



GREAT LAKE TAUPŌ
Taupō District Council



Annual Report
Summary **2017/18**

WELCOME TO THE SUMMARY OF OUR 2017/18 ANNUAL REPORT.

The specific disclosures in this summary have been extracted from the full Annual Report, which was adopted by Council with an unmodified opinion dated 25 September 2018.

The summary has been examined for consistency with the full Annual Report 2017/18 and audited by Audit New Zealand on behalf of the Auditor-General.

This summary was authorised by the Chief Executive and the Head of Finance and Strategy on 25 September 2018.

This summary cannot be expected to provide a complete understanding of Council's financial and service performance, financial position and cashflows as the full Annual Report 2017/18.

The full Annual Report is available from the Council offices or can be downloaded at www.taupo.govt.nz

Counting the assets

Council has \$1.1 billion in assets including land, infrastructure and buildings as at 30 June 2018. These include:



Mayor and Chief Executive Officer's Report

Welcome to our Annual Report for the 2017/18 year.

This report outlines the services, key projects and initiatives we undertook over the past 12 months, where money was spent, and how we performed as an organisation.

The 2017/18 was quite a year. Not only did we set to work implementing the projects that we had identified in year three of our 2015-2025 Long Term Plan, we also had a number of other projects that needed to be undertaken with some urgency.

The biggest of those was the need to vacate our Lake Terrace office due to health and safety concerns. This saw around 120 staff relocated to five separate sites around our CBD as well as our existing prefab, as temporary accommodation. Following consultation on the 2017/18 Annual Plan, we also made the decision to explore alternative sites for our administration functions. We consulted with the community on a number of different options, from refurbishment to a new build, with the preferred option being to build a new building at the Lake Terrace site. However, following feedback the decision was made to build a new building, on a site to be determined. It was also decided to investigate lease options as an alternative to self-funding a new building.

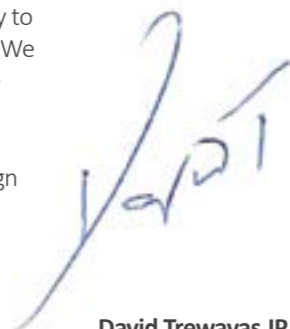
Ultimately, the council decided to investigate the development of the area fronting on to Story Place near the Great Lake Centre and the library for the new building as its preferred option. The other two options, in order of preference, were to build on the Tūwharetoa Street carpark or on the former site at 72 Lake Terrace. Work on developing a master plan for the preferred site began toward the end of the financial year, with a view to creating a cultural precinct rather than an office building on its own.

Another urgent piece of work was addressing a number of failures in our wastewater system that caused sewage spills to the lake. There were a number of spills in the space of a short period and we needed to move swiftly to ensure we had done what we could to prevent more. We instigated a comprehensive preventative maintenance project that saw more than 545 sewer pipes in Acacia Bay and Taupō inspected and more than 35 manholes cleared. We also launched a public education campaign to ensure our community was mindful of what it was putting into the wastewater system as fats, wipes and tree roots were the highest contributing factors to blockages.

This meant a marked increase to our works programme and the need for us as an organisation to become more agile and flexible than ever before. Despite the unexpected, financially we performed well. We maintained a credit rating of AA from international credit rating agency Standard and Poor's and our closing debt position of \$144 million was \$8 million less than originally projected for the year in the 2015-25 Long-term Plan. This was largely due to repayments made in the 2014/15 year but regardless is a pleasing result. We also were extremely close to meeting our essential services benchmark for the first time. This measure is met if capital expenditure on network services equals or is greater than depreciation on network services. This year we reached 99 per cent, 33 per cent higher than the previous year which was a fantastic achievement. We stayed true to our promise of keeping rates affordable and sustainable and while an average rates increase of 3.53 per cent had been originally forecast for the year, the actual was 2.26 per cent.

In terms of performance, we achieved the vast majority of measures we set ourselves in the Long-term Plan.

Looking forward, our focus now turns to delivering the first year of the 2018-28 Long-term Plan. While we are faced with some challenges and major decisions, the least of which is where our organisation will get to call home, we will continue to seek efficiencies to keep rates as affordable as possible, and will ensure our district's interests are represented at both a regional and national level. We will continue to seek input from our residents into our decision making, and most importantly we will strive to meet our vision of making the Taupō District the most prosperous and liveable district in the North Island by 2022.



