



2015-2016 ANNUAL REPORT SUMMARY

INTRODUCTION BY THE MAYOR AND CEO

We are pleased to introduce the Summary Annual Report of the Mackenzie District Council for 2015/16. It has been another very busy year. Development activity has been strong and tourist numbers have again risen dramatically.

Several unexpected factors have developed through the year that have combined to create a significant surplus in our financial statements. Key drivers have been the revaluation of forestry assets, amounting to \$2.092m, an increase in the value of forestry carbon credits of \$1.378m (affecting existing and new issue credits) and the favourable timing of settlement of real estate transactions at Twizel and Tekapo.

Council used the cash derived from the real estate sales in Tekapo to fund the development costs associated with that project which during the year totaled \$2.595m.

As the surplus is primarily derived from non-cash gains and timing factors, it does not significantly impact on Council's overall, long term financial position.

The success of our tourism sector has brought us a few headaches over summer with very high profile issues arising from the actions of a few visitors. Most of the media interest was focused on freedom camping and we have worked hard with the community and the tourist industry to address camping matters. Council has now adopted a new Responsible Camping Bylaw which was specifically written to address pressures experienced last year. Another significant milestone for the year was the completion of the tender process for renewal of our Road Maintenance Contract. The renewal process was undertaken in conjunction with three of our neighbouring Councils to ensure consistent best practice within our purchasing agreements and to leverage scale advantage from a combined work package of \$60 million over five years. The process strengthened the overall ready capability of all member Councils and confirmed the operational credentials of the incumbent Mackenzie contractor.

The Twizel Water Treatment Plant upgrade was operational in April 2016. The system includes filtration, ultra violet disinfection and chlorine protection to provide a secure safe and reliable supply to the Twizel township. The total cost of the upgrade was

\$2.5m including the relining of the reservoir. This is a significant asset for our community that will sustain the town for many years to come.

The 2014 Twizel fire highlighted water supply issues at the south west periphery of Twizel. This has now been addressed with the construction of a new booster pump. The station was officially opened by local residents Jim and Michelle O'Carroll, as well as the Chairman of the Twizel Community Board and a Pukaki Ward Councillor in November 2015.

One of the most important responsibilities of Council is to look after the infrastructure that, as citizens, we often take for granted. This year we completed the replacement of 3.3 km of supply water main at Fairlie, began a twenty year replacement programme for the Twizel water reticulation network and rebuilt three local bridges. The total cost of these works was \$1,028,000. Construction of the second stage of the Tekapo Lakefront Commercial Development was completed in May 2016. Three of these four prime commercial sites were pre-sold to underwrite the cost of the project.

On-site development of the lakefront sites is expected to begin in the 2016/17 season and ramp up further in 2017/18. The final development will create a significant increase in Tekapo's commercial capacity.

The Tekapo alternative start to the Alps 2 Ocean Cycleway was officially opened on 27 January 2016. This ride continues to build in profile and is fast becoming one of our key tourist attractions. One of the most satisfying aspects about being involved in Council activities is the diversity of our work. The examples noted above illustrate some of the year's highlight but there are many more areas where our staff and elected members have toiled hard to ensure that the critical day to day Council responsibilities are met. We would like to extend a very big thank you to staff and Councillors for their tireless efforts.



Graham Smith
Mayor



Wayne Barnett
Chief Executive

SUMMARY STATEMENTS OF SERVICE PROVISION

Governance

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
Prepare key accountability documents in accordance with good practice.	The annual report is prepared within statutory timeframes and with an unmodified audit opinion.	The annual report is prepared within statutory timeframes and with an unmodified audit opinion.	Achieved The Annual Report for the 2015 financial year was adopted on 30 Oct 2015. The Audit Opinion was unmodified.	Achieved The Annual Report for the 2014 financial year was adopted on 31 Oct 2014. The Audit Opinion was unmodified.
	The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.	The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.	Achieved The Annual Plan for the 2016/17 year was adopted by Council on 10 May 2016. Annual plans are not required to be audited, therefore no Audit Opinion was issued.	Not achieved The Long Term Plan for 2015-25 was adopted on 4 Aug 2015. This was a breach in the statutory deadline. The plan received an unmodified Audit Opinion.
Represent and govern the district on behalf of the community	The percentage of residents across the district who say they are satisfied with the performance of the Councillors and Mayor in the annual ratepayer survey.	60% or above	Achieved 82% were satisfied or somewhat satisfied with the performance of Councillors and the Mayor. The result is showing an upward trend.	Achieved 80% of respondents were satisfied or somewhat satisfied with the Councillors and Mayoral performances.
Build strong iwi relationships and encourage Māori to contribute to the decision-making process	Number of face-to-face meetings held each year between Council representatives and Papatipu Rūnanga, or Te Rūnanga o Ngai Tahu.	2 or more	Achieved Council met 6 times with Papatipu Rūnanga, or Te Rūnanga o Ngai Tahu during the year.	Achieved Council met 6 times with Papatipu Rūnanga, or Te Rūnanga o Ngai Tahu during the year.
Provide opportunities for the community to engage with elected members	Number of public forums held each year with communities and groups	40 or more*	Achieved The community boards, committees and Council met 66 times during the year. The Council met 14 times with committees meeting 29 times and the community boards met 23 times.	Achieved The community boards, committees and Council met 60 times during the year. The Council met 15 times with committees meeting 24 times and the community boards met 21 times.

