Centre is gaining real momentum. The calendar is full and the feedback is fantastic. Indeed the facility was our highest performing activity in the Customer Satisfaction Survey with a 99% satisfaction rating.

Another feather in our cap came from the very positive financial results of the Ratepayer Union survey. The average amount we pay our staff and the operating expenditure is below the average of other Waikato Councils and our debt per ratepayer and our average rates bill is the lowest in the Waikato.

Perhaps most encouraging is the strong sign of economic growth that is on the horizon in our district. We continue to grow our dairy sector through innovative farming practices by environmentally-minded farmers. Business growth in Big Chill, Blue Pacific Minerals and our own proposed road rail terminal will ensure continued jobs and local gains.

Aligned to this is our new Business Case Management approach. This means that investors, entrepreneurs and business leaders are treated to a one stop shop approach; a person within Council who brings everyone together at the start of the project so that Council processes are smoother and more efficient.

The future of our district is full of economic, social, environmental and cultural opportunities and challenges. As a result of our increased focus on economic development and district promotion and of moving our investment fund to an external Trust, we now have the ability to encourage growth in jobs in our manufacturing, farming and logistics sectors;

this needs to be done in conjunction with stakeholders and the community to ensure the district remains sustainable and continues to align with our agreed strategic direction.

We will continue to build sound business and community relationships. Of particular importance is our relationship with Raukawa and the Te Arawa River Iwi Trust and the impacts of the Waikato River legislation and consequential increased regulation and standards, and impacts on our environment and our farming sustainability.

The predicted aging and declining population will also have a significant impact the affordability of Council services over time.

Perhaps the biggest venture our district faces is the proposed new dryer at Fonterra which was confirmed recently. This opportunity will mean upwards of 600 jobs during construction and an estimated 50 plus permanent jobs once complete. Our own Leith Place refurbishment project will ensure our residents have a vibrant place to go and we are positioned to capture passing traffic in need of a break and stopover on their long haul. We just need to invite them in...

What a year! We would like to thank all in our community who engage with us on our various plans, policies and funding rounds. Your input is invaluable and your commitment and passion for the South Waikato admirable.



Neil Sinclair MNZM JP BDS
MAYOR
23 October 2014



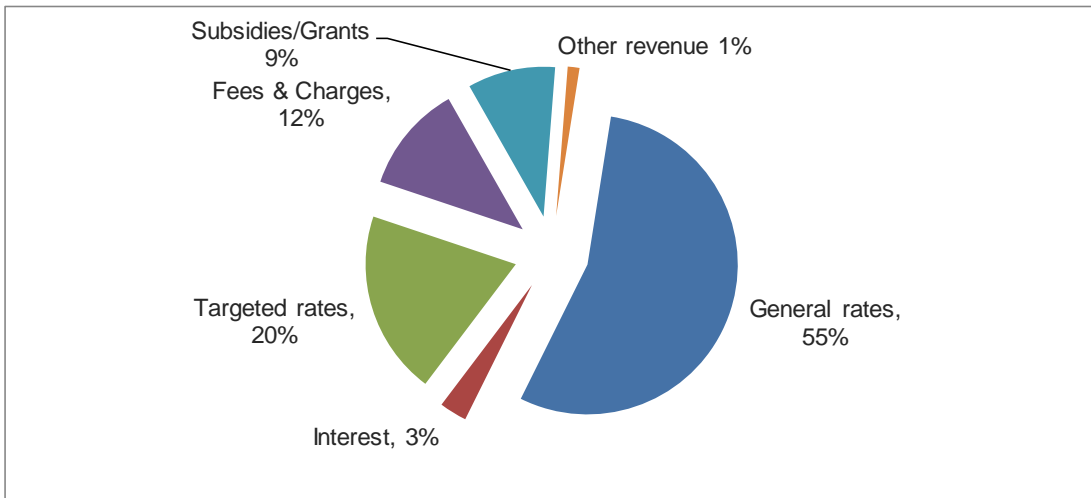
Craig Hobbs
CHIEF EXECUTIVE
23 October 2014