David Trewavas JP
Mayor



Gareth Green
Chief Executive

Our Long Term District Strategy

In our 2015-2025 Long-term Plan we set ourselves five key areas to build on the strong foundation we have created. Here are some highlights from each of those areas that helped us move closer to our goals in 2017/18.

Ensure Taupō District remains a great place to live

Promoting economic development

Protecting our water resources and using them wisely

Maintaining our quality infrastructure

Keep rates and debt affordable



Ensure Taupō District remains a great place to live

Building consents increased 32 per cent compared with 2016/17 and almost 50 per cent when compared with 2015/16. Code of compliance certificates also increased significantly.

Refurbished the Turangi Service Centre, Superloo and award-winning Ora Garden. Upgraded several outdoor areas, including Arthur Street playground.

Upgraded Ruapehu/Roberts Street intersection with sculptures, street furniture, pedestrian islands and new gardens.

Supported local community groups with facilitated workshops and grants to over 150 clubs and projects.



Promoting economic development

Redevelopment of Otumuheke Hot Stream and investment in a 'visit Taupō' campaign managed by Enterprise Great Lake Taupō.

Continued to attract high quality events including Summer Concert, IRONMAN, Jock Hobbs Memorial Tournament, and Lake Taupō Cycle Challenge.

10-year Sister City Relationship celebrated with Suzhou, China through the inclusion of Chinese music, food and culture in Taupō Winter Festival, the installation of an archway in Tongariro South Domain, and preparations for an exhibition of priceless Suzhou artefacts planned for next year.

Continued funding Go Tongariro and Towncentre Taupō to help promote and grow our central business districts.



Protecting our water resources and using them wisely

Completed 6.7kms of water main renewals in Taupō and Turangi, and connected Waitahanui to Taupō's town water supply.

Inspected 68km of wastewater pipes to reduce sewer overflows in Taupō and Acacia Bay. Sewers cleaned and relined in Mangakino and Turangi.

Five enviropods installed to catch litter before it enters Lake Taupō, and continued to inspect stormwater network with CCTV cameras, with a focus on Wairākei and Kinloch.

Maintaining our quality infrastructure

We have \$1.1 billion in assets across our district including infrastructure and a range of leisure and recreation facilities.

Our existing network is in good condition and has enough capacity to cater for any expected changes in population and land use. Therefore our strategy is to maintain it, ensuring it continues to deliver quality services to our residents and visitors into the future.

This year we completed work on a number of footpaths and began a speed limit bylaw review with a focus on traffic flows and safety. A major study was undertaken to review traffic flows through the northern access route and Taupō's central business district. Short term recommendations have been implemented.





Our financial performance

Keeping rates and debt affordable

Council continues to contribute to its Financial Strategy adopted as part of the 2015-25 Long-term Plan.

Looking after the assets we have while maintaining levels of service

Our district is still relatively young, this means that many of our infrastructure assets are in good condition and will not need renewing or upgrading for many years.

We must all pay our fair share of the use of these assets each year to ensure intergenerational equity is achieved, and that we don't create a financial burden for current or future generations. By rating for depreciation and building cash reserves, we are able to subsequently fund future renewals programmes, maintaining levels of service for the district without undue burden on any particular ratepayers at any point in time.

Keeping rates affordable and sustainable

Council's main source of operating revenue is from rates, both general and targeted. In the 2015-25 Long-term Plan projected rates increases were between 2 and 3 per cent (after adjusting for growth in rateable properties) over the 10 years of the plan. We have now completed the third year of the 2015-25 Long-term Plan where rates increases had originally been forecast at 3.53%. However, the actual rates increase for 2017-18 was 2.26%.

Prudent management of our investments and borrowings

Council's credit rating has been maintained at AA by international credit rating agency Standard and Poor's. This rating reflects the prudent financial management of Taupō District Council and is the highest rating that can be held by a Council within New Zealand.



Taupō Electricity Limited (TEL) Fund and rate subsidies

Council has managed its investment in the TEL Fund over the course of a reasonably stable last 12 months where interest rates have remained low.

