

## Acknowledgements

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Council acknowledges the contributions made by individuals and organisations both within the district and outside that have helped make Central Hawke's Bay a vibrant and enjoyable place to live.

### **Rates Flood Relief Funding**

Department of Internal Affairs supplied \$311,713.88 for Rates Relief to income generating properties affected by the Storm Event in February 2004 for the 2003/04 rating year from February 2004. This funding is to be distributed in following financial year based on assessment of applications from affected ratepayers against eligibility criteria established by the review panel.

### **Te Aute College Koiri Celebrations**

We acknowledge the generous donations from the following organisations that have contributed to successful 150 year celebrations for Te Aute College. Without the generosity of these organisations and others in the community the events would not have been possible.

- Lion Foundation (for sports shirts) \$5,000
- Te Aute Trust Board \$10,000
- Williams Memorial Trust \$15,000

### **Porangahau Playground improvements**

The Porangahau Playground Committee wish to acknowledge the Lion Foundation's generous contribution of \$10,000 towards playground improvements.

### **Summer Reading**

Eastern & Central have again generously supported the E.C. READ'N summer reading programmes in our libraries and those throughout the region.

### **Work and Income New Zealand**

Providing Financial support and assistance with development of Task Force green programme stemming from February 2004 Storm Event.

## District Roading Program 2003/2004

Work Category	Targets 2003/2004	What we have achieved
<b>Sealed Maintenance</b>		
Potholes	\$12,000	\$12,000
Digouts	9,500m <sup>2</sup>	27,789m <sup>2</sup>
Surface Levelling	15,000m <sup>2</sup>	156m <sup>2</sup>
Edge Break	1,500m	176m
Crack Sealing	150m <sup>2</sup>	283m <sup>2</sup>
Crack Filling	1,000m	1,206m
Sweeping	\$10,000	\$15,942
Dropout Repairs	\$100,000	See Flood Damage Repairs
Tree Removal	\$150,000	\$160,962
<b>Unsealed Maintenance</b>		
Maintenance Metalling	20,000m <sup>3</sup>	13,926m <sup>3</sup>
Running Course	400m <sup>3</sup>	234m <sup>3</sup>
Pot Hole Repairs	250m <sup>3</sup>	196m <sup>3</sup>
<b>Unsealed Maintenance Grading</b>		
Maintenance Grading	2,500km	3,205km
<b>Drainage Maintenance</b>		
Water Tabling Flanking	230km	178km
<b>Sealed Pavement Renewal</b>		
Area Wide Pavement Treatment	9.3km	8.8km
Motere Road seal extension	5.4km	5.4km
<b>Unsealed Renewal</b>		
Unsealed Pavement Rebuilds	5.34km	6.94km
Atua Road Traction Seal	0.36km	0.72km
Cheviot Road	0.00km	0.78km
<b>Resurfacing Sealed Pavement</b>		
Reseals including Second Coats	59km	63.16km

<b>Bridge Maintenance</b>		
Routine Bridge Maintenance	\$160,000	\$113,763
<b>Vegetation and Streetscapes Maintenance</b>		
Vegetation Control/Tree Removal	\$290,000	\$262,910
<b>Traffic Services Maintenance</b>		
Delineation and Signage	\$180,000	\$214,970
Carriageway Lighting Maintenance	\$76,000	\$82,844
Minor Safety Projects	\$166,179	\$195,369
<b>Emergency Reinstatement</b>		
Flood Damage Repairs		\$1,434,684

# Report of the Audit Office

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v Chartered Accountants

## TO THE READERS OF THE CENTRAL HAWKE'S BAY DISTRICT COUNCIL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

The Auditor-General is the auditor of Central Hawke's Bay District Council (the District Council). The Auditor-General has appointed me, M P Henry, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements of the District Council, on his behalf, for the year ended 30 June 2004.

### Unqualified Opinion

In our opinion the financial statements of the District Council on pages 19 to 74:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
  - the District Council's financial position as at 30 June 2004;
  - the results of its operations and cash flows for the year ended on that date; and
  - the service performance achievements measured against the performance targets adopted for the year ended on that date.

The Council has resolved not to fund the decline in service potential relating to its bridging infrastructure assets, this breach is explained further below.

The audit was completed on 17 March 2005, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

### ***Breach of Law: Funding of Depreciation Expenditure***

Section 122C of the Local Government Act 1974, as amended in 1996, requires Council to ensure that operating revenues in any financial year are set at a level adequate to cover all projected operating expenses. Operating expenses include an allowance for the decline in service potential (depreciation) of assets.

As stated in Accounting Policy 3.6.2 (b) of the financial statements, Council having consulted its community as part of the 2003/04 Annual Plan process, has resolved not to fund the decline in service potential relating to its bridging infrastructure assets.