Vision - Healthy people thriving in a safe, vibrant and sustainable community

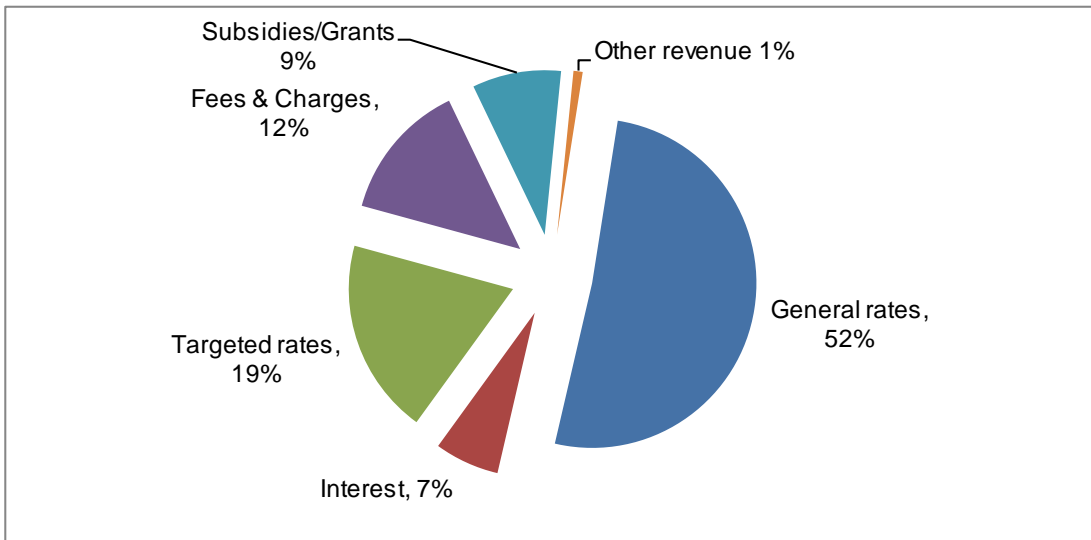
FUNDING IMPACT STATEMENT REPORT

Background

Funding impact revenue source - budgeted 2013-14



Funding impact revenue source - actual 2013-14



Customer satisfaction survey

Overall satisfaction

Every three years Council engages an independent organisation to complete a Residents Satisfaction Survey. The most recent survey was undertaken in March 2014 and this survey measures the levels of satisfaction of South Waikato residents with Council supplied services. The next survey is due in early 2017.

Sample sizes are chosen at a level that gives a 95% level of confidence in survey results. In 2014, the geographical spread of respondents by ward was 254 (Tokoroa), 95 (Putāruru) and 51 (Tīrau). This spread is roughly consistent with the population distribution. Respondents were also screened to ensure a representative sample in terms of age, gender split, and balance according to ward populations. The result is that the total figures represent the adult population's viewpoint across the entire South Waikato district.

Satisfaction results are classified in four categories: 'very satisfied', 'fairly satisfied', 'dissatisfied' and 'don't know'. For the purpose of reporting results in this Annual Report, the 'very satisfied' and 'fairly satisfied' results have been combined and assessed as 'satisfied'.

Overall Satisfaction

In brief:

- Overall 89% of ratepayers are satisfied with the general performance of Council.
- The service provided by Council that residents are most satisfied with is the South Waikato Sport and Events Centre; 99% of residents stating that they were either fairly or very satisfied with this facility.
- Other services and facilities that had high levels of satisfaction included library services (97% very or fairly satisfied), sewerage services (96%), landfill or transfer station (93%) and stormwater services (92%).
- Council's lowest performing service was public toilets where only 45% of residents were very or fairly satisfied with the service. However it is worth noting that only 15% of residents were actually dissatisfied with the public toilets. 41% of residents did not know whether they were satisfied or dissatisfied with the service which indicates that many of our residents do not use the public toilet facilities in our district.

The most common methods of receiving information published by Council are Council advertisements in the newspapers. 73% of residents receive their information from the newspaper and 70% of residents receive information from Council through the In Touch community newsletter. Newspapers and the 'In Touch' community newsletter were also identified by residents as the preferred methods for Council to communicate with the community.

The table below summarises the results achieved by Council in terms of community satisfaction with services between 2006 and 2014:

Activity	Satisfaction in 2006 (%)	Satisfaction in 2008 (%)	Satisfaction in 2011 (%)	Satisfaction in 2014 (%)	Trend
Parks and reserves	86	87	88	82	Mixed
Roads (excluding State Highways)	92	83	86	85	Mixed
Household recycling service	79	80	83	72	Mixed
Public libraries	85	79	82	97	Improving
Animal control	75	80	80	69	Mixed
Household rubbish collection*	92	94	78	68	Decreasing
Litter control	79	74	78	#	Mixed
Footpaths	77	71	77	68	Mixed
Public swimming pools	67	69	75	92	Improving
Sportsfields and playgrounds	79	81	75	#	Decreasing

Cemeteries - including maintenance	73	69	72	61	Mixed
Taste and odour of Council water supplied*	74	78	78	#	Mixed
Tourism promotion	71	69	65	#	Decreasing
Community assistance	71	66	60	61	Decreasing
Business promotion	57	54	60		Improving
Landfill and Transfer Station	55	56	60	93	Improving
Resource management planning	51	44	58		Improving
Public toilets	64	54	52	45	Decreasing
South Waikato Sport and Events Centre	Facility did not exist when these surveys were undertaken			99	Trend not yet available
Sewerage*	Question asked for the first time in 2014			96	Trend not yet available
Stormwater*	Question asked for the first time in 2014			92	Trend not yet available
Water*	Question asked for the first time in 2014			91	Trend not yet available
Council maintained sportsgrounds	Question asked for the first time in 2014			90	Trend not yet available
Cleanliness of food premises	Question asked for the first time in 2014			81	Trend not yet available

* These three only include the responses of people who use these Council services

These questions were not asked in 2014

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS

Major Capital Projects for 2013-14

Transport and roading	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Formation widening	430	404	478
Seal widening	26	21	12
Seal extension	-	-	-
Pavement rehabilitation	885	894	827
Drainage renewals	163	146	150
Christmas/feature Lighting	20	21	78
Maintenance chip seals & reseals	875	957	880
Asphaltic surfaces	187	146	166
Kerb and channel renewals	82	83	91
Traffic services renewals-signs	93	114	108
Traffic services renewals-street lights	111	104	111
Minor improvements	229	291	278
Footpath renewals	48	47	51
Sundry other	53	55	289
Total	3,202	3,283	3,519

Major projects completed included

- Formation widening
- Both urban and rural pavement rehabilitation
- Kerb and channel renewals
- Minor safety and associated improvements
- Footpath renewal
- Pavement rehabilitation to various local roads
- Both chip and asphalt reseals, and drainage renewal
- Street-lighting improvements and street sign replacement.