The book value of the fund has increased from \$56.3 million in 2016/17 to \$58.97 million in 2017/18. This is after the payment of \$777,434 to subsidise rates.

It is forecast in the 2018-28 Long-term Plan for the TEL Fund to cease subsidising rates by June 2020.

Debt

Closing debt position at 30 June 2018 was \$144 million. The Long-term Plan 2015-25 projected that at the end of this year debt would be \$152 million. However, after additional repayments were made and reported in the Annual Report 2014-15, this was re-forecast when preparing the Annual Plan 2017-18 to \$144m. The 2018-28 Long-term Plan forecasts debt to be at \$142m by June 2019.

Limits on rates and debt

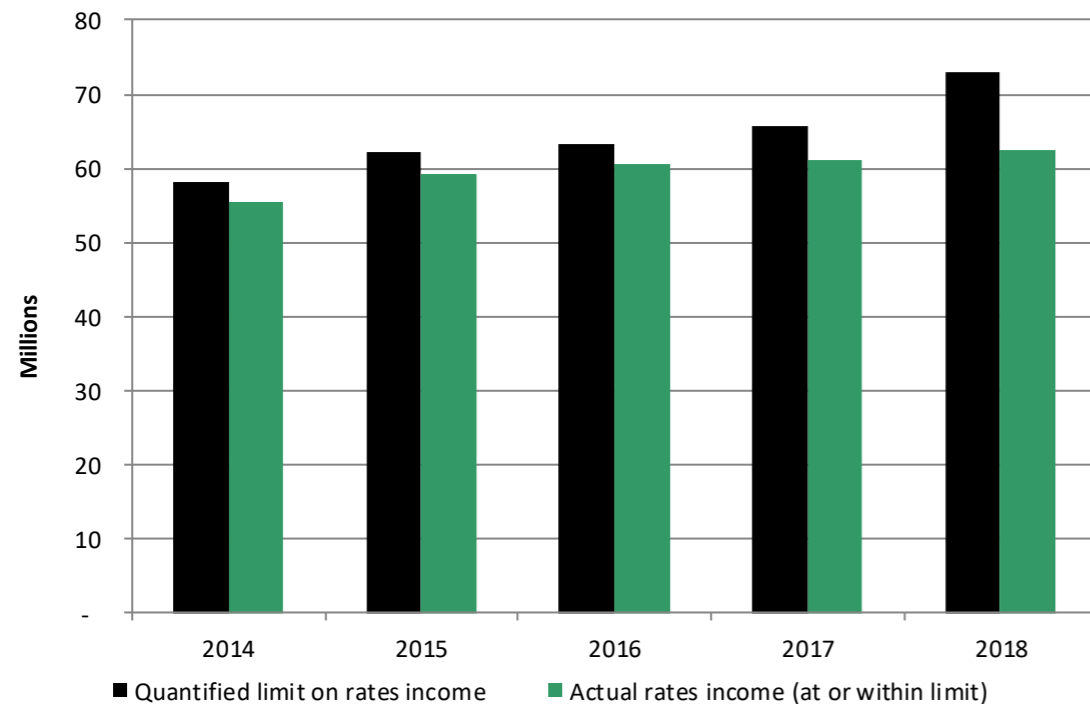
To meet all of these goals, Council proposed three limits on rates and debt, and has operated within these limits for 2017/18. These were:

- Total rates revenue must not exceed 80 per cent of operating revenues.
- Rates increases may not exceed forecast Local Government Consumer Index (LCGI) + 1.0 per cent.
- Gross external borrowing may not be more than 200 per cent of annual operating income.
- Actual net debt must be equal or less than planned net debt.
- Borrowing costs must be less than 10% of revenue.



