



TE KAUNIHERA Ā ROHE O
WHAKAAHURANGI
STRATFORD
DISTRICT COUNCIL

ANNUAL REPORT 2022/23 - SUMMARY

Welcome to the summary of our 2022/23 Annual Report.

An Annual Report compares Council's performance against the objectives, performance measures and budgets set in the Long Term Plan and Annual Plan for the year. It also gives details of the Council's overall financial performance for the year together with its financial position as at 30 June 2023 along with other financial data and information. The summary Annual Report is audited by Deloitte and their opinion is included.

From our Mayor and Chief Executive

Tēnā koutou katoa

The past 12 months have seen a number of projects being completed and becoming available for use.

Our key milestones for the last financial year were:

- Completion of Wai O Rua Stratford Aquatic centre, on budget and on time
- Completion of the second water trunk main between the Stratford water treatment plant and Stratford township
- Successful advocacy resulting in progressing the sealing work on the historically unsealed stretch of State Highway 43, along with a suite of other safety improvements

The 2022/23 financial year was the second year of Council's 2021-2031 Long Term Plan. At \$13.4 million, capital expenditure for the financial year was significantly below the \$24.4 million of the previous year as council completed some of the major infrastructure projects listed above.

Once again, Council was the recipient of significant government grants arising from a range of central government reforms and other initiatives. A number of these came with tight delivery deadlines which meant that planned projects had to take a back seat. Contractor availability and cost increases across the board further meant that completion of our planned projects dropped to 59% of the overall work programme. The delayed projects are however not lost as they have been rolled over into the following year.

Operating Results

We finished the year with a net surplus of \$3,171,000 and revenue slightly above budget due to rates income as well as other revenue exceeding budget expectations. Expenditure shows slightly over budget due to cost increases exceeding forecast.

Financial Position

All Local Government Funding Agency (LGFA) lending covenants were met during the 2022/23 financial year.

Due to significant grant funding received during the year and not all loan funded capital projects being delivered as budgeted, Council debt is lower than anticipated.

General Performance

Responses from our annual customer survey showed residents are continually impressed with the level of service across our facilities. The Stratford Library, Visitor Information Centre, and Parks and Walkways received high ratings from residents, with 96%, 94%, and 90% levels of satisfaction respectively. The Aquatic Centre received 84% satisfaction, and Customer Service interactions achieved 83%.

Overall, however we have seen a notable drop in satisfaction across Council services from those surveyed. Where possible we try to address this feedback but as there has been no actual change to many of the services provided, we believe that this is heavily influenced by the cost of living crisis and a number of other issues causing some stress in our community.



Neil Volzke
Neil Volzke
District Mayor



Sven Hanne
Sven Hanne
Chief Executive

Elected Members



Standing Left to Right: Victoria Araba - Director Assets, Jono Erwood, Grant Boyde, Vaughan Jones, Amanda Harris, John Sandford, Matt Watt, Steve Beck, Clive Tongaawhikau, Kate Whareaitu - Director Community Services.
Seated Left to Right: Ellen Hall, Deputy Mayor Min McKay, Mayor Neil Volzke, Sven Hanne - Chief Executive and Annette Dudley. Photo taken October 2022.

District Mayor

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Rural Ward Councillors

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Māori Ward Councillor

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Urban Ward Councillors

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Annette Dudley
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View our full Annual Report online at [Stratford.govt.nz](https://stratford.govt.nz)

Or read a copy of the report at the Stratford Library and Visitor Information Centre or Council's Service Centre at 63 Miranda Street.

A year in review - highlights



Opening of Wai o Rua - Stratford Aquatic Centre



New elected members were welcomed on to Council.



First birthday celebration for the Stratford Bike Park was a hit! Thanks to everyone involved in the day.



The second water trunk main between the Stratford water treatment plant and Stratford township was completed. Photo taken at the final blessing.



Upgrade to the Kopuatama Cemetery completed.



Responses from our annual customer survey showed residents continue to be impressed with the level of service in the Library (96% satisfied), Visitor Information Centre (94% satisfied) and our parks and walkways (90% satisfied).



School safety improvements completed outside Stratford High School.



