

Whakatāne District Council Kītoata-ā-tau Summary 2018/19 Annual Report

This summary briefly outlines the work that Council conducted in the 2018/19 financial year. For the full Annual Report, please see [here](#).

Vision:
To be the place of choice for people to live, work and play.

How we get there:
THRIVING Economy
RESILIENT People and Places
VIBRANT Communities
RESPONSIBLE Money Management



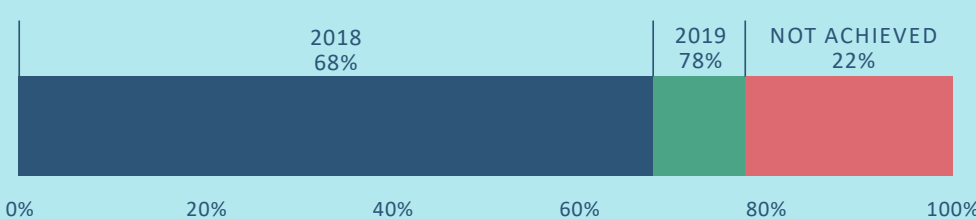
I te tau kua pahure, i mahi te Kaunihera kia whai ngā āheinga kua puta mai, kia whai ngā hua pai mō ā tātou hapori.

The work that Council has undertaken in the past year places us in a great position to take full advantage of the opportunities presented to us and deliver strong positive outcomes for our communities.



Steph O'Sullivan
Chief Executive
TOIHAUTU

THE SERVICES WE DELIVERED ACHIEVED 78% OF OUR TARGETS.
This is 10% higher than last year.



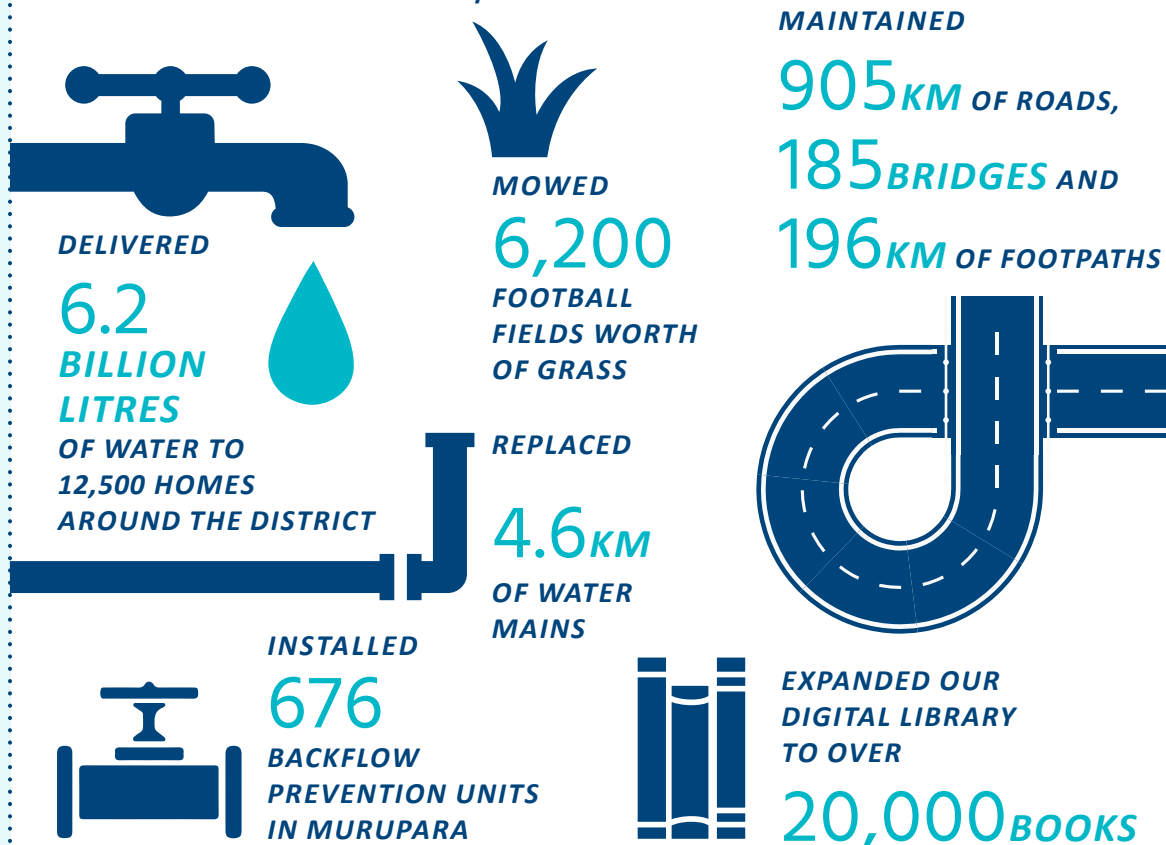
Of those we did not achieve, 7/20 were within 5% of their target. Explanations for missing these targets are available in the full Annual Report.