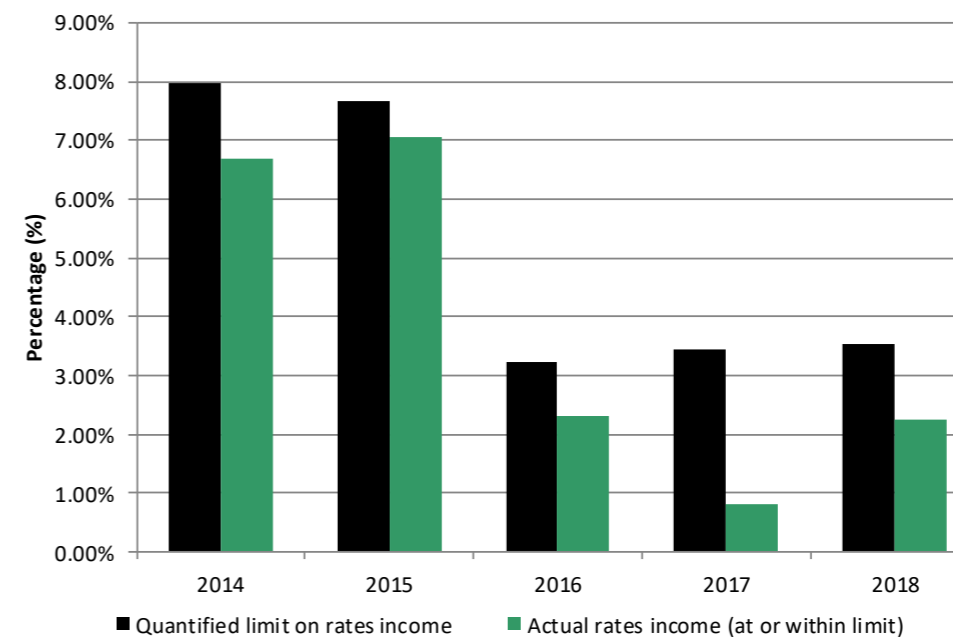
Rates (income) affordability

The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's long-term plan. The quantified limit is that total rates revenue must not exceed 80% of operating revenues.



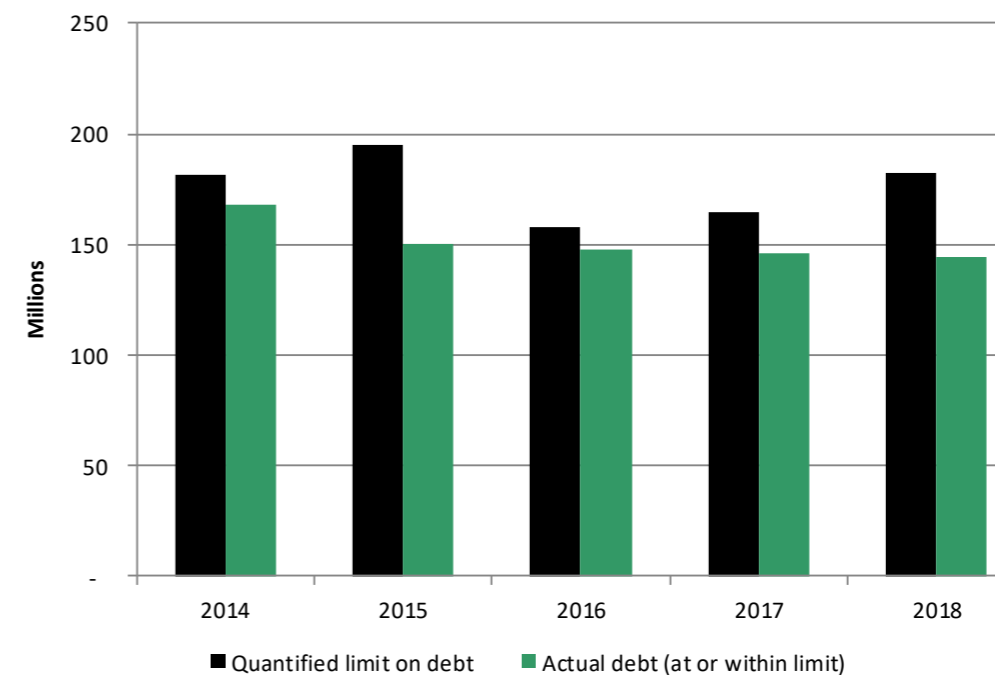
Rates (increases) affordability

The following graph compares Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's long-term plan. The quantified limit in the 2012-22 LTP is that rates increases may not exceed LGCI + 4.5% in 2013-2015. The quantified limit in the 2015-25 LTP is that rate increases may not exceed LGCI + 1%.