SUMMARY STATEMENTS OF SERVICE PROVISION

Water

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
Water supplies are available and reliable	The percentage of real water loss from the networked reticulation system.*	Estimated target: <25%	Achieved 12% approx. Bulk water meters were read at midnight and then at 6:00am. It is assumed that this flow recorded during this time is mostly leakage.	Not applicable (new measure)
	The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulation system: a) Attendance for urgent call-outs: from the time that the Council receives notification to the time that the service personnel reach the site.	2 hours	Not achieved The total call outs for the period was 41. Council collected data for 21. For those 21 the median response time from the time Council received the call to when personnel arrived on site was one hour.	Not applicable (new measure)
	b) Resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption,	12 hours	Not achieved The Council collected data for 21 of the 41 call outs. For the 21 collected the median response time from the time the call was received until the time the fault was resolved was 7 hours	Not applicable (new measure)
	c) Attendance for non-urgent call-outs: from the time that the Council receives notification to the time that the service personnel reach the site, and	72 hours	Not achieved The total call outs for the period was 228. Of those, Council collected data for 171. The median time for attendance of non-urgent call outs from the time the call was received to attendance on site was 116.11 hours.	Not applicable (new measure)
	d) Resolution of non-urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.*	120 hours	Not achieved The total call out for the period totalled 228. Of those, Council collected data for 171. The median time for resolution of the fault from the time the call was received was 289.48 hours.	Not applicable (new measure)
	The average consumption of drinking water per day per resident within the District.*	<1.3m ³ per person per day within urban schemes.	Not achieved 2.27m ³	Not applicable (new measure)

SUMMARY STATEMENTS OF SERVICE PROVISION

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
Water is safe to drink	The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance.*	2 of 4 supplies comply: Twizel upgrade completed in 2015/16	Achieved 2 of 4 supplies comply	Not applicable (new measure) 1 of 4 urban drinking water supplies (Tekapo) complies with the DWS.
	The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance*	95% compliance for all 4 supplies	Achieved 98% – 6 transgressions from 312 samples.	Not applicable (new measure)
Residents are satisfied with the water supply provided	The total number of complaints received about any of the following: a) Drinking water clarity b) Drinking water taste c) Drinking water odour d) Drinking water pressure or flow e) Continuity of supply; and f) Council's response to any of the above, Expressed per 1000 connections to the networked reticulation system. *	Less than 5 complaints per 1000 connections within urban Schemes	Achieved 2.8 complaints received per 1,000 properties connected. This covers 4 water supplies with 2,814 properties connected and only 10 complaints were received.	Not applicable (new measure)
	% of ratepayers satisfied with the water supply service.	80%	Achieved 81%	Not achieved 70% were satisfied

SUMMARY STATEMENTS OF SERVICE PROVISION

Sewerage

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
Sewage is managed without risk to public health	The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.*	≤5	Not Achieved 7.2 per 1,000 properties connected. This equates to 18 overflows from the 2,489 properties connected.	Not applicable (new measure 2015/16)
Safe discharge of wastewater	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions Received by the Council in relation those resource consents.*	Nil Nil Nil Nil	Achieved Nil Nil Nil Nil	Not applicable (new measure 2015/16)
Sewage is able to be disposed of without significant disruption	Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured: a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.*	≤1 hour s4 hours	Not achieved The median attendance time from notification to arriving onsite was 4.5 hours. There were 18 call-outs for the year. Not achieved The median resolution time from notification to resolution was 8.5 hrs. There were 18 call-outs for the year	Not applicable (new measure 2015/16) Not applicable (new measure 2015/16)
Sewage is able to be disposed of without significant disruption	The total number of complaints received by the Council about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) the Council's response to issues with its sewerage system. Expressed per 1000 connections to the Council's sewerage system.*	≤50	Achieved 7.6 per 1,000 properties connected. This covers 4 sewerage schemes with 2,489 properties connected and only 19 complaints were received.	Not applicable (new measure 2015/16)
Sewage is managed without risk to public health	Percentage of ratepayers satisfied with the sewage treatment and disposal service.	85%	Achieved 100%	Achieved 96%

