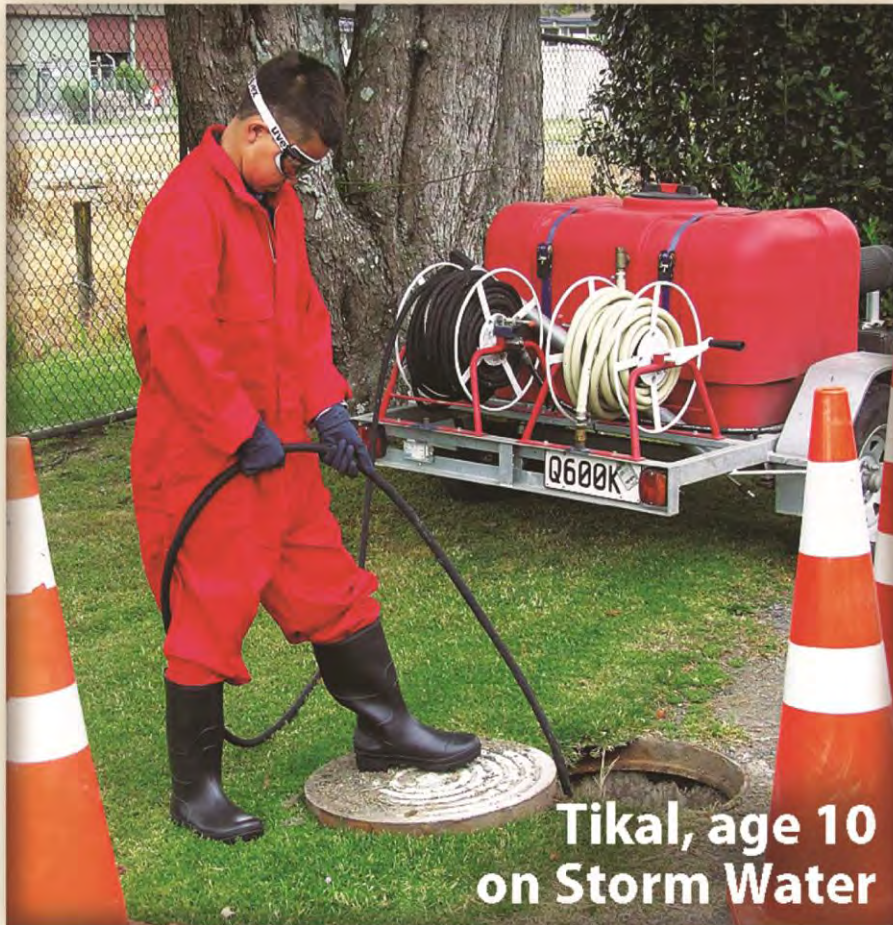


Summary Annual Report 2014-15



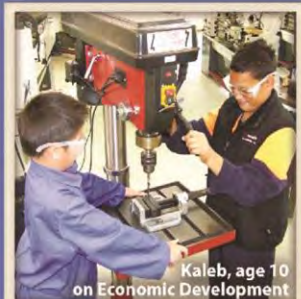
Tikal, age 10
on Storm Water

"If we don't have storm water
drains our houses could flood
when it rains"



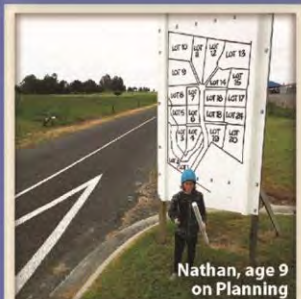
Rivah, age 9
on Parks and Reserves

"So people can have a
nice picnic"



Kaleb, age 10
on Economic Development

"So people can work to get money
and buy food for their family"



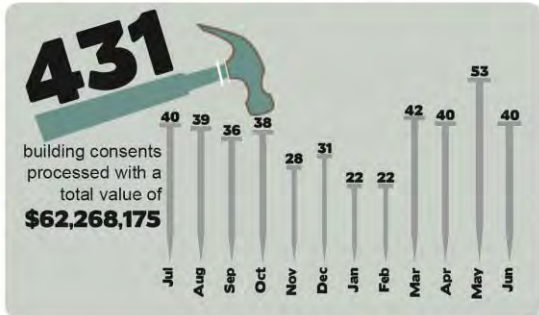
Nathan, age 9
on Planning

"To make sure we protect
our world"