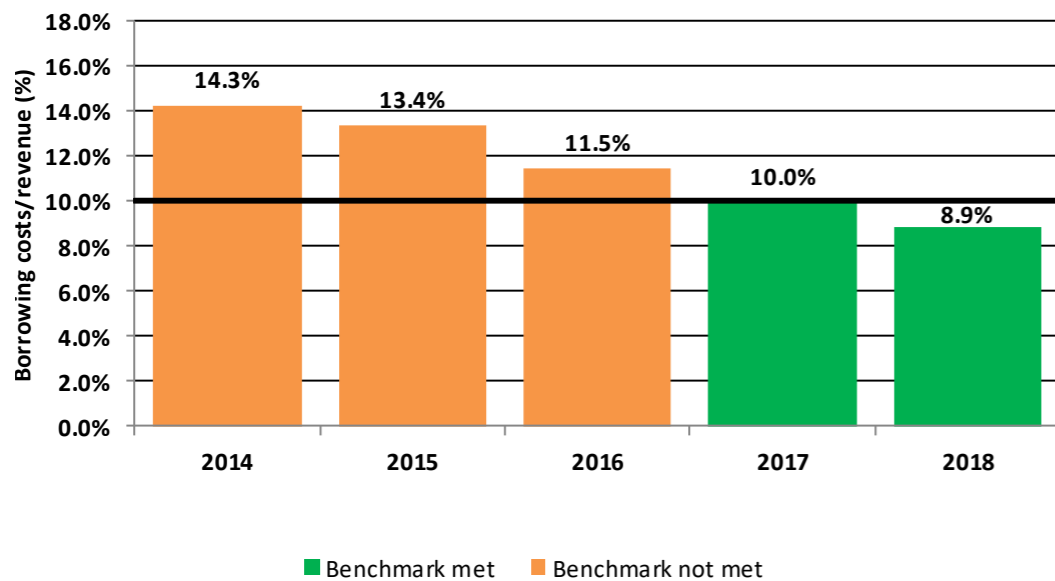
Debt affordability benchmark

The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's long-term plan. The quantified limit in the 2012-22 LTP was that gross external borrowing may not be more than 250% of annual operating income. The quantified limit in the 2015-25 LTP was that gross external borrowing may not be more than 200% of annual operating income.



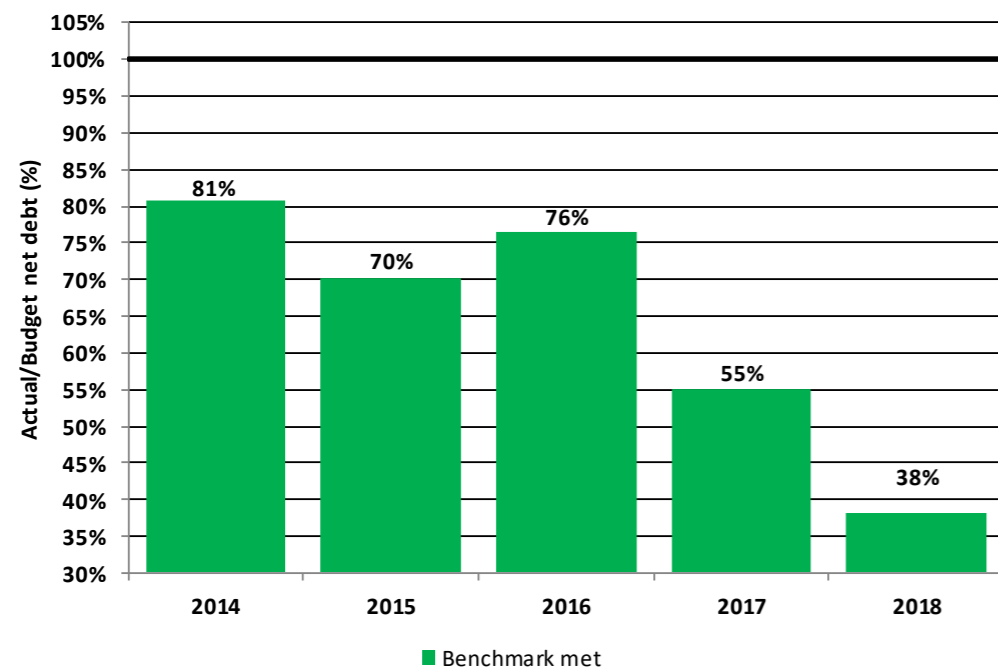
Debt servicing benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) for the year. Statistics New Zealand projects Council's population will grow more slowly than the national population growth rate, therefore it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets. Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Our Performance