SUMMARY STATEMENTS OF SERVICE PROVISION

Stormwater

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
System adequacy – the stormwater system is adequately sized and maintained.	<p>The number of flooding events that occur in the district.*</p> <p>For each flooding event, the number of habitable floors affected (per 1000 properties connected to the Council's stormwater system)*</p>	<p>Less than or equal to 2 flooding events.</p> <p>Less than or equal to 2 per flooding event, per 1000 properties connected to the stormwater system.</p>	<p>Achieved Nil – no flooding events occurred during 2015/16</p> <p>Achieved Nil – no reports of flood water entering houses</p>	<p>Achieved Nil</p> <p>Achieved Nil – no reports of flood water entering houses</p>
Discharge compliance – the stormwater system is managed in accordance with consent conditions.	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders, and convictions*	<p>Nil abatement or infringement notices</p> <p>Nil enforcement orders or convictions</p>	<p>Achieved No abatement or infringement notices issued for the period</p> <p>Achieved No enforcement orders or convictions issued for the period</p>	<p>Not applicable (new measure)</p> <p>Not applicable (new measure)</p>
Response times – flooding events from the stormwater system are promptly attended to.	The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.*	2 hours, including travel time to remote parts of the district.	Achieved No flooding events occurred during 2015/16	Achieved 100% of events were responded to within 1 hour
Customer satisfaction – the stormwater system is managed to an appropriate quality of service.	The number of complaints received by the Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system.*	Less than 5 complaints per 1000 properties connected to the stormwater system.	Achieved No complaints received	Not applicable (new measure)

SUMMARY STATEMENTS OF SERVICE PROVISION

Roading

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	The average quality of ride on a sealed local road network, measured by smooth travel exposure.*	90% for rural and 75% for urban roads.	Achieved 98% for rural and 96% for urban roads.	Not applicable (new measure)
	The percentage of the sealed local road network that is resurfaced.*	≥4%	Achieved 10% (21.6km resurfaced)	Not applicable (new measure)
	The percentage of the unsealed road network renewed using wearing course and stabilisation techniques.	≥2%	Achieved 11% (57km wearing course)	Not applicable (new measure)
	The percentage of road users satisfied with the roading network.	≥80%	Achieved 87%	Achieved 88%
Council provides a safe and efficient roading network.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network caused by road conditions, expressed as a number.*	Change from previous financial year = 0 (equates to a total target of ≤2 fatality and serious injury crashes).	Achieved Unchanged	Not applicable (new measure)
	The percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the LTP.*	≥75% of service requests relating to roads and footpaths will be responded to within 10 working days.	Achieved 75% – 8 service requests were received and 6 were responded to within the required timeframes	Not applicable (new measure)
Footpaths are maintained in good condition and are fit for purpose	The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP.*	≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.	Achieved 86%	Not applicable (new measure)