Community facilities, properties & amenities	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Cemeteries	7	10	6
Community Halls	12	13	46
The Plaza	-	-	47
Sports Events centre	37	-	2,119
Tirau Hall	4	14	9
Public toilets	270	-	229
Tokoroa airfield	248	107	-
Pensioner housing	62	92	77
Total	640	236	2,533

Leisure services	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Library Collection Annual Renewal	133	138	134
Library-other	21	51	43
Sportsgrounds-Memorial Park	15	32	209
Logan Street Skatepark upgrade	11	20	-
Sportsgrounds-Glenshea Park	88	105	60
Reserves - walkway development	24	51	16
Reserves - Revegetation Planting	17	17	-
Reserves - Putaruru to Duxfield walkway	9	276	12
Playground Equipment renewals	128	107	16
Lake Moananui - Dam repairs	640	-	-
Lake Moananui - silt removal and prevention work	148	85	-
Lake Moananui - silt detention forebay	57	-	-
Baird Rd - bridge St Walkway-landscaping/planting	23	25	-
Arapuni Village Green carpark development & link road	-	-	7
Other parks and reserves projects	17	30	33
District indoor pool - plant replacement	92	52	147
Tirau pool - plant replacement	6	4	-
Putaruru pool - plant replacement	25	29	25
Total	1,454	1,022	702

Major variations from budget included:

- Public toilets includes Tirau information centre toilets and additional changing facilities at the Memorial Sportsgrounds, which were carry over projects from 2012-13. The remaining expenditure for Te Waihou composting toilet and Leith Place toilets/redevelopment were still in progress at year-end
- Land purchase at Tokoroa airfield was a carry-over project from 2012-13
- Putāruru to Duxfield walkway is now not proceeding
- Lake Moananui dam repairs and associated works was urgent remedial work that was not anticipated in the 2013-14 Annual Plan
- District pool exterior painting (\$19,000) was a carry-over project from the previous year, while urgent repair/replacement was required to the changing room floors and pool plant.

Significant projects completed included:

- Interior refurbishing of pensioner housing units
- Annual library book renewals
- Glenshea Park grandstand roof replacement
- Completion of various playground equipment renewals.

Community support and economic development	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
District Promotion - billboards/signs	16	15	24
LED lighting	17	20	29
Talking Poles	-	10	-
Total	33	45	53

Major variations from budget included:

- Talking poles project is now being undertaken in 2014-15.

Water supply	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Tokoroa - reticulation replacements	224	221	249
Tokoroa - capital component of maintenance	10	12	14
Tokoroa - Billah St headworks (incl basement pumps)	44	49	4
Tokoroa - rising main - Colson's Hill	148	259	-
Tokoroa - Colsons Hill - repair leak	-	-	6
Tokoroa/Lichfield - resource consents	17	62	-
Tokoroa - Glenshea reservoir-repair leak	5	-	-
Putaruru - reticulations replacements	19	23	46
Putaruru - capital component of maintenance	1	12	5
Putaruru -water treatment system	-	-	318
Tirau - capital component of maintenance	14	12	3
Tirau - new works-water treatment	-	-	55
Tirau - reticulation replacements	29	33	26
Arapuni - reticulation renewal	31	33	80
Arapuni - storage tank/reservoir refurbish	96	95	-
Arapuni - UV treatment	-	66	-
Other Capital Projects	26	30	-
Total	664	907	806

Major variations from budget included:

- Tokoroa rising main - Colson's Hill was still in progress and will be completed in 2014-15
- Lichfield resource consent renewal will now be undertaken in 2014-15
- Arapuni UV treatment will now be undertaken in 2014-15.

Major projects completed included:

- Smart water meters were installed in Putāruru and Tirau
- Arapuni storage tank and reservoir refurbishment
- reticulation replacements.

Stormwater	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Tokoroa - minor new works projects	12	12	4
Purururu - minor new works projects	9	17	15
Putaruru - Tirau Street pipe renewal	97	-	17
Tirau - minor new works projects	4	6	5
Arapuni Rd Outlets Replacement	3	6	-
Arapuni - resource consent renewal	-	-	17
Total	125	41	58

Major variations from budget included:

- Tirau Street pipe renewal was a carry-over project from 2012-13.

Wastewater	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Tokoroa - wastewater treatment plant (WWTP) upgrade	41	36	1,254
Tokoroa - UV plant upgrade	13	13	10
Tokoroa WWTP - nitrogen removal enhancement	17	280	24
Tirau WWTP upgrade	51	51	15
Arapuni WWTP upgrade	10	11	14
District-wide above ground/under ground plant renewals	54	56	43
Putāruru resource consent renewal	59	62	-
Putāruru filter pumps & UV	26	36	-
Other	-	-	33
Total	271	545	1,393

Major variations from budget included:

- Tokoroa wastewater treatment plant nitrogen removal enhancement will now be completed during 2014-15.

Major projects completed included:

- Miscellaneous above ground/under ground plant renewals
- Putāruru UV installation and resource consent renewal
- Tirau Rising Main from Depot pump station.

Solid waste and recycling	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Tokoroa landfill leachate pump	5	5	-
Tokoroa - recycling facility	649	-	6
Tokoroa - capital component of maintenance	3	22	21
Tokoroa - security fencing	-	-	18
Tokoroa - other minor projects	3	-	7
Putaruru - other minor projects	6	5	10
Tirau - Depot Street - refurbish recycling container	-	-	4
Total	666	32	66

Major variations from budget included:

- The recycling centre facility is a carry-over project from the previous year. Due to contractual and planning issues it will now be completed in 2014-15.