We set ourselves 128 measures in our Long-term Plan which we use to report back on our service performance across our 10 groups of activities. This page shows the percentage of targets achieved and not achieved. Detailed reporting on the individual measures is included in our full annual report.

*The community service, community facilities and democracy and planning activities include measures from our community satisfaction survey. This survey is completed every three years so it can be compared with other councils (who also complete the survey every three years). The last survey was completed in 2017, therefore the results can not be included in this financial year. Subsequently the performance measures for community service, community facilities and democracy and planning are artificially low.



Community Services



Water



Transport



Community facilities



Wastewater



Solid Waste



Stormwater



Democracy & Planning



Investments



Economic Development



Summary of Financial Statements

Overview

Council's actual surplus of \$24.497m is \$19.032m more than the \$5.465m surplus planned. The explanations below address this variance.

Revenue

Council's operating revenue was \$26.752m ahead of plan, this is due to the following operational areas being ahead of plan: rates \$0.040m, development and financial contributions \$1.206m, fees and charges \$1.985m, finance revenue \$0.688m, vested and first time recognition assets \$12.698m, land section sales ahead \$3.046m, dividends \$0.281m, gain on valuation

of investment properties and non-current assets held for sale \$1.078m, realised and unrealised gains and losses on shares and bonds \$1.270m, forestry valuation \$2.381m and other revenue \$3.439m. These gains are offset by subsidies and grants \$1.023m and gain on sale of other property, plant and equipment \$0.343m behind plan.

Expenses

Council's expenses are \$7.720m higher than plan, due to the following expense items: employee benefit expenses \$0.589m, depreciation \$0.829m, loss on disposal/impairment of assets \$1.829m, revaluation of derivatives \$1.640m and operational expenses \$2.858m all above plan offset by interest on debt \$0.031m lower than plan.

Statement of Financial Position

Equity

Council's Statement of Financial Position presents a healthy picture. Our asset base is remaining stable and our level of borrowings is decreasing, currently at \$144m.

Assets

Investments including cash are \$27.293m higher than plan, trade and other receivables are \$1.353m lower than plan, non-current assets held for sale \$10.765m higher than plan, inventory is \$40k lower than plan and prepayments are \$197k higher than plan. Property, plant and equipment, intangibles forestry and investment properties were \$21.341m less than plan due to infrastructure revaluation being \$2.586m lower than plan, forestry and investment property valuations \$3.463m higher than plan and capital/renewal expenditure was \$2.795m behind plan. Disposals and impairments not budgeted were \$4.172m, vested and first time recognition assets were \$12.698 higher than plan. The effect of variations in asset movements in 2016/17 against the 2016/17 budgeted closing balance was \$25.059m and investment properties were transferred to non-current assets held for sale of \$2.890m.

Liabilities

Trade and other payables and provisions \$1.386m higher than plan, employee liabilities \$0.616m higher than plan, derivative financial instrument liabilities are \$2.303m higher than plan due to fair valuation changes in current and prior year. Borrowings \$0.138m higher than plan.