83
ON THE HOUSE
 @warmhomes.org.nz
 applications processed

12
BUY NOW PAY LATER
 @warmhomes.org.nz
 applications processed

visitors to the swimming pools
76,085



our year in
NUM83R2

July 2014 to June 2015

litres of water supplied to households
3,703,049,000

litres of wastewater processed
2,878,346,000

79
 pensioner housing units with 98% occupancy rate achieved

2,425
 tonnes of recycling, representing 17% of total waste

509.6 km of roading is maintained and managed by Council at a cost of **\$5,600,000**

3% unsealed

97% sealed

4 urban & **2** rural water supplies operated
 combined reticulation length of **227 km**

\$405M
 total asset value

62 resource consents processed (32 land use, 18 subdivisions, 12 other)

294 functions/events at the South Waikato Sport and Events Centre involving **38,472** people

Summary Annual Report 2014-2015

Message from the Mayor and Chief Executive

The past year has been a very positive one for the South Waikato. The latest Infometrics data shows the District's economy growing by 2.5% on the previous year. This data also shows slight population growth against the trend of past years. These figures are underpinned by strong business interest in our district.

Council's new Business Case Management approach is proving very successful with 77 business case interactions with businesses looking to establish in the district and existing businesses looking to expand or develop. This initiative means investors, entrepreneurs and business owners liaise with one person at Council who brings everyone together at the start of the project to ensure a smoother, more efficient path through the regulatory framework involved.

The new business growth including; \$385m Fonterra dryer installation at Lichfield; Blue Pacific Minerals expansion; refurbishment of the Okoroire Hotel; new BP Service Station in Tirau; farm conversions at Whakamaru is fantastic and will create more job opportunities in the South Waikato.

We were very pleased to receive the compliments of Fonterra who identified publically that South Waikato District Council are one of the easiest to deal with in their experience and they expressed their delight in receiving a resource consent for their major development in under 30 days.

Council's decision to invest in the Tokoroa Road Rail Terminal in a private public partnership with RJ Lincoln Ltd and the New Zealand Transport Authority demonstrates an innovative and far sighted approach that will deliver significant economic benefits for Tokoroa and the South Waikato for many years to come. This initiative has gained the attention of Central Government and Councils throughout New Zealand as a very positive example of a District Council investing in and influencing its future.

Council's commitment of \$5 million from its investment fund to fund economic and community development projects has also produced excellent results. Fifteen projects received funding. The Rangiura Retirement Village has completed stage one of its major expansion project; the new equipment project for Hospice was completed; the Tokoroa High School Academy Services transportation project was completed; the welding workshop at the Tokoroa Trade Training Centre was fully established; with the remaining eleven projects still underway.

Readers of the financial statements will see variances between actual expenditure and what was budgeted in the Annual Plan that related to expenditure on the Economic and Community Development (\$5million) Funding. \$3million had been spent on these projects to the end of June 2015. This expenditure was consulted on and approved by Council but was not included in the 2014-15 budget. Because this funding was provided from the South Waikato Investment Fund reserve this expenditure had no impact on the level of rates.

The Lake Moana Nui dam repair and silt removal project was completed ready for summer. The result was fantastic and the reserve provided plenty of entertainment and family time over the summer months.

Council operations continue to be scrutinised for more effective and efficient ways of working to ensure we continue to provide top quality services and value to our customers. We have introduced a South Waikato Solutions philosophy internally with a focus on exploring and providing "solutions" to our ratepayers' requirements wherever possible. We continue to work collaboratively with our neighbouring Councils on projects and initiatives that improve efficiencies, avoid duplication of services and result in more cost effective delivery.

The addition of an Audit and Risk Committee to the Council structure with an independent chair is another positive initiative this year, providing another level of scrutiny and opportunity to benchmark Council's systems and processes against sector best practice.

We were particularly proud to be invited guests to the 2014 International Mayoral Forum on Tourism held in China; the only representatives from New Zealand. Over 70 mayors from around the world discussed the importance of international tourism to local economies. Opportunities like these further cement relationships that enhance economic development and enable investment opportunities.