Community satisfaction with our services continues to improve
Ka whakawhanake tonu te painga o ā mātou ratonga ki te hapori

WE MANAGED \$745M OF ASSETS ON BEHALF OF THE COMMUNITY

89% rank quality of life as **“GOOD OR VERY GOOD.”**

We continued to deliver core services our communities use and rely on every day
I tutuki tonu mātou i ngā ratonga matua i whakamahia e te hapori ia rā



VIBRANT COMMUNITIES Ngā hapori whitawhita

Whakatāne District Museum and Research Centre
Te Whare Taonga ō Taketake opened on 1 November
I huakina i te rā tuatahi o Whiringa-ā-rangi

Houses over **100,000** taonga

Modern climate control and safeguards

Public Architecture Award Winner

Whakatāne Aquatic Centre Upgrades
Ngā whakahounga o te Whare Kauhoe o Whakatāne

New entrance for Whakatāne Aquatic Centre
Record admissions at Whakatāne and Murupara pools

Supported Community Development Projects including *I tautoko i ngā Kaupapa Whakawhanake Hapori:*



SUMMARY FINANCIAL STATEMENTS AND NOTES WHAKARĀPOPOTANGA O NGĀ WHAKAPUAKANGA AHUMONI

This table presents the financial performance of the Council for the 2018/19 financial year. It summarises operating revenue and expense, and other comprehensive revenue and expense.

Summary Statement of Comprehensive Revenue and Expense

ACTUAL 2018 \$000	ACTUAL 2019 \$000	BUDGET 2019 \$000
REVENUE		
42,533	45,612	44,505
23,043	15,863	20,273
50	888	1,064
6,958	6,797	5,279
33	33	50
1,539	4,099	3,784
1,235	1,010	1,235
75,391	74,302	74,955
EXPENSES		
17,114	17,107	16,960
12,548	13,444	15,464
2,537	2,830	2,572
36,775	26,795	26,951
299	1,455	
69,273	61,631	61,947
6,118	12,671	13,008
(25)	(40)	(25)
6,143	12,711	13,033
OTHER COMPREHENSIVE REVENUE AND EXPENSE		
36,451		17,716
	(1,390)	
42,594	11,321	30,749

Major variances explained

Revenue \$0.65 million (0.9%) less than budget
The largest contributing factor to this variance was receiving \$4.4 million less than budget in subsidies and grants. This was mainly due to \$5.3 million less than budget in roading grants due to incomplete and under budget works related to storm damage.

Other variances included:

- Fees and Charges \$1.52 million more than budget due to building consents, waste disposal and holiday parks being higher than planned.
- Roading Amenity Lighting received \$0.43 million unbudgeted income.

Expenditure \$0.32 million (0.51%) lower than budget

Depreciation was \$2 million under budget mainly due to a decrease in the recommended roading rate following the 2017/18 valuation. Revaluation Losses were \$1.5 million unfavourable due to financial derivative costs. Personnel was \$0.15 million higher than budget due to severance and redundancy payments. Finance costs were \$0.26 million above budget due to extra short-term funding required to support cashflow.