Regulatory	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Replacement of gas cells	1	2	-
Total	1	2	-

Emergency management	Actual Spend 2014 \$000	Budget Spend 2014 \$000	Actual Spend 2013 \$000
Mobile satellite station and welfare	-	-	11
Civil defence/rural fire communication hardware	-	-	6
Honda EG5500 5.5kVA generator	2	3	-
Total	2	3	17

Governance and corporate	Actual Spend 2014 \$000	Budget Spend 2013 \$000	Actual Spend 2013 \$000
Council admin buildings & depots	26	42	2
IT expenditure	333	404	480
Vehicle replacements	377	297	379
Furniture renewals	6	15	6
Total	742	758	867

Major variations from budget included:

- Vehicle replacements included a portion of carry forward budget from 2012-13.

**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF SOUTH WAIKATO 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 South Waikato 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 18 to 33:

- the summary consolidated balance sheet as at 30 June 2014;
- the summaries of the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 Groups of Significant Activities 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 23 October 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 23 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*.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out a range of other assurance engagements in the areas of the audit of the long term plan amendment which are compatible with those independence requirements. Other than this reporting and these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries.

A handwritten signature in black ink, appearing to read "M. Youngson".

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

SUMMARY OF GROUPS OF SIGNIFICANT ACTIVITIES

Council set a number of specific service performance targets in the Long Term Plan 2012-22. The Annual Report provides a report of our achievement against those targets. A selection of what are considered the key performance targets is set out below. The full Annual Report should be referred to if the reader wishes to see the results achieved for all of the performance targets.

Road network and road safety

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Road Quality	At least 80% of Council roads (by length) will meet the New Zealand Transport Agency (NZTA) target for roughness and not more than 15% of road length shall exceed the NZTA maximum target roughness	Achieved	Council achieved this measure with a combined (urban/rural) measure of 95%
Road Safety	The number of crashes in the South Waikato District per 100 million vehicle km travelled (VKT) is less than both the crash rate per 100 million VKT for all New Zealand, and Council's peer group, as defined by the NZTA's annual road safety report	No data available (NZTA does not produce annual report anymore)	In 2011-12, Council achieved this measure with an overall result of 64 (peer 71, all NZ 68)
Service Responsiveness	90% of potholes on Council's roads are repaired within one week of notice with the remaining 10% addressed within a month of notice	Achieved	35 requests were received for the year. All (100%) were responded to within target
Customer Satisfaction	Council receives fewer than twenty five complaints about the road network per year (this includes footpaths, signage, street lighting and road markings)	Achieved	3 complaints were received for the year. These related to: a missing grate, damage to kerbs and poor drainage. All were resolved
Customer Satisfaction	90% of all sub-standard footpaths within the district are responded to within one week of notice and repaired within two weeks, with the remaining 10% repaired within one month	Not achieved	42 requests were received for the year. 90% were responded within 1 week, 90% repaired within 2 weeks, with three repaired within 1 month. However one response took 6 weeks to repair so as to coincide with work already scheduled

Recreation and facilities

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Safety: buildings	Council will ensure 100% compliance with the Building Act 2004 and hold current warrants of fitness where required (this includes Council owned buildings in public use, such as the Plaza)	Achieved	All Council buildings that are in public use are compliant with the Building Act 2004. All buildings requiring warrants of fitness have warrants valid to December 2014
Safety: playgrounds	Council will respond to complaints, service requests and inspection reports relating to unsafe playground equipment within one hour of notification and the equipment will be made safe within 24 hours at least 95% of the time	Achieved	No service requests or complaints received. Playground safety target has been met through contractor safety inspections and internal playground audits
Service quality: Parks and Reserves	Council receives fewer than ten complaints about parks and reserves per year	Achieved	Two complaints were received for the year. All were resolved
Safety: Swimming pools	At least 90% of pool water tests comply with the relevant New Zealand standards of water quality	Achieved	Pool water testing, which is performed at least 5 times/day, has achieved an overall rating of 91%
Usage: Swimming pools	An average of at least four visits per resident per year to the South Waikato Indoor Pools will be achieved.	Achieved	Four visits per resident were achieved. This is based on 91,897 visits and a population of 22,800
Usage: Libraries	An average of at least 8.5 book issues per resident per year will be achieved	Not achieved	Council has achieved 7.3 book issues per resident. This is based on 160,260 issues and a population of 22,800. As a result of an increase in use of internet for information searching and e-books, this performance measure will be reviewed
Service quality: Public Toilets	Council receives fewer than six complaints each year about public toilets	Not achieved	Seven request for service quality complaints were received for the year. An increased cleaning regime is now in place at Leith Place toilets
Service responsiveness: Cemeteries	100% of all enquiries, requests or complaints are responded to within three working days of notice	Achieved	19 service requests or complaints were received for the year. All were responded to within target
Occupancy: Pensioner Housing	The service delivers affordable and appropriate units for our residents to live in, which is reflected in 95% occupancy of Council's pensioner housing on an annual basis	Achieved	Council's pensioner housing has achieved an occupancy rate of 96%

Community and economic development

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Social connectivity and building capacity of community groups	Membership of Council's community connect website is promoted and maintained with a minimum of 80 registered users updating details within the year	Achieved	126 registered users details were updated during the year
Youth Development	Council will support the coordination of an annual youth event in partnership with a local youth advisory group	Achieved	A Youth Advisory Board was established during the year. 22 youth are members of the board which has met monthly. Members of the advisory board organized and assisted in the School of Zen Inter school sports event
Events	Council will ensure on average one event per quarter occurs to enhance community cohesiveness	Achieved	Eleven events have been held. These were: six neighbourhood parties; apprenticeship graduation; Balloons over the South Waikato; School of Zen; Anzac youth week, and honouring volunteers
Local economic development plan	Ensure the development of a local economic development plan (to be implemented through the 2015-25 Long Term Plan)	On track	The strategy was completed and was subject to the establishment of the DRIVE Trust