SUMMARY STATEMENTS OF SERVICE PROVISION

Planning and regulatory

Level of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
To effectively manage environmental issues within the District.	The percentage of those surveyed that are satisfied by the belief that the Council are adequately managing resource management issues in the District.	≥80% positive feedback to a customer survey.	Achieved CINTA Survey 2016 showed 82% satisfaction.	Not Achieved CINTA Survey 2015 showed 71% satisfaction.
To provide a customer focused service for processing resource consents while achieving our obligations under the Resource Management Act 1991.	Non-notified consents are processed within the statutory timeframe of 20 working days. The percentage of applicants for resource consents that are satisfied with the quality of the service they receive..	≥95% compliance. 80% positive feedback to a customer survey.	Not Achieved 74% of consents were processed within the timeframe. Not Achieved Research First Survey 2016 showed 62% satisfaction.	Not Achieved 91% of consents were processed within the timeframe. Not Achieved CINTA Survey 2015 showed 79% satisfaction.
To provide a customer focussed building control service that achieves our obligations under the Building Act 2004.	Building consents are processed within the statutory timeframe of 20 working days. The percentage of applicants for building consents that are satisfied with the quality of the service they receive.	95% compliance ≥80% positive feedback to a customer survey.	Not Achieved 85% of consents were processed within the timeframe. Not Achieved Research First Survey 2016 showed 62% satisfaction.	Not Achieved 94% of consents were processed within the timeframe. Not Achieved CINTA Survey 2015 showed 69% satisfaction**.
To provide a safe environment for dogs and the public to co-exist.	The percentage of those surveyed that believe the Council is adequately managing dog control issues in the District.	≥80% positive feedback to a customer survey.	Achieved CINTA Survey 2016 showed 84% satisfaction.	Achieved CINTA Survey 2015 showed 85% satisfaction.
For the Council to be prepared to respond to a civil defence emergency.	Council staff and volunteers are familiar with their roles and are adequately trained.	Training is attended as required, and the Council will participate in one training exercise per year.	Achieved Council staff participated in Emergency Operations Centre training in April 2016.	Achieved Council staff participated in a South Island wide training exercise.
For the public to be adequately prepared for a civil defence emergency.	The percentage of the community surveyed that believe they are adequately prepared for a civil defence emergency.	≥80% favourable response from a customer survey.	Achieved CINTA Survey 2016 showed 89% satisfaction.	Not Achieved CINTA Survey 2015 showed 77% satisfaction.

SUMMARY STATEMENTS OF SERVICE PROVISION

Community and township services

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
Township services and facilities are provided and maintained to an acceptable level	Average customer satisfaction rating for township services and facilities.	84% or above	Achieved 90.66% of those surveyed were satisfied with township services & facilities; the averaged was pulled down by satisfaction with public toilets. In both Tekapo & Twizel Council is responding by making changes at Twizel & bought forward replacement toilets in Tekapo	Achieved 94.0% of those surveyed were satisfied with township services and facilities; the averaged was pulled down by satisfaction with public toilets
Engage the community to achieve waste reduction	The percentage of solid waste from the district resource recovery diverted from landfills.	>37%	Achieved 38.2%	Achieved 37.7% diverted
Waste is handled hygienically	Compliance with resource consent conditions.	100% compliance	Achieved 100% compliant	Not applicable (new measure)

Commercial activities

Levels of Service	Measure of Service	Target	Result for 2015-2016	Result for 2014-2015
Investments – The community expects the investments of the Council to be managed wisely.	Council's cash investment portfolio independently reviewed each quarter, and performance of investments against the Bancorp Ltd benchmark portfolio.	Council's cash investment portfolio independently reviewed each quarter and investments outperform the Bancorp Ltd benchmark portfolio.	Achieved The Council's investment portfolio outperformed the Bancorp Ltd benchmark in all four quarters.	Not achieved The Council's investment portfolio outperformed the Bancorp Ltd benchmark on three of the four quarters.
To foster the economic development of the district as a whole.	Percentage of ratepayers satisfied with the Council's tourism promotion and economic development	≥80%	Achieved 83% of respondents were either satisfied or somewhat satisfied with Council's performance. The results of the survey in relation to Economic Development seem to have driven the decrease in satisfaction.	Achieved 92% of respondents were either satisfied or somewhat satisfied with Council's performance.

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Comprehensive Revenue and Expense for the year ending 30 June 2016

	2015	2016	
	Actual	Long term Plan	Actual
	\$000's	\$000's	\$000's
Total Revenue	13,584	12,487	20,038
Total Expenses	12,465	12,700	16,173
Surplus/(deficit)	1,119	(213)	3,865
Financial assets at fair value through other comprehensive income	9,252	0	1,058
NET COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	10,371	(213)	4,923

Summary Statement of Changes in Equity for the year ending 30 June 2016

	2015	2016	
	Actual	Long term Plan	Actual
	\$000's	\$000's	\$000's
EQUITY AT START OF THE YEAR	207,723	209,669	218,122
Inventory recognition taken to equity	28		
Valuation gains/(losses) taken to equity	0	0	0
Net income/(expense) recognised directly in equity	28	0	0
Net comprehensive income	10,371	(213)	4,923
TOTAL EQUITY AT END OF THE YEAR	218,122	209,456	223,045

Summary Statement of Financial Position as at 30 June 2016

	2015	2016	
	Actual	Long term Plan	Actual
	\$000's	\$000's	\$000's
Total Current Assets	14,919	12,793	12,310
Total Non Current Assets	206,468	198,866	213,608
Total Assets	221,387	211,658	225,918
Total Current Liabilities	3,189	2,036	2,796
Total Non Current Liabilities	75	167	77
Total Liabilities	3,264	2,203	2,873
NET ASSETS	218,122	209,456	223,045
Components of equity			
Accumulated funds	100,727	102,972	104,743
Capital reserves	(278)	(4,080)	(45)
Operating reserves	(2,270)	(110)	(485)
Special funds	6,114	6,097	5,770
Other reserves	44	42	46
Asset revaluation reserves	113,785	104,535	113,016
TOTAL EQUITY	218,122	209,456	223,045