Other excellent achievements in a very busy year include activating our new District Plan after years of hard work and without costly Environment Court processes; our beautiful Te Waihou Walkway receiving a TripAdvisor Excellence Award from ratings by users from around the world; the continued success of our premier sporting event "The Taniwha" managed by Waikato River Trails and Total Sport; the establishment of our Youth Leadership Advisory Board (YLAB) with 42 very engaged and positive young people; the opening of the new Croad Place Recycling facility and the introduction of our brand new public transport trial, the Urban Connector.

The Leith Place redevelopment project is gaining momentum as we continue to develop concepts prior to consulting with the public and business owners. This project will ensure our residents have a vibrant place to go and that we are positioned to capture passing traffic in need of a break and stop-over who will spend in our shops and businesses.

Other positives include the tidying up of the Tokoroa Memorial Sportsground; reducing the level of our air quality exceedances; successfully launching the Tirau Library Link Service and our commitment to help save the endangered Kokāko in the Mamaku. The

Summary Annual Report 2014-2015

Representation Review which Council is required to conduct every six years caused some healthy debate across the district with the status quo remaining.

We continued to build sound business and community relationships. Of particular importance is our strong relationships with Raukawa; Te Arawa River Iwi Trust; farming, engineering and forestry sectors; our social service organisations who help deliver services to our community and key business leaders who drive further development.

We would like to thank all in our community who engage with us on our various plans, policies and funding rounds. Your input is valued, your suggestions are discussed and in many cases taken on board and your commitment and passion for the South Waikato is greatly appreciated.



Neil Sinclair MNZM JP BDS
MAYOR



Craig Hobbs
CHIEF EXECUTIVE

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

Mayor and Councillors



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Tirau Community Board



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Clive Collingwood
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Nora Martelletti JP
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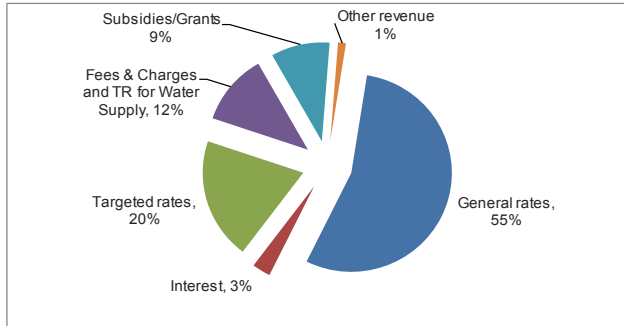
Derek Keesing
027 4893 8819 Mobile
Derek@arcsserv.co.nz



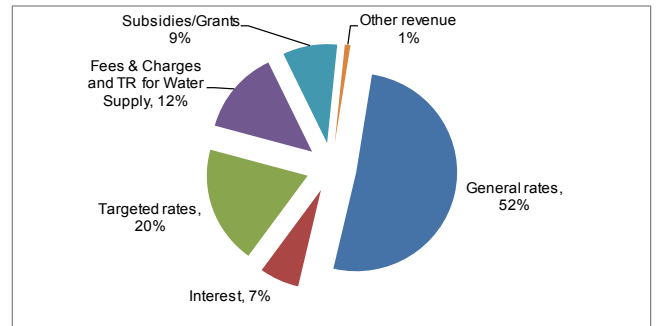
Terry Magill
07 888 7049 Bus
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021 240 7844 Mobile
terry@magilllearl.co.nz