Water supply

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Service Responsiveness	At least 95% of disruption to Council's urban water supply network will be responded to within one hour of notice on 24/7 basis	Achieved	Council received 57 service requests. All (100%) were responded to within target
Network Reliability	90% of disruptions to Council's urban water supply network will be remedied within twelve hours of notice	Achieved	Council received 57 service requests. All (100%) remedied within target
Safety	At least 97% of tests for E.coli carried out on treated reticulated water will indicate a level of E. coli in the reticulated Council systems of less than one per 100ml	Achieved	569 samples were analysed. 568 (99.82%) achieved the target

<p>Water Quality grading - Ministry of Health (at source) requirement</p>	<p>All public water supplies will comply with the NZ Drinking Water Standards (water quality standards) by the date specified in the Health (Drinking Water) Amendment Act 2007. Tokoroa 1 Jul-2012; Putāruru 1 Jul-2014; Tīrau 1 Jul-2014; Arapuni 1 Jul-2015; Lichfield 1 Jul-2015</p>	<p>Achieved</p>	<p>This target requires the public water supplies at source comply with the NZ Drinking Water Standards. As stated in the Health Act 1956, section 69V, Council has a duty to take all practicable steps to comply with Drinking Water Standards. Council has a current Public Health Risk Management Plan dated April 2010 (Water Safety Plan). Council has been notified by the Midland Drinking Water Assessment Service that those sites required to comply with the Act by 30 June 2014 do comply. Tīrau water supply has had UV reactors and filters installed to meet the Standards. Arapuni and Lichfield will have the required treatment installed 2014-15</p>
<p>Water Distribution system grading –Ministry of Health requirement</p>	<p>All public water supplies will comply with the NZ Drinking Water Standards (distribution system standards) by the date specified in the Health (Drinking Water) Amendment Act 2007. Tokoroa 1 Jul-2012; Putāruru 1 Jul-2014; Tīrau 1 Jul-2014; Arapuni 1 Jul-2015; Lichfield 1 Jul-2015</p>	<p>Achieved</p>	<p>This target requires the public water supplies at source comply with the NZ Drinking Water Standards. As stated in the Health Act 1956, section 69V, Council has a duty to take all practicable steps to comply with Drinking Water Standards. Council has a current Public Health Risk Management Plan dated April 2010 (Water Safety Plan). Council has been notified by the Midland Drinking Water Assessment Service that those sites required to comply with the Act by 30 June 2014 do comply. Tīrau water supply has had UV reactors and filters installed to meet the Standards. Arapuni and Lichfield will have the required treatment installed 2014-15</p>

Stormwater

Key Result Areas	2012-13 Target	2012-13 Level Achieved	Comments
Reliability	Buildings that comply with the Building Code will not be flooded due to failures of system maintenance	Achieved	No flooding of buildings that comply with the Building Code were reported
Service Responsiveness	At least 90% of non-urgent service requests are responded to within one week of notice. The remaining 10% will be responded to within two weeks	Achieved	Council received 44 requests. 43 requests (98%) were responded to within one week, and one request was responded to within two weeks
Consent Compliance	There will be no more than two 'Formal Enforcement Actions' from the consenting authority in regard to Council's compliance with resource consent conditions	Achieved	Council did not receive any formal enforcement actions from the Regional Council

Wastewater

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Network Reliability	No more than one break or blockage per year causing overflow, per 10km of Council's sewerage pipe network. The network comprises 163.9km of reticulation pipelines, so the KPI is for 16 or fewer breaks or blockages per annum	Not achieved	Council has had 18 blockages for the year. The pipes concerned were inspected by CCTV camera and any faults rectified
Quality of discharge	There will be no "Formal Enforcement Actions" from the consenting authority (Waikato Regional Council) in regard to Council's compliance with resource consent conditions relating to wastewater	Achieved	There were no formal enforcement actions from the Regional Council
Service Responsiveness	At least 95% of urgent service requests are responded to within one hour of the request with the remaining 5% responded to within 24 hours	Achieved	Council received 18 service requests. All (100%) were responded to within 1 hour

Solid waste and recycling

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Waste Minimisation	The amount of waste that is recycled must not be less than 10% of the residual waste sent to landfill. (‘Residual waste’ is the gross tonnages over the weighbridge less cover material, sewage sludge, greenwaste, and metal/timber fractions)	Achieved	19% of residual waste was recycled
Consent Compliance	There will be no ‘Formal Enforcement Actions’ from the consenting authority in regard to Council’s compliance with resource consent conditions	Achieved	There were no formal enforcement actions received from the Regional Council
Kerbside refuse collection	There are no more than 50 complaints about the kerbside refuse collection service per annum	Achieved	No complaints were received

Regulatory

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Building Control timeliness	At least 90% of building consents are processed within statutory timelines (20 working days)	Achieved	Council received 465 building consents for the year. 99.3% of applications were processed within the target
Accreditation	Council will retain accreditation as a Building Consent Authority	Achieved	Council has retained accreditation as a Building Consent Authority for the year
Liquor and Food safety	100% of premises registered under the Food Hygiene Regulations are inspected annually	Achieved	Council has 219 registered premises. 100% have been inspected annually
Animal Control service responsiveness	Greater than 90% of urgent* requests are responded to within one hour on a 24/7 basis. (*dog attacks, dog aggression, stock wandering on road)	Achieved	Council received 95 urgent service requests for the year. 100% were responded to within target
Resource consent timeliness	At least 90% of non-notified consents are processed within statutory timelines (20 or 40 working days)	Achieved	86 non-notified resource consents were processed. 100% were processed within target
Resource consent conditions	Not less than 80 hours per annum is spent on monitoring resource consent conditions	Achieved	85 hours have been spend on monitoring resource consent conditions