Other comprehensive revenue and expenditure

Losses on property plant and equipment were \$1.4 million over budget due to impairment of some building that did not meet the seismic requirements.

The final operating result for 2018/19 was a surplus of \$12,711 million, compared to a budgeted surplus of \$13,033 million.

Summary Statement of Cashflows

This table shows how Council generated and used cash. The overall net increase or decrease represents the change in our cash and cash equivalents arising from operating, investing and financing activities.

ACTUAL 2018 \$000	ACTUAL 2019 \$000	BUDGET 2019 \$000
16,657	20,640	30,170
(31,069)	(27,055)	(29,235)
17,500	5,500	(1,000)
3,088	(915)	(65)
2,557	5,645	2,573
5,645	4,730	2,508

There was a positive variance (\$2.2 million) of cash compared to budget.

Major variances explained

- Net cashflows from operating activities were \$9.5 million less than budget spending \$3 million more than budget and receiving \$7.5 million less in revenue. The cost categories that contributed to this were \$4.2 million less in subsidies and grants (much of this in roading), \$4.3 million less in rates and \$4.5 million more in payments to suppliers and employees.
- Net cashflows from investing were less than budget by \$2 million. Purchase of property plant and equipment contributed \$2.7 million to this with some roading projects not completed due to storm damage priorities. \$0.5 million less of assets were sold than forecast at balance date.
- Net cashflows from financing exceeded budget by \$6.5 million. The variance was due to a higher than anticipated need for short term debt to assist cashflow around Balance Date.

Related Party Transactions
Related Party Transactions totalling \$146,236 were carried out during the year in relation to the Whakatāne Airport joint equity venture. For more information on this and other related party transactions, see Note 24 and Note 28 of the Council's full Annual Report 2018/19.

SUMMARY FINANCIAL NOTES

The Summary Financial Statements presented on these pages are for the Whakatāne District Council (the Council) for the year ended 30 June 2019. Summary information has been extracted from the full financial report (Annual Report 2018/19) adopted by Council on 31 October 2019.

Significant Commitments
The Council has entered into capital commitments of \$6.4 million for work not commenced and has operating lease commitments of \$23,000. For more information, see Note 26 of the Council's full Annual Report 2018/19.

Contingent Liabilities
The Council has contingent liabilities for indemnity claims, and quantified claims relate to alleged building defects. A provision has been made in the financial statements to anticipate weatheright claims. Carter Holt Harvey has indicated potential legal action, but at present there is insufficient information to conclude on potential liability and claim quantum. Council is also currently in the process of seeking partial funding from central government and local government organisations for a potential "retreat from hazard" payment to owners of property subject to a high loss-of-life-risk in the Awataraiki Stream debris flow fanhead at Matata. This liability is unquantified until agreement has been reached between the parties. A claim of nuisance relating to the Edgecumbe floods has also been received but is unquantified at this stage.

Riskpool (a mutual fund of which the Council is a member) has indicated that it will make a call of approximately \$30,000 in the 2023 year. A call of \$60,000 has already been accrued in the 2019 year. This is to cover claims made under the professional indemnity and public liability cover.

Contingent Asset
The Council is still following up the estimated insurance payment due of \$3.85 million to be recovered from insurers and MCDERM. Council is unable to estimate exactly how much or when this recovery might happen.

Reporting Entity
Whakatāne District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand and operates in New Zealand. The relevant legislation governing the council's operations includes the LGA and the Local Government Rating Act 2002. The financial statements have been prepared for the Council and include the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport. The Council provides local infrastructure, and public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements are for the year ended 30 June 2019 and were authorised for issue by Council on 31 October 2019.

Basis of Preparation
The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements have been prepared in accordance with the requirements of the standards. The summary financial statements comply with PBE standards as they relate to summary financial statements. Figures are presented in New Zealand dollars and values rounded to the nearest thousand dollars (\$000). Some rounding variances may occur in the summary financial statements and cannot be expected to provide as complete an understanding as is provided by the full financial statements. The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements can be found in the Annual Report 2018/19, which is available on the Council's website whakatane.govt.nz, or from libraries and service centres.