Summary Statement of Cash Flows for the year ending 30 June 2016

	2015	2016	
	Actual	Long term Plan	Actual
	\$000's	\$000's	\$000's
Net increase (decrease) in cash and cash equivalents	(2,122)	1,110	(4,016)
Add cash at start of the year	9,408	4,928	7,286
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7,286	6,038	3,270
THE CHANGE IN THE CASH BALANCE IS DUE TO:			
Net cash flows from operating activities	3,386	5,891	2,059
Net cash flows from investing activities	(5,508)	(4,886)	(6,075)
Net cash flows from financing activities	0	105	0
NET INCREASE (DECREASE) IN CASH HELD	(2,122)	1,110	(4,016)

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.

SUMMARY FINANCIAL STATEMENTS

Disclosures

Summary Notes
Reporting entity
Mackenzie District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.
The principal activity of Mackenzie District Council is the provision of local authority services, including resource management, water, storm water, waste water and roading services, hazard management, recreation and cultural services and building control to the community. The Council does not operate to make a financial return.
The Council has designated itself as a public benefit entity (PBEs) for financial reporting purposes. The financial statements of the Council are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 31 October 2016.
Basis of preparation
The financial statements of Mackenzie District Council on which this summary is based, have been prepared in accordance with the requirements of the Local Government Act 2002: which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).
The financial statements have been prepared in accordance with Tier 2 PBE standards with Reduced Disclosure Requirements ("PBE RDR"). The Council qualifies for Tier 2 because it does not have public accountability and is not large under the PBE Standards. The financial statements comply with PBE Standards
Council confirms that all other statutory requirements relating to the Annual Report have been complied with. This Summary Annual Report has been prepared in accordance with the Public Benefit Entity Financial Reporting Standard 43 (PBE FRS43) Summary Financial Statements.
Measurement base
The financial statements have been prepared on an historical cost basis, modified by the revaluation of land, buildings and certain infrastructural assets, properties identified for disposal and biological assets.
Functional and presentation currency
The financial statements are presented in New Zealand dollars and all rounded to the nearest thousand dollars (\$'000). The functional currency of the Council is New Zealand dollars.

Explanations of Major Variances against Budget

Explanations for major variances from Mackenzie District Council's estimated figures for the 2015/2016 year in the 2015-2025 Long-Term Plan are as follows:

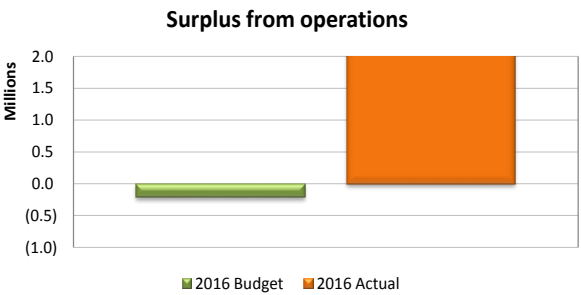
Statement of Comprehensive Revenue and Expense

Surplus from operations

Council's net comprehensive revenue and expenditure of \$4,923,000 was more than the budgeted loss of \$213,000. Revenue was \$20,038,000, compared to the budgeted revenue of \$12,487,000. This is due to the net effect of the following variances in revenue and in

expenditure as detailed below.