Summary of actual and target revenue sources

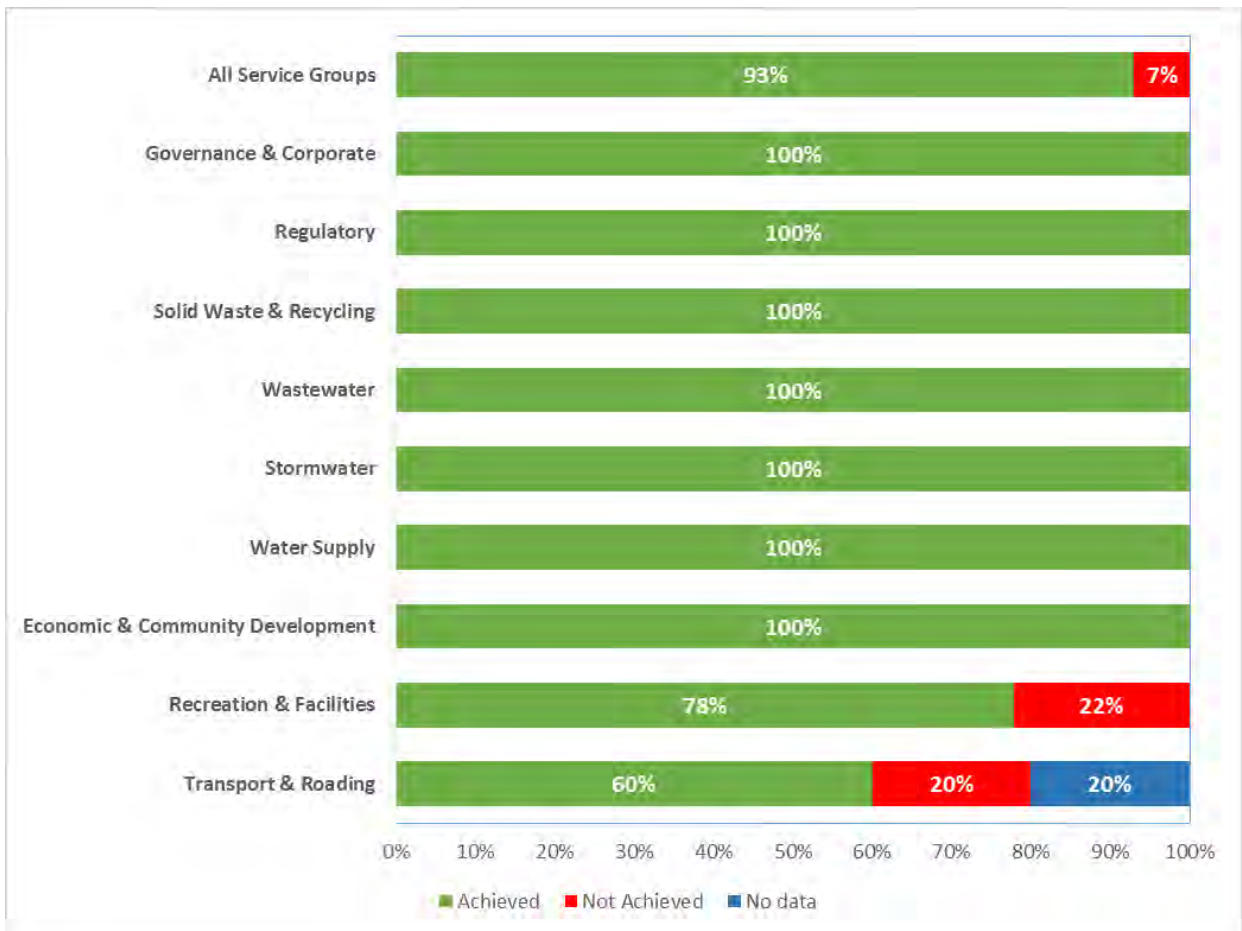
Funding impact revenue source - budgeted 2014-15



Funding impact revenue source - actual 2014-15



Service Performance



CAPITAL PROJECTS	Actual Spend 2015 \$000	Budget Spend 2015 \$000	Actual Spend 2014 \$000
Transport and roading	3,225	3,294	3,202
Facilities , properties & amenities	426	877	640
Leisure services	733	854	1,454
Economic and community development	1,981	105	33
Water supply	467	629	664
Stormwater	29	34	125
Wastewater	301	721	271
Solid waste and recycling	250	204	666
Emergency Management	24	24	-
Governance and corporate	362	797	742
TOTAL	7,798	7,539	7,797