Critical accounting estimates and assumptions
During the 2019 year, independent valuations were carried out on forestry, investment properties, antique firearms in the museum collection and property held for sale. All assets have been valued on the fair value assumption.

Events after Balance Date
There were no significant events after balance date.

THRIVING ECONOMY Te ōhanga e puāwai ana

Whakatāne Regeneration Programme
Kaupapa Whakahaumanu o Whakatāne

\$646,000

grant from Provincial Growth Fund secured to progress funding application

Funding proposal submitted for co-investment with central government to accelerate economic development opportunities for the District's marine and tourism sectors

Proposal developed in partnership with Te Rūnanga o Ngāti Awa



Whakatāne Airport Upgrades
Ngā whakahounga o te Papa Rererangi o Whakatāne

Longer runway safety area for bigger planes

Little Goose Lounge opened at Airport Terminal on 30 January



Destination Whakatāne

Worked on developing a Destination Management Plan to strengthen our tourism sector



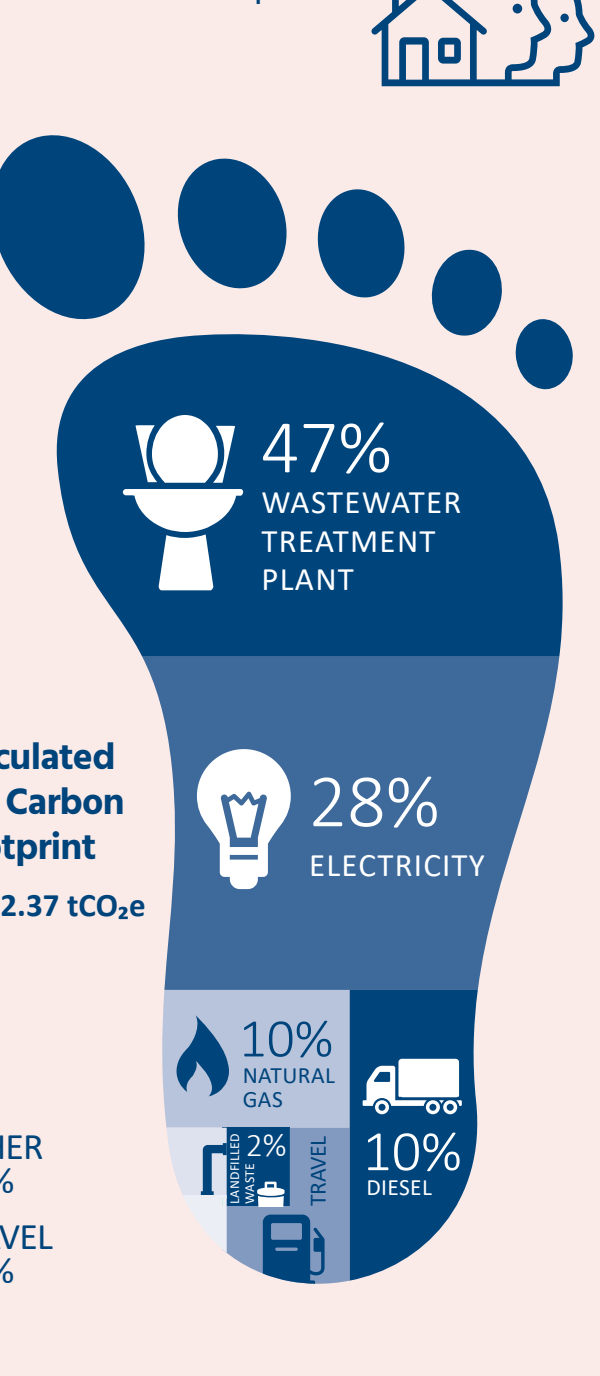
Continued to expand our support for fantastic events
I whakawhānui tonu i ā mātou tautoko mō ngā pāpono pai



RESILIENT PEOPLE AND PLACES
Ngā tāngata me ngā wāhi Mananarao

CLIMATE CHANGE

Worked on Climate Change Principles that have now been adopted



Summary Statement of Changes in Net Assets and Equity

This table presents the equity movements over 2018/19 that have impacted on the Council's net worth.