Revenue	
Subsidies and grants	Subsidies and grants were \$1,891,000 being \$289,000 above the budget of \$1,602,000. This is due to an extra \$217,000 of NZTA monies received. Subsidies are directly related to the amount of money the Council spends on the Roothing activity, whether capital expenditure or operating expenditure. \$71,000 of petrol tax was also received this year and was not budgeted for.
Other revenue	Other revenue is \$2,915,000; \$1,229,000 more than the budget of \$1,686,000. This is mainly due to additional carbon credits worth \$739,000 being issued to Council and an increase in revenue from building consents of \$152,000. Revenue from Resource Recovery Park gate fees was up \$121,000 on budget due to an increase in the volume of rubbish this year.
Real estate sales	Revenue from real estate sales was \$3,273,000. This resulted from two lots sold in the Tekapo lakefront development, a section in Twizel to Meridian Energy and other sundry land sales.
Contributions	These contributions are generated as a result of developers giving effect to subdivision plans and have contributed \$587,000 (budget \$120,000) in revenue for the year.
Other gains	Revenue from other gains was above budget by \$1,987,000. The gain is due to larger than expected valuation increases from the forestry revaluation of \$2,049,000 (this increase is not a cash transaction. The unrealized gain represents the change in the market value of the forest for the year for accounting purposes only) and carbon credits increasing in value by \$639,000.
Vested assets	Revenue from vested assets is greater than budgeted by \$231,000. This is largely attributable to higher than anticipated amounts of vested assets provided to Council. Vested assets are mainly infrastructural assets received from developers once a subdivision is complete. This is a non cash item and is subject to the number of subdivisions that are completed.
	Council received \$231,000 in assets vested with Council from Tekapo developers, which is made up of water assets \$40,000, sewer assets \$32,000, stormwater assets \$32,000 and roading assets \$127,000.
Financial assets at fair value through other comprehensive revenue and expense	The movement for the year was a gain of \$1,058,000. \$1,047,000 of this gain relates to the revaluation of the Alpine Energy shares. This gain in value is not a cash transaction. The unrealised gain represents the change in the market value of the shares for the year for accounting purposes only.



Expenditure

Consultancy expenses Consultancy expenses were \$1,159,000; being \$315,000 more than the budget of \$844,000. This was due to the outsourcing of the monthly management reporting and a consultant planner; costs associated with the High Country Medical Trust and all costs involved with consent applications which are then on-charged to clients with the corresponding revenue showing in other revenue.

Operational and Maintenance Costs for the year are \$4,343,000; \$536,000 more than the budgeted cost of \$3,807,000. The main reasons for this are: costs associated with solid waste cartage are over budget by \$243,000 due to increased volumes of waste being generated and an increase in disposal costs for metal.

Contractor spends associated with water supplies and sewerage schemes were also over budget by \$203,000. An explanation for this and other operating expenditure variances are reported in detail by significant activity in the cost of service statements in the Group Activities section.

These increases were offset by reduced spending on contribution payments for tourism and economic development and township projects, where expenditure was of a capital nature and transferred to the asset schedule rather than expensed as per the budget.

A \$330,000 grant was made to the High Country Medical Trust for a building extension.

Depreciation Depreciation of \$3,533,000, being \$444,000 higher than the budget of \$3,089,000. This is due to higher than expected spends over the past two years on roading infrastructure, resulting in a higher depreciation charge.

Real estate cost of sales Real Estate cost of sales was \$1,999,000 which was unbudgeted. This relates to the land costs and realisation of revaluation reserves associated with the sections sold.

Events after Balance Date

Pukaki Airport Board Land Sales During the year, Pukaki Airport Board entered into seven Sale and Purchase Agreements with a third parties for the disposal of parcels of land held for a total cash consideration of \$1,050,390. The initial deposit of 20% of the disposal price received of \$176,479 is included in Note 20: Payables and deferred revenue as deposits on land sales as at the end of the financial year. The disposal is expected to be completed by the end of the 2018/2019 financial year. The remaining amounts receivable prior to settlement are collectible as follows:

	2016 Actual \$000's
Not later than one year	329,281
Later than one year, not later than two years	274,771
Later than one year, not later than five years	274,771
Total receivable	878,823

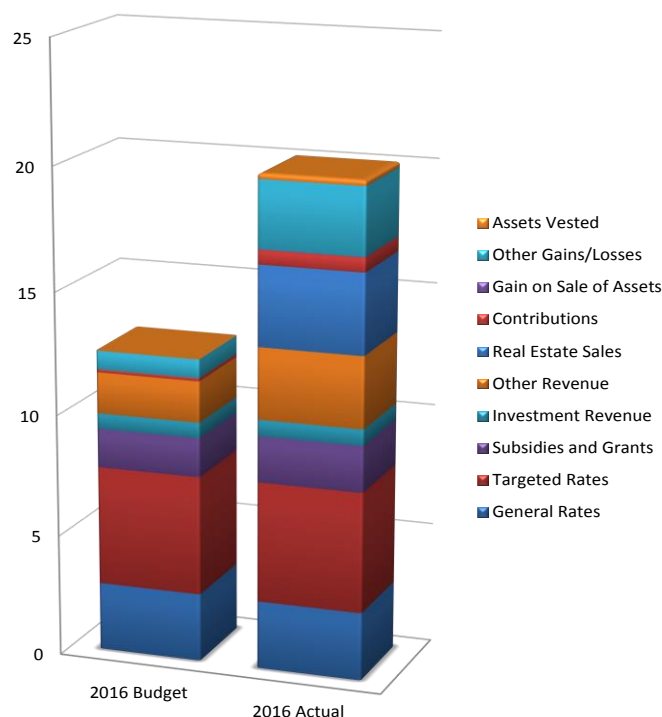
Mackenzie District Council Land Sales During the year, Mackenzie District Council entered into five Sale and Purchase Agreements with a third parties for the disposal of parcels of its land on Glen Lyon Road for a cash consideration of \$892,000. 10% of the disposal price received of \$89,000 is held in escrow until settlement as at the end of the financial year. Settlement is to be within 10 days of the title