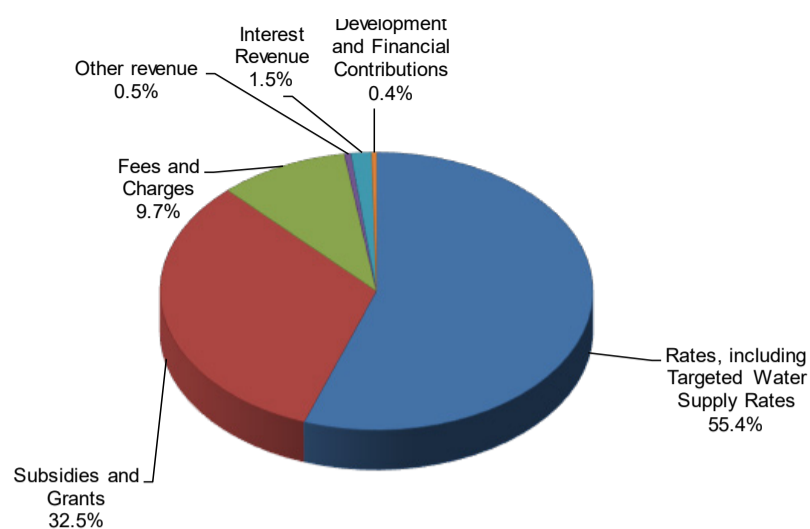
Summer Nights Movies in King Edward Park.



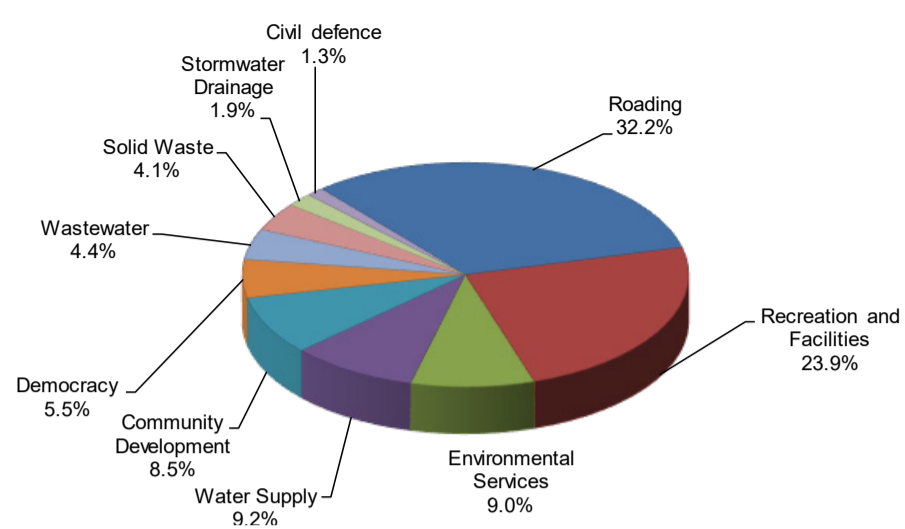
Summer Nights Concert, the 'indoor' edition due to poor weather. Thanks to everyone who came along.

Financial overview

Source of revenue - Council only



Operating Expenditure (Where the money is spent) – Council Only



Financial Performance

The following table provides a summary of the comparative financial performance for the Council and Group for the last two financial years. The consolidated figures comprise those of Council and its Council Controlled Organisation, the Percy Thomson Trust.

Summary of Statement of Comprehensive Revenue and Expense & Statement of Changes in Equity	Council			Group	
	Actual 2022/23	Budget 2022/23	Actual 2021/22	Actual 2022/23	Actual 2021/22
For the Year Ended 30 June 2023	\$000	\$000	\$000	\$000	\$000
Operating Revenue	27,141	26,470	28,929	27,284	29,071
Less: Finance Costs	951	735	552	951	552
Less: Other Expenditure	23,019	20,696	20,600	23,283	20,817
Surplus (Deficit) before and after income tax	3,171	5,038	7,777	3,051	7,702
Revaluation of financial assets at fair value through other comprehensive revenue and expense	53	-	(135)	53	(135)
Gains/(Losses) on Property, Plant and Equipment Revaluation	7,242	1,341	54,587	7,944	54,587
Total comprehensive revenue and expense	10,466	6,380	62,229	11,047	62,154
Equity at the Beginning of the Year	431,463	383,895	369,233	434,267	372,105
Equity at the End of the Year	441,936	390,397	431,463	445,320	434,267
Comprising:					
Accumulated Funds	201,080	202,693	197,109	202,553	198,703
Reserves and Special Funds	7,731	8,584	8,524	7,731	8,524
Revaluation of financial assets at fair value through Other Comprehensive Revenue and Expense	(483)	-	(536)	(483)	(536)
Asset Revaluation Reserves	233,608	179,120	226,366	235,517	227,573
Equity at the End of the Year	441,936	390,397	431,463	445,320	434,267

Capital Expenditure

Capital expenditure totalled \$13,382,000 for the year ended 30 June 2023 (\$24,374,000 last year). For various reasons some projects have not commenced or have commenced but not been completed.