ACTUAL 2018 \$000	ACTUAL 2019 \$000	BUDGET 2019 \$000
601,472	644,677	436,635
Total Comprehensive Revenue and Expense for the Year		
42,594	11,321	13,008
611	(266)	194,320
644,677	655,732	643,963
REPRESENTED BY:		
420,808	434,798	428,158
18,336	16,790	21,485
205,533	204,143	194,320
644,677	655,731	643,963

Major variances explained

The Council's equity has been adjusted by the current year total comprehensive revenue and expense, a surplus of \$11.3 million, which is the net surplus after tax of \$12.7 million and a net loss on impairment of \$1.4 million. The remaining movement of \$266,000 is a result of movements in Council created reserves, restricted reserves and airport equity adjustments.

Summary Statement of Financial Position

This table presents the assets Council owns and the liabilities Council owes to other parties.

ACTUAL 2018 \$000	ACTUAL 2019 \$000	BUDGET 2019 \$000
644,677	655,731	643,963
20,052	23,600	21,940
709,676	721,653	691,460
729,728	745,253	713,400
36,767	21,766	19,851
48,282	67,755	49,586
85,049	89,521	69,437
644,679	655,732	643,963

Major variances explained

Total Assets : \$31.9 million (4.5%) above budget due to :

- \$31.5 million variance above budget within Non Current Assets due to more capitalisation of assets than anticipated.
- \$3.9 million variance above budget in Receivables due to Rating and Water Debtors increases at balance date.
- \$18.2 million variance above budget for infrastructural assets with jobs being completed and capitalised.
- \$4.5 million variance above budget for operational assets due to final completion and capitalisation of some older capital projects.

Total Liabilities : \$20 million (29%) above budget due to :

- \$16.5 million variance above budget on borrowings predominantly due to short term borrowing to support cashflow at balance date.

The Net Assets variance to budget was 1.8% (\$12 million) more than budget. Total Assets were over budget by 4.5% (\$32 million) and Total Liabilities were over budget by 2.9% (\$20 million). The largest single category variances were in infrastructural assets (\$18 million) and borrowing (\$17 million) both above budget due to more infrastructural projects being completed and a higher need for short term cashflows.

Independent Auditor's Report

To the readers of Whakatāne District Council's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Whakatāne District Council (the District Council) for the year ended 30 June 2019. The summary of the annual report comprises:

- the summary statement of financial position as at 30 June 2019;
- the summary statement of comprehensive revenue and expense, statement of changes in net assets and equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance (those sections that provide information on the services delivered by the Council during the year).

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

We expressed a qualified audit opinion on the District Council's full audited statement of service performance in respect of the comprehensive year information, and an unmodified audit opinion on the District Council's full audited statement of financial position as at 30 June 2019 and our audit report thereon.

Important performance measures in the District Council's service performance information are the response times to attend and resolve water supply and sewerage call outs, and the processing times of building consent applications.

AUDIT NEW ZEALAND
New Zealand Chartered Accountants

It is our responsibility to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS-43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to reporting on the summary of the annual report and the full annual report, we have not carried out limited assurance engagement related to the District Council's debtors' trust fund. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and associated entities.

B. J. Hafford
Audit New Zealand
Chartered Accountant
Tauranga, New Zealand
31 October 2019

Independent Auditor's Report

It is a legal requirement that our Annual Report is audited. This is to ensure that we are complying with accepted accounting practices and legal requirements and that our Annual Report is a fair and accurate reflection of the past year.

The full Annual Report received an unmodified (clear) Audit Report from Audit New Zealand on the audited information, excluding the statement of service provision. The statement of service provision received a qualified opinion as the Council is unable to report on its performance for certain performance measures.

Want to know more?

For more detailed information about our performance over the past year, refer to the full Annual Report which is available on our website, or from service centres and libraries.

If you would like to contact the Council about the information contained in this Annual Report Summary, or for any other reason, we encourage you to do so.