# Report of the Audit Office

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## *Basis of Opinion*

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

# Report of the Audit Office

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## Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2004. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Council's responsibilities arise from the Local Government Act 2002, which requires the Council to prepare financial statements under the Local Government Act 1974.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.

## Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the District Council.

A handwritten signature in black ink, appearing to read "Mervyn P. O'Keefe". The signature is fluid and cursive, with a large loop at the end.

Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand

# Glossary

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## **ANNUAL PLAN**

The Annual Plan sets out what Council plans to do in the upcoming year (from 1<sup>st</sup> July 2002 to 30<sup>th</sup> June 2003) and what this will cost. It is the Council's budget and is done once a year. The Annual Plan process provides an opportunity for you to comment on Council's proposed Plan.

## **ANNUAL REPORT**

The Annual Report is produced every year and records whether or not Council did what it said it would do in the Annual Plan, and explanations of why and why not.

## **ASSET MANAGEMENT PLANS**

Plans that identify Council's assets and their current status, note the maintenance and cost required to look after them and if appropriate what is required to meet new growth/demand/standards.

## **CAPITAL PROJECTS FUND**

Council currently has money in an account for the specific purpose of providing substantial funding assistance for the purchase or construction of new recreational, cultural or infrastructural assets anywhere in the district.

## **CAPITAL VALUE RATES**

Calculated on the value of the ratepayers land and improvements (buildings, sheds etc).

## **COST OF SERVICE STATEMENT**

Calculates the cost to the Council for providing services.

## **COUNCIL ASSETS**

Council owned property and possessions that have value.

## **CULTURAL FACILITIES**

These are the libraries, playing fields, parks, reserves, cemeteries, public conveniences, swimming baths, Waipawa Town Hall, Civic Theatre and the Settlers Museum.

## **CURRENT ASSETS**

Assets which can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.

## **DECLINE IN SERVICE POTENTIAL (DISP)**

A requirement by law to put aside money for the maintenance of infrastructural assets (like water supply pipes) so that they will always be kept in good condition. The amount required is calculated from the Asset Management Plans.

## **DEPRECIATION**

The wearing out, being used up or other loss of an asset.

## **DRAFT PLANS**

Plans that are prepared by Council and then circulated for comment and subject to change before being adopted. For example the Draft Annual Plan and Draft Long Term Financial Strategy.

## **EXPENDITURE/EXPENSES**

Money that either has or is budgeted to be spent.

**FUNDING POLICY**

Sets out who should pay for Council Activities and how they should pay.

**INCOME/REVENUE**

Money received.

**INFRASTRUCTURAL ASSETS**

Assets that provide a service to the community, but are generally not tradable. For example roads, water pipes and sewerage systems.

**INTERGENERATIONAL EQUITY**

This concept is concerned with spreading the costs and benefits of assets over time. Therefore assets that are used by future generations are also partly paid for by future generations.

**LAND VALUE RATES**

Calculated on the value of the ratepayers land.

**LOCAL AUTHORITY TRADING ENTERPRISE (LATE)**

An enterprise that is set up to operate a business for the Council.

**LONG TERM FINANCIAL STRATEGY**

The Long Term Financial Strategy determines and guides Council's actions over the next 10 years. The purpose of the Strategy is to ensure that Council's services remain affordable and sustainable over time.

**POLICY**

A course of action or set of parameters adopted by the Council or by management within which decisions can be made and action can be taken.

**RESERVES**

Council has a number of reserve accounts for specific purposes. The accounts are maintained at a certain level for future spending. The accounts are not funded annually, but have accumulated from money collected from past generations. Examples of these accounts are the Rural Fire Reserve Account and the Catastrophic Events Account.

**RESERVE MANAGEMENT PLANS**

Reserve Management Plans are required by law for all of the Council's parks and reserves in the District. The Plans which are developed in consultation with the community set out how the reserve should be utilised.

**STATEMENT OF FINANCIAL PERFORMANCE**

Shows Council's ability to pay its bills from the money that it receives. See page 50.

**STATEMENT OF MOVEMENT IN EQUITY**

Shows how Council's resources are increasing in value over time. See page 51.

**STATEMENT OF FINANCIAL POSITION**

Shows what money Council has and what it is owed and what money Council owes. See page 52..

**STATEMENT OF CASHFLOWS**

The turnover of cash experienced by Council each year. See page 53..

**SUBMISSION**

A comment, received in writing or verbally about one of Council's Plans. There is a set timeframe for submissions to be received and then considered by Council.

**TREASURY POLICY**

This policy states when, how and why Council will borrow money.

**USER CHARGES**

Money that is derived from a direct charge or fee from the person that is using the service/facility. For example, if you need a building consent you pay the amount of money that it costs to provide the consent.

**UNIFORM ANNUAL CHARGES**

A charge of the same amount to each ratepayer regardless of the value of the property. For example each rateable property in the district could pay a uniform annual charge of \$6 to cover the provision of libraries.