Consolidated statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2015	Parent and Group		
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
Income			
Rates, excluding targeted water supply rates	20,194	20,476	19,375
Fees, charges, and targeted rates for water supply	5,159	5,107	5,204
Development and financial contributions	33	35	42
Subsidies and grants	3,058	2,772	2,650
Finance income	507	408	707
Other revenue	1,623	2,389	1,326
Gains on financial instruments	-	-	1,273
Total income	30,574	31,187	30,577
Expenditure			
Employee benefits expense	8,359	8,226	8,208
Depreciation and amortisation expense	7,141	7,307	7,171
Finance costs	811	847	541
Other expenses	17,214	14,911	33,426
Total expenditure	33,525	31,291	49,346
Surplus/(Deficit) before tax	(2,951)	(104)	(18,769)
Income tax expense	-	-	-
Surplus/(Deficit) after tax	(2,951)	(104)	(18,769)
Other comprehensive revenue and expense			
Gain/loss in Asset Revaluation Reserve	6,273	9,032	3,836
Gain/loss in Investment Revaluation Reserve	538	-	(244)
Total other comprehensive revenue and expense	6,811	9,032	3,592
Total comprehensive revenue and expense	3,860	8,928	(15,177)

Statement of comprehensive revenue and expense

Other expenses is greater than budgeted by \$2.7m due to losses on disposal of plant property and equipment of \$3.014m. This is mainly due to the change in treatment for vegetation which was previously capitalised, but has now been expensed.

Summary Annual Report 2014-2015

Statement of changes in equity

For the year ended 30 June 2015						
	Parent and Group			Investment Revaluation Reserves	Retained Earnings	Total
	Restricted Reserves	Council Created Reserves	Property Revaluation Reserves			
Balance as at 30 June 2013	9,336	27,400	211,832	534	146,899	396,001
Deficit for the year	-	-	-	-	(18,769)	(18,769)
Transfers to retained earnings on disposal	-	-	62	-	(62)	-
Transfers to General Equity	(10,766)	(28,433)	-	-	39,199	-
Transfers from General Equity	12,137	9,074	-	-	(21,211)	-
Other comprehensive revenue and expense						
Gain/Loss in Asset Revaluation Reserve	-	-	3,836	-	-	3,836
Gain/Loss in Investment Revaluation Reserve	-	-	-	(244)	-	(244)
Total comprehensive revenue and expense	1,371	(19,359)	3,898	(244)	(843)	(15,177)
Balance at 30 June 2014	10,707	8,041	215,730	290	146,056	380,824
Forecast balance at 1 July 2014						
Deficit for the year	-	-	-	-	(2,951)	(2,951)
Transfers to retained earnings on disposal	-	-	(646)	-	646	-
Transfer of vegetation assets to retained earnings on disposal	-	-	(1,811)	-	1,811	-
Transfers to General Equity	7,631	560	-	-	(8,191)	-
Transfers from General Equity	(3,231)	(3,517)	-	-	6,748	-
Other comprehensive revenue and expense						
Gain/Loss in Asset Revaluation Reserve	-	-	6,273	-	-	6,273
Gain/Loss in Investment Revaluation Reserve	-	-	-	538	-	538
Total comprehensive revenue and expense	4,400	(2,957)	3,816	538	(1,937)	3,860
Balance at 30 June 2015	15,107	5,084	215,546	828	144,119	384,684

Statement of financial position

As at 30 June 2015			
	Parent and Group		
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
Equity			
Retained earnings	144,119	147,129	146,056
Other reserves	240,565	211,274	234,768
Total equity	384,684	358,403	380,824
Assets			
Current assets			
Cash and cash equivalents	6,234	4,066	11,415
Receivables from non-exchange transactions	2,100	2,847	1,825
Receivables from exchange transactions	1,598	-	1,075
Inventories	198	177	204
Other financial assets	867	-	282
Non-current assets held for sale	743	-	245
Total current assets	11,740	7,090	15,046
Non-current assets			
Property, plant and equipment	382,300	363,924	379,155
Other financial assets	9,504	6,895	7,552
Non-current assets held for sale	81	-	147
Intangible assets	203	-	5
Total non-current assets	392,088	370,819	386,859
Total assets	403,828	377,909	401,905
Liabilities			
Current liabilities			
Payables and deferred revenue from non-exchange transactions	995	-	1,068
Payables and deferred revenue from exchange transactions	2,589	3,362	2,779
Employee benefit obligations	981	1,376	1,373
Borrowings	816	918	577
Provision for landfill closure	26	28	28
Trust accounts	15	155	146
Total current liabilities	5,422	5,839	5,971
Non-current liabilities			
Provision for landfill closure	809	822	770
Borrowings	12,776	12,682	14,180
Employee benefit obligations	137	163	160
Total non-current liabilities	13,722	13,667	15,110
Total liabilities	19,144	19,506	21,081
Net assets	384,684	358,403	380,824