Key variations to the budget are:	Actual 2022/23	Budget 2022/23
Capital expenditure per function area of Council For the year ending 30 June 2023	\$000	\$000
Recreation and Facilities	2,435	4,138
Democracy	227	225
Community Development	2,167	1,041
Rooding	6,260	5,655
Stormwater Drainage	72	347
Wastewater (Sewerage)	560	614
Solid Waste	10	10
Water Supply	1,651	5,386
Total Expenditure	13,382	17,415

Summary of Financial Position

Summary of Statement of Financial Position	Council			Group	
	Actual 2022/23	Budget 2022/23	Actual 2021/22	Actual 2022/23	Actual 2021/22
As at 30 June 2023	\$000	\$000	\$000	\$000	\$000
Current Assets	8,463	10,939	12,200	8,944	12,762
Non-current Assets	471,718	417,333	456,978	474,654	459,234
Total Assets	480,181	428,272	469,178	483,598	471,996
Current Liabilities	10,536	8,093	14,002	10,571	14,016
Non-current Liabilities	27,707	29,782	23,713	27,707	23,713
Total Liabilities	38,243	37,875	37,715	38,278	37,729
Equity	441,936	390,397	431,463	445,320	434,267
Total Liabilities and Equity	480,181	428,272	469,178	483,598	471,996

Summary of Cash Flows

The Cash Flows table summarises how Council and the Group generated and used cash during the respective financial years. In both years cash surpluses from operating activities were invested in the district's assets

Summary Statement of Cash Flows	Council			Group	
	Actual 2022/23	Budget 2022/23	Actual 2021/22	Actual 2022/23	Actual 2021/22
For the year ended 30 June 2023	\$000	\$000	\$000	\$000	\$000
Net Cash Flow from Operating Activities	7,122	10,762	15,686	7,086	15,679
Net Cash Flow from Investing Activities	(11,417)	(17,415)	(25,533)	(11,578)	(25,383)
Net Cash Flow from Financing Activities	1,500	6,221	10,000	1,500	10,000
Net Increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts	(2,794)	(432)	153	(2,992)	296
Cash, Cash Equivalents and Bank Overdrafts at the beginning of the year	3,409	2,852	3,256	3,683	3,388
Cash, Cash Equivalents and Bank Overdrafts at the end of the year	615	2,420	3,409	691	3,684



Net Surplus

The Net Surplus of \$3,171,000 is primarily made up of capital revenue including the following:

	000's
Roading subsidy for capital expenditure	3,342
Government funding for the swimming pool	1,400

Benchmarks

Net debt levels are within the targeted limits. Council has gross borrowings of \$33.7 million at interest rates ranging from 1.04% to 5.50% and financial investments of \$12.2 million.

The actual rates increase of 5.97% was lower than budgeted and within the LTP limit.

		Council's Target (limits)	LTP - 2021-31	Actual - 2022/23
Debt	Net debt as a % of total annual revenue	<130%	84%	79%
Income & Affordability	% Rates Increase	<6%	6.21%	5.97%

Variations to the Annual Plan

Net Operating Costs

Recreation and Facilities

The operating expenditure for the Pool Complex activity is \$1,071,000 over budget due to the increased staffing costs and overhead running costs, as well as increased depreciation and interest, as a result of the new swimming pool, which opened in October 2022.

Capital Expenditure

Total capital expenditure was under budget by \$4,033,000. Although there were unders and overs across the council activities, significant variances are explained below.

The implications of the variance for new projects that are funded by loans is that Council will have rated in the 2022/23 year for interest on the expenditure. If a project was expected to be completed in 2022/23 then Council would have also rated for 50% of the depreciation.

Roading

- Brecon Road Extension has been moved to 2023/24 (budget was \$257,000)
- Road to Zero – no budget in 2022/23, as funds were carried over from 2021/22, to cover the \$904,000 spent in 2022/23.
- Pavement rehabilitation – budget exceeded by \$417,000 to enable roads damaged by logging trucks to be reinstated.