District plan integrity	Reviews and plan changes to the district plan are carried out in accordance with the statutory requirements in the Resource Management Act 1991 (RMA)	Achieved	14 appeals were received to the Proposed District Plan. Decisions were made in accordance with the RMA
Emergency management preparedness	More than six training sessions are held or attended per year, including one South Waikato Emergency Operations Centre exercise	Achieved	11 training sessions were held or attended during the year. A local South Waikato civil defence exercise on welfare registration was held 25 June
Emergency management awareness	More than 20 visits to local organisations per year	Achieved	27 visits were undertaken
Rural fire compliance	Maintain rural fire management arrangements to meet the requirements of the Forest and Rural Fires Act 1977	Achieved	This service passed the rural fire audit

Governance and corporate services

Key Result Areas	2013-14 Target	2013-14 Level Achieved	Comments
Compliance	Compliance with all sections of the Local Government Act 2002 governing elections and functions of elected officials and the preparation and consultation on all key Council policies required by the Act	Achieved	Consultation, the electoral processes and the functions of elected officials comply with legislation
Sustainability	Council will implement three actions per year that encourage sustainable behavioural change	Not achieved	Only one action was implemented during the year; retro-fitting LED lighting in one of the committee rooms. This is to be used as a pilot project (including sensor-activated lighting), going forward
Elections	Council will conduct error free local government elections (the election process is defined in the Local Electoral Act 2001)	Not achieved	Typographical errors were made in the election candidate profile booklet. Process has been reviewed to ensure measure is met in future

SUMMARY FINANCIAL STATEMENTS

Relationship to full Annual Report

The summary financial statements and summary of the groups of significant activities (the Summary Report) have been prepared in accordance with NZ Financial Reporting Standard No.43 *Summary Financial Statements*.

The presentation currency of the financial statements is New Zealand dollars and values are rounded to the nearest thousand dollars.

The specific disclosures included in the Summary Report have been extracted from the corresponding full Annual Report, which was authorised for issue by Council on 23 October 2014.

South Waikato District Council has designated itself as a public benefit entity for the purposes of the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The full set of financial statements included in the full Annual Report has been prepared in accordance with NZ GAAP and complies with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The full consolidated financial statements of the group have not been prepared using the purchase method due to the small size of the subsidiary, which means that the parent and group amounts are not materially different.

These summary financial statements do not include all the disclosures provided in the full annual report and cannot be expected to provide as complete an understanding of the Council's and Group's financial and service performance, financial position and cashflows as the full Annual Report.

The full financial statements were audited by Deloitte on behalf of the Auditor General, and an unmodified opinion was issued on 23 October 2014.

How to obtain a full Annual Report

The full Annual Report is our key accountability document. You can obtain a full Annual Report by:

- Visiting our website - www.southwaikato.govt.nz to download a copy
- Calling our Customer Services staff on (07) 885 0340 during normal business hours
- Emailing us at: info@southwaikato.govt.nz
- Writing to us at: South Waikato District Council, Private Bag 7, Tokoroa 3444
- Visiting one of Council's office's (located in Tokoroa or Putaruru)

If requesting a full Annual Report, please state whether you require the Annual Report in CD or hard copy format.

STATEMENT OF COMPLIANCE

The Council and Management of South Waikato District Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

The Summary Annual Report was authorised for issue by Council on 13 November 2014.



Neil A Sinclair MNZM JP
BDS

MAYOR

13 November 2014



Craig Hobbs

CHIEF
EXECUTIVE

13 November 2014



Ben Smit

DEPUTY CHIEF
EXECUTIVE

13 November 2014

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Parent and Group		
	Actual 2014 \$000	Forecast 2014 \$000	Actual 2013 \$000
Total income	30,577	28,340	32,956
Expenditure other than finance costs	48,805	53,474	28,039
Finance costs	541	542	337
Loss before tax	(18,769)	(25,676)	4,581
Tax expense	-	-	-
Loss after tax	(18,769)	(25,676)	4,581
Other comprehensive income			
Change in Asset Revaluation Reserve	3,836	20,149	13,832
Change in Investment Revaluation Reserve	(244)	-	(2,534)
Total other Comprehensive income	3,592	20,149	11,298
Total comprehensive income	(15,177)	(5,527)	15,879

Explanation of Council's Loss after Tax

Council incurred a deficit of \$18.8m this year. A deficit of \$25.7m had been budgeted. A major factor in this variance was Council's decision to retain approximately \$5m of the residual South Waikato Investment Fund (SWIF) cash for identified strategic projects that have an enduring economic and social benefit to the South Waikato district. Another major variance is the gain on financial instruments, which represents accumulated unrealised gains on investments which became realised when Council paid the SWIF out to a separate community Trust.

In other comprehensive income, the revaluation of roading infrastructural assets was also lower than expected (\$15.8m).

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Parent and Group		
	Actual 2014	Forecast 2014	Actual 2013
Balance at 1 July	396,001	346,696	380,122
Profit for the year	(18,769)	(25,676)	4,581
Other Comprehensive Income			
Reclassification of internal port of SWIF investment	-	5,173	-
Change in Asset Revaluation Reserve	3,836	20,149	13,832
Change in Investment Revaluation Reserve	(244)	-	(2,534)
Total comprehensive income for the year	(15,177)	(354)	15,879
Balance at 30 June	380,824	346,342	396,001

The disclosures on page 32 provide details of each component of equity.