Summary Annual Report 2014-2015

Statement of cashflows

For the year ended 30 June 2015	Parent and Group		
	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
Cash flow from operating activities			
<i>Cash was provided from:</i>			
Rates	22,108	22,819	21,292
Subsidies and grants	2,385	2,751	2,886
Fees and charges	2,921	3,301	3,015
Other income	1,230	-	698
Interest received	507	34	707
Dividend received	264	-	498
	<u>29,415</u>	<u>28,905</u>	<u>29,096</u>
<i>Cash was applied to:</i>			
Interest paid	811	850	541
Net GST paid	990	-	1,259
Payment to suppliers and employees	22,139	21,602	39,328
	<u>23,940</u>	<u>22,452</u>	<u>41,128</u>
Net cash inflows/(outflows) from operating activities	5,475	6,453	(12,032)
Cash flow from investing activities			
<i>Cash provided from:</i>			
Proceeds from investments	-	702	7,021
Property, plant and equipment sales	186	-	151
	<u>186</u>	<u>702</u>	<u>7,172</u>
<i>Cash was applied to:</i>			
Purchase of investments	1,998	827	-
Purchase of property, plant and equipment	7,679	6,442	7,723
	<u>9,677</u>	<u>7,269</u>	<u>7,723</u>
Net cash inflows/(outflows) from investing activities	(9,491)	(6,567)	(551)
Cash flow from financing activities			
<i>Cash was provided from:</i>			
Loans raised	1,629	1,033	7,105
	<u>1,629</u>	<u>1,033</u>	<u>7,105</u>
<i>Cash was applied to:</i>			
Loans repaid	2,794	903	688
Net cash inflows/(outflows) from financing activities	(1,165)	130	6,417
Net increase/(decrease) in cash and cash equivalents	(5,181)	16	(6,166)
Cash and cash equivalents at the beginning of the year	11,415	1,259	17,581
Cash and cash equivalents at the end of the year	6,234	1,275	11,415

Other Notes

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions:

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from non-exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures.

PBE IPSAS 23: Revenue from non-exchange transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this standard affected the presentation of revenue from exchange and non-exchange transactions in the statement of comprehensive revenue and expense.

Changes in accounting policies

There has been one change in accounting policy during the year. Previously vegetation assets were capitalised and depreciated. Once an area is re-vegetated, it is not maintained in the future and becomes part of the bush area. Due to this, previous and future vegetation assets will be treated as operational expense.

Basis of Preparation

This summary annual report has been prepared in accordance with Public Benefit Entities Financial Reporting Standard No.43 Summary Financial Statements (PBE FRS 43).

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 22 October 2015. The summary annual report was authorised for issue by the Chief Executive on 12 November 2015.

South Waikato District Council has designated itself as a public benefit entity for the purposes of financial reporting. The full financial statements included in the full Annual Report have been prepared in accordance with NZ GAAP and they comply with Tier 1 Public Benefit Entity (PBE) Standards. This is the first year the summary and full financial statements have been prepared under PBE Standards.

This summary cannot be expected to provide as complete understanding as provided by the full annual report on the financial and service performance, financial position and cash flows of South Waikato District Council.

The full and summary financial statements presented are for the Council and group.

The full financial statements were audited by Deloitte on behalf of the Office of the Auditor General, and an unmodified opinion was issued on 22 October 2015.

How to obtain a full Annual Report

The full annual 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 our Council office's (located in Tokoroa or Putāruru)

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



**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF SOUTH WAIKATO DISTRICT COUNCIL AND GROUP'S
SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

The summary annual report was derived from the annual report of the South Waikato District Council (the District Council) and group 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 on pages 5 to 10:

- 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;
- 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 service performance) of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 22 October 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 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 22 October 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 and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): *Summary Financial Statements*.

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

Melissa Youngson
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand
12 November 2015