being issued, which is expected to be completed during the 2016/2017 financial year. The land sold is currently classified within land in property, plant and equipment with a book value totalling \$43,740.

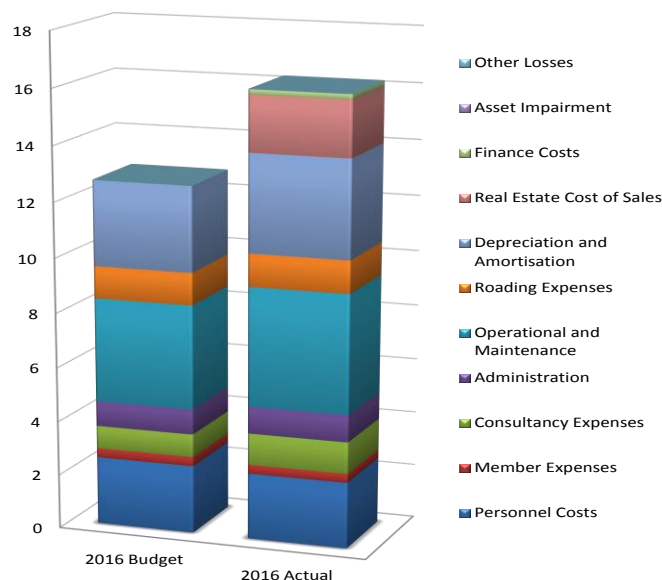
In the 2015/2016 financial year, a Tekapo property was sold for a cash consideration of \$1,350,000. At balance date, the deposit of \$418,500 received is held in escrow until settlement. Settlement is took place on 7th October 2016.

No other post balance date events occurred up to the date of the report adoption that are known to have a material affect on the Financial Statements and Notes to the Financial Statements of Council (2015: \$Nil).

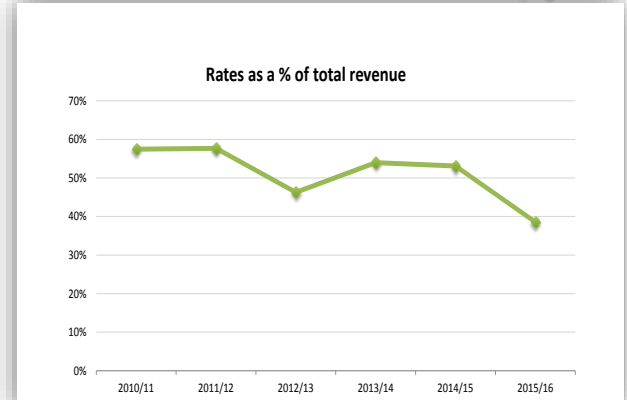
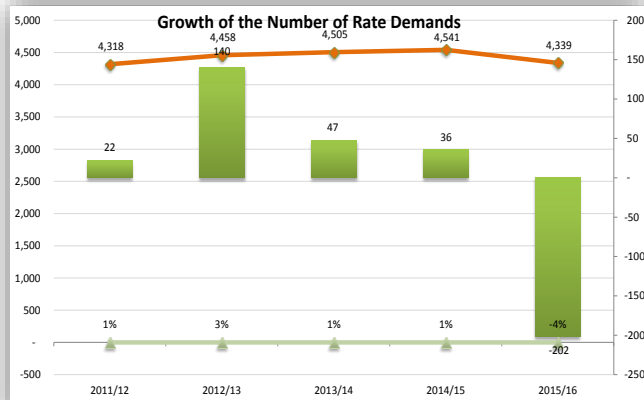
Revenue items (Millions)