Explanation of Changes in Equity

The difference between actual total equity at 30 June 2014 and what was forecast for the year represents an accumulation of changes since the 2013-14 Annual Plan was adopted, including: a lower roading assets increase this year than budgeted (\$15.8m), higher waters revaluation increase in 2012-13 than budgeted \$9.1m; a lower net deficit than budgeted \$6.9m and a higher net surplus in 2012-13 than budgeted \$3.8m. There was also an increase in asset revaluation as a result of a prior year adjustment of \$40.7m, due to an error in the methodology for valuation of the roading formation (earthworks) assets.

SUMMARY CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014

	Parent and Group			
	Actual 2014	Forecast 2014	Actual 2013	Actual 2012
Total current assets	15,193	12,311	22,957	14,546
Total non-current assets	386,712	352,842	387,231	378,574
Total assets	401,905	365,153	410,188	393,120
Total current liabilities	5,971	6,162	5,149	12,073
Total non-current liabilities	15,110	12,649	9,038	925
Total liabilities	21,081	18,811	14,187	12,998
Equity/Net assets	380,824	346,342	396,001	380,122

SUMMARY CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Parent and Group		
	Actual	Forecast	Actual
	2014	2014	2013
	\$000	\$000	\$000
Net cash inflows/(outflows) from operating activities	(12,032)	(15,253)	6,628
Net cash inflows/(outflows) from investing activities	(551)	13,069	4,284
Net cash inflows/(outflows) from financing activities	6,417	3,230	1,469
Net increase/(decrease) in cash and cash equivalents	(6,166)	1,046	12,381

SUMMARY FUNDING IMPACT STATEMENT-WHOLE OF COUNCIL FOR THE YEAR ENDED 30 JUNE 2014

	Parent and Group			
	Forecast	Actual	Forecast	Actual
	2013	2013	2014	2014
	\$000	\$000	\$000	\$000
Total operating funding (A)	28,249	37,986	28,418	28,416
Total applications of operating funding (B)	20,896	33,767	47,204	47,952
Surplus (deficit) of operating funding (A-B)	7,353	4,219	(18,786)	(19,536)
Total sources of capital funding (C)	4,178	3,931	2,296	1,892
Total application of capital funding (D)	11,531	8,150	(16,490)	(17,644)
Surplus(deficit) of capital funding (C-D)	(7,353)	(4,219)	18,786	19,536
Funding Balance ((A-B)+(C-D))	-	-	-	-

SUMMARY OF COST OF SERVICES

	Parent and Group		
	Actual	Forecast	Actual
	2014	2014	2013
	\$000	\$000	\$000
REVENUE			
General Revenue (Net of Internal Revenue)	17,959	16,736	21,096
Revenue From Significant Activities			
Transport and roading	2,708	2,745	2,729
Recreation and facilities-facilities and property	743	719	958
Economic and community development	126	156	134
Recreation and facilities-leisure services	349	381	362
Water supply	2,313	2,167	2,313
Stormwater	509	436	428
Wastewater	2,836	2,557	2,576
Solid waste and recycling	2,063	1,545	1,501
Environment – regulatory services	781	735	759
Environment – resource management and planning	125	96	81
Environment – emergency management	10	12	3
Governance and corporate	55	55	16
Total Service Statement Revenue	12,618	11,604	11,860
TOTAL REVENUE	30,577	28,340	32,956
EXPENDITURE			
Expenditure From Significant Activities			
Transport and roading	7,234	6,890	6,800
Recreation and facilities-facilities and property	2,048	2,215	1,764
Economic and community development	22,665	28,413	2,081
Recreation and facilities-leisure services	4,510	4,528	4,557
Water supply	2,393	2,242	2,178
Stormwater	616	563	565
Wastewater	2,986	2,881	2,627
Solid waste and recycling	2,194	2,317	2,293
Environment – regulatory services	1,802	1,812	1,778
Environment – resource management and planning	1,092	943	1,146
Environment – emergency management	324	355	333
Governance and corporate	1,733	1,612	1,612
Total Service Statement Expenditure	49,597	54,771	27,734
Less: elimination of Internal Expenditure	(739)	(755)	(769)
	48,858	54,016	26,965
Other Expenditure	488	-	1,410
TOTAL EXPENDITURE	49,346	54,016	28,375
NET SURPLUS BEFORE TAX	(18,769)	(25,676)	4,581

Major forecast variations

	Actual 2014 \$000	Forecast 2014 \$000	Variance \$000
Total income	30,577	28,340	2,237
Other Revenue Other revenue exceeded budget mainly due to higher dividends received compared to budget. Dividends of \$490,000 were received due to more investment in equity during the year. This was partially offset by a reduction in vested income from assets gifted to Council.	1,326	359	967
Gain on financial instruments This represents accumulated unrealised gains on investments which became realised when Council transferred out the South Waikato Investment Funds (SWIF) to a new entity.	1,273	-	1,273
Total operating expenditure	49,346	54,016	(4,670)
Net loss on sale The net loss arose mainly from the renewal of infrastructural assets, particularly roading, water, wastewater and stormwater.	504	-	504
Transport and Roothing The transport and roading expenditure was above budget mainly due to higher depreciation on roading assets compared to budget. This is mainly because of a reduction in the life of the first coat seals especially on Mossop road after a larger chip two coat seal was undertaken in November.	7,234	6,890	(344)
Recreation and facilities-facilities and property Facilities and property expenditure was below budget mainly due to: lower talking pole maintenance and promotional expenditure; lower operational costs at the South Waikato Sport and Events Centre, and lower toilets operational cost mainly due to lower interest and depreciation costs.	2,048	2,215	(167)
Economic and Community Development Economic and community development expenditure was below budget mainly due to a lower amount of SWIF funds paid out than, as Council had decided to retain approximately \$5m for strategic community projects. This is also due to the timing of \$1m pay-out of funds for the establishment of an economic development trust led by experienced business	22,665	28,413	(5,748)
Wastewater Water supply expenditure was above budget mainly due to higher depreciation charges than envisaged in budget. The increase in depreciation charges is associated with higher revaluation surpluses on water assets that were recorded at the end of the 2013 financial year.	2,985	2,881	104