Water Supply

- Water meter upgrade – the meters have been purchased and are scheduled for installation in 2023/24.
- Raw water delivery line – this has been delayed due to contractor availability and other considerations, including the technical design work, taking longer than expected.

Parks, Reserves and Cemeteries

- The design for the skate park upgrade commenced in June 2023. This project is funded by a grant.
- Additional land was purchased to extend the size of the Kopuatama Cemetery. This was fully funded from council reserves.

Recreation and Facilities

- The new aquatic centre was completed during the year, at a total cost of \$20.7 million, therefore not requiring the full balance of funds in the 2022/23 Annual Plan.

Community Development

- Stratford 2035 – a project team has been established to oversee the delivery of this project in 2023/24.
- Suitable land for the proposed subdivision was purchased using both the current year's budget plus the budget for 2021/22.

Non-financial performance measures

Council has 95 performance measures which were set by Council during the LTP 2021-31 process.

Of these, 56 measures were achieved, 34 measures were not achieved, and 5 measures were not applicable.

Activity	Achieved	Not applicable	Not achieved
Aerodrome	1	0	1
Civic Amenities	3	0	3
Community Development	1	0	1
Library	3	0	0
Parks/Reserves/Cemeteries	2	2	2
TSB Pool Complex	4	0	1
Democracy	3	0	1
Economic Development	2	1	0
Information Centre	1	0	1
Rental properties	1	0	2
Building services	2	0	4
Planning and Bylaws	2	1	3
Civil Defence and Emergency Management	2	0	0
Community Health and Safety	3	0	4
Roading	4	0	5
Stormwater	5	1	0
Wastewater	4	0	3
Solid Waste	3	0	0
Water Supply	10	0	3
TOTAL	56	5	34



Notes

1. Part 6 Section 98(4)(b) of the Local Government Act 2002 requires councils to make publicly available a summary of the information contained in its Annual Report.

2. The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) and disclosure concessions have been applied. The Council is eligible and has elected to apply the PBE Standards RDR because its expenses are less than \$30 million and it does not have public accountability as defined by XRB A1 Application of the Accounting Standards Framework.

3. Stratford District Council's summary annual report is in compliance with PBE FRS-43 Summary Financial Statements and the financial statements have been prepared in New Zealand dollars. All values have been rounded to the nearest thousand dollars (\$000).

4. The summary annual report does not include all disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding of the Council's financial performance as the full financial statements.

5. The full financial statements on which this summary is based received an unmodified opinion with an emphasis of matter and were authorised for issue by the Council on 10 October 2023.

6. This summary financial report has been examined by the auditor for consistency with the full financial report. An unmodified auditor's report is included with this summary.

7. The above is a summary of the Annual Report, but you can view the full report by going to our website, www.stratford.govt.nz or phone, (06) 765 6099.

New Zealand Local Government Funding Agency (NZLGFA)

The Council is a guarantor of the New Zealand Local Government Funding Agency (NZLGFA). The NZ LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from both Standard and Poor's and Fitch of AA+ and a foreign currency rating from both of AA+.

As at 30 June 2023, NZLGFA had 77 council members and three council controlled organisation members. Of the 77 council members, 30 are shareholders, and Council is one of the 70 who are guarantors. Together with the other guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2023, NZ LGFA had borrowings totalling \$17,571 billion (2021: \$15,78 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- It is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local

authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

Events after Balance Date

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

Auditor's Opinion

Deloitte.

Independent Auditor's Report

TO THE READERS OF STRATFORD DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The summary of the consolidated annual report was derived from the annual report of the Stratford District Council (the District Council) and its subsidiary and controlled entity (the Group) for the year ended 30 June 2023.

The summary of the annual report comprises the following information on pages 3 to 5:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary non-financial performance measures

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.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 10 October 2023.

Without modifying our opinion, we draw attention to Note 27 on page 124 of the full annual report, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in note 27 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is 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 Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out an assurance engagement on trustee reporting, which is compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council or its subsidiary and controlled entity

Pam Thompson

Pam Thompson
for Deloitte Limited
On behalf of the Auditor-General
Wellington, New Zealand
10 October 2023

View our full Annual Report online at Stratford.govt.nz

Or read a copy of the report at the Stratford Library and Visitor Information Centre or Council's Service Centre at 63 Miranda Street.