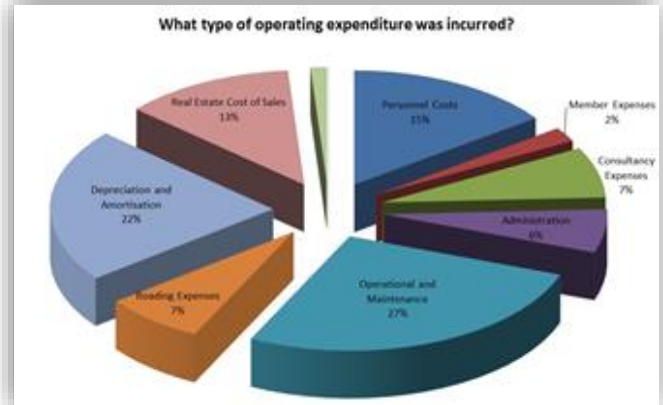
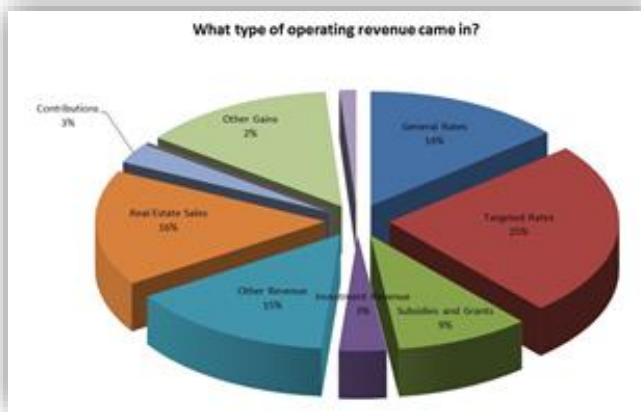
Expenditure items (Millions)



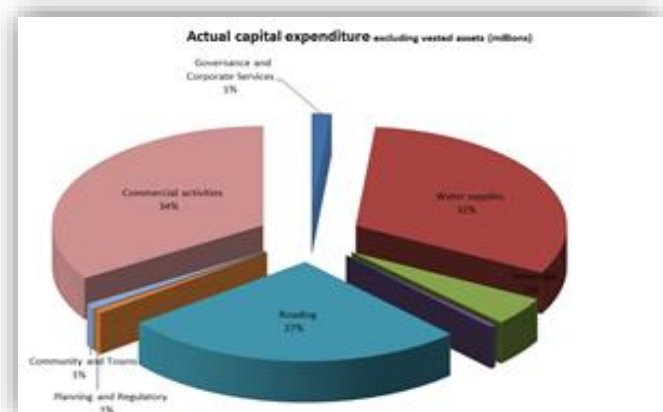
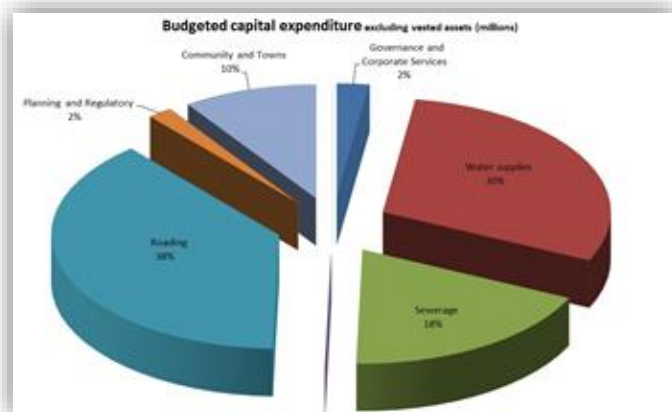
FINANCIAL OVERVIEW



Operational



Capital



Disclaimer

1. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 31 October 2016. This summary has been prepared in accordance with PBE FRS 43: Summary Financial Statements.
2. The summary annual report cannot be expected to provide as complete an understanding as provided by the full annual report. A copy of the annual report may be obtained from the Council's offices or on the Council's website (www.mackenzie.govt.nz).
3. The summary has been examined for consistency with the full Annual Report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report received an unqualified audit opinion on 31 October 2016.
4. The specific disclosures included in this Summary Annual Report have been extracted from the full Annual Report that was authorised for issue by Council's Chief Financial Officer on 31 October 2016.

**Independent Auditor's Report
To the readers of
Mackenzie District Council's summary annual report
for the year ended 30 June 2016**

The summary annual report was derived from the annual report of the Mackenzie District Council (the District Council) for the year ended 30 June 2016. 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 2 to 12:

- the summary statement of financial position as at 30 June 2016;
- 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 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 31 October 2016.

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 PBE FRS-43: 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 31 October 2016 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.

Responsibilities of the Council and 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 PBE FRS-43: 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 PBE FRS 43: Summary Financial Statements.

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



John Mackey,
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
7 November 2016