Major forecast variations

	Actual 2014 \$000	Forecast 2014 \$000	Variance \$000
Solid waste and recycling	2,194	2,317	(123)
Solid waste and recycling expenditure was below budget mainly due to lower landfill operating costs under new contractor; lower waste levy collected compared to budget, lower litter collection costs due to lower volume and lower interest and depreciation costs due to timing of purchase of the recycling centre facility.			
Environment - Resource Management & Planning	1,092	943	149
Resource management and planning expenditure was above budget mainly due to district planning expenditure being overspent because of additional use of consultants to assist hearings panel, more ecological ground truthing and reporting required to deal with submissions and complexity of topics such as land use intensification and effect on the Waikato River.			
BALANCE SHEET			
Property, plant & equipment	379,155	348,630	30,525
Property, plant and equipment was above budget mainly due to higher revaluation surpluses recorded on roading assets than envisaged in budget. The revaluation surplus recorded on roading formation was particularly higher due to a change in the valuation methodology.			
Other financial assets (non-current)	7,552	4,210	3,342
Long term financial assets were above forecast due to having more investments in long term instruments such as equity and bonds.			
Cash and cash equivalents	11,415	1,990	9,425
Cash and cash equivalents were above forecast due to having more cash in call accounts for significant community projects expected to take place early in the next financial year.			
Borrowings	14,757	12,553	2,204
Borrowings were above forecast mainly due to conversion of internal loans into external loans before year end, as part of Council's divestment from the SWIF. Council had yet to borrow internally off it's other (depreciation) annuities by year-end.			
STATEMENT OF CASHFLOWS			
Net Cash Inflow from Operating Activities	(12,032)	(15,253)	3,221
Net cash outflows from Operating Activities were lower than forecast mainly due to lower expenditure especially the SWIF investment payout which was lower than forecast.			
Net Cash inflow /(Outflow) from Investing Activities	(551)	13,069	(13,620)
Net cash inflows from investing activities were lower than forecast because SWIF investments were transitioned to new entity rather than realised.			
Net Cash Inflow/(Outflow) from Financing Activities	6,417	3,230	3,187
Net cash inflows from financing activities were higher than forecast mainly due to the refinancing of internal loans at the end of the financial year, as part of the pay-out of the SWIF.			

SUMMARY OF COMMITMENTS

	Parent and Group	
	Actual 2014 \$000	Actual 2013 \$000
Contracts for capital projects	483	798
Non-cancellable operating leases	610	688
Total Commitments	1,093	1,486

SUMMARY OF CONTINGENT LIABILITIES

Guarantees

As at 30 June 2014 the South Waikato District Council was acting as a guarantor for a loan of \$25,201 advanced by ANZ National Bank Limited to the Tokoroa Kart Club Incorporated (2013: \$29,282).

Responsibility for shortfall for mutual liability

Up until 30 June 2012, the South Waikato District Council was a member of the New Zealand Mutual Liability RiskPool. The New Zealand Mutual Liability RiskPool had been the key mechanism for the sector to protect itself against public liability and professional indemnity claims over the past fourteen years.

In 2012 Council received advice from RiskPool that payments of weather tightness claims on behalf of members were at a level that had resulted in deficits for the fund. These deficits would require calls on members under the mutual fund rules to meet the funding shortfalls. The mutual fund's rules also require the South Waikato District Council to share in the funding of shortfalls, for those years the Council has been a member of Riskpool (even after it has exited the mutual fund).

There remains the potential for further currently unquantified obligations/calls on Council. There is considerable uncertainty about any future claims and Council is uncertain if there will be additional obligations.

COMPONENTS OF EQUITY

	Parent and Group	
	Actual 2014 \$000	Actual 2013 \$000
Retained Earnings	146,056	146,899
Restricted Reserves	10,707	9,336
Council Created Reserves	8,041	27,400
Property Revaluation Reserves	215,730	211,832
Investment Revaluation Reserves	290	534
Total Equity	380,824	396,001

PRIOR PERIOD ADJUSTMENT

The results and position of the Council for the prior year have been restated as a result of an error in the methodology for valuation of the roading formation (earthworks) assets. The error was detected during the current financial year. In accordance with the requirements of *NZ IAS 8 Accounting policies, Changes in Accounting Estimates and Errors*, the comparative figures affected by the error have to be restated. The impact of the error was to understate the Council's comprehensive income for the previous years. There was no impact in 2013. The table below sets out the effect of the restatement

	Parent and Group	
	Actual 2014 \$000	Actual 2013 \$000
As at 30 June 2012		
Impact on opening balance sheet		
Increase in property, plant and equipment		
Net increase in property revaluation reserve	40,738	40,738
	40,738	40,738

SUMMARY OF EVENTS OCCURRING AFTER BALANCE DATE

No other significant events have occurred between balance date and the signing of the financial statements.