These financial statements are extracted from the full Annual Report. That report was prepared in accordance with generally accepted accounting practice in New Zealand and was prepared under Tier 1 Public Benefit Entity International Public Sector Accounting Standards (NZ PBE IPSAS). The information in this summary financial report has been prepared in accordance with PBE FRS43: Summary 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 in the full financial statements. The financial statements are presented in New Zealand dollars and values are rounded to the nearest thousand dollars. The functional currency of Taupō District Council and Group is New Zealand dollars.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Revenue	113,290	86,538	108,847	114,171	109,650
Expenses	80,182	72,431	75,491	81,285	76,698
Finance costs	8,611	8,642	9,009	8,613	9,009
Total expenses	24,497	5,465	24,347	24,273	23,943
Tax (expense)/credit	-	-	-	133	18
Net surplus after tax	24,497	5,465	24,347	24,406	23,961
Attributable to:					
Taupo District Council	24,497	5,465	24,347	24,476	24,025
Non-controlling interest	-	-	-	(70)	(64)
Net surplus/(deficit) for the year	24,497	5,465	24,347	24,406	23,961
Property, plant & equipment revaluations	10,087	12,673	11,316	10,087	11,948
Available for sale financial assets at fair value through other comprehensive revenue	(93)	-	(11)	(93)	(11)
Tax on equity items	-	-	-	-	(172)
Total other comprehensive revenue	9,994	12,673	11,305	9,994	11,765
Total comprehensive revenue and expenses	34,491	18,138	35,652	34,400	35,726
Attributable to:					
Taupo District Council	34,491	18,138	35,652	34,470	35,560
Minority interest	-	-	-	(70)	166
	34,491	18,138	35,652	34,400	35,726

Statement of Changes in Net Assets/Equity

For the year ended 30 June 2018

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Net Assets/Equity at start of the year	1,059,477	1,062,046	1,023,825	1,067,094	1,031,368
Total comprehensive revenue and expenses for the year	34,491	18,138	35,652	34,400	35,726
Balance at 30 June	1,093,968	1,080,184	1,059,477	1,101,494	1,067,094
<i>Components of Equity</i>					
Accumulated Funds	798,202	793,404	782,836	799,524	784,179
Other reserves	295,766	286,780	276,641	298,655	279,530
Minority interest	-	-	-	3,315	3,385
Total Equity	1,093,968	1,080,184	1,059,477	1,101,494	1,067,094

Statement of Financial Position

As at 30 June 2018

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Current assets	121,519	55,804	116,134	122,344	117,152
Non-current assets	1,153,856	1,201,351	1,124,636	1,162,141	1,133,019
Total assets	1,275,375	1,257,155	1,240,770	1,284,485	1,250,171
Current liabilities	61,801	60,759	33,263	62,365	33,969
Non-current liabilities	119,606	116,212	148,030	120,626	149,108
Total liabilities	181,407	176,971	181,293	182,991	183,077
Equity	1,093,968	1,080,184	1,059,477	1,098,179	1,063,709
Minority interest	-	-	-	3,315	3,385
Total equity	1,093,968	1,080,184	1,059,477	1,101,494	1,067,094

Statement of Cashflows

For the year ended 30 June 2018

	Council			Group	
	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Net cash flow from operating activities	28,059	20,027	24,711	28,309	24,400
Net cash flow from investing activities	(21,494)	(12,661)	(17,431)	(22,049)	(17,123)
Net cash flow from financing activities	(2,098)	(2,541)	(1,864)	(2,098)	(1,864)
Net increase (decrease) in cash held	4,467	4,825	5,416	4,162	5,413

Additional Disclosures

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related part disclosures have also not been made for transactions with entities within the Council Group (such as funding and financing flows), where the transactions are consistent with the normal relationships between the entities and are on normal terms and conditions for such Group transactions.

Key management personnel compensation

	Council	
	Actual 2018 \$000	Actual 2017 \$000
Councillors		
Remuneration (Council Elected Members)	474	460
Full-time equivalent members	11	11
Senior Leadership Group, including the Chief Executive		
Remuneration (CEO & SLT)	1,722	1,319
Full-time equivalent members*	9	7
Total key management personnel compensation	2,196	1,779
Total full-time equivalent members	20	18

Due to the difficulty in determining the full-time equivalent for Councillors, the fulltime equivalent figure is taken as the number of Councillors.

It should be noted that the definition of key management personnel for this disclosure includes the Mayor, Councillors, the Chief Executive and members of the Senior Leadership Team. Details of remuneration paid to Councillors and Community Board members are provided in note 31 of the full Annual Report.

* Note as at the 30 June 2018 there were eight actual members of the Senior Leadership Team

Commitments

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Major contracts - operational	45,321	25,068	45,321	25,068
Major contracts - capital	6,455	806	6,455	806
Non-cancellable operating leases as lessee	1,134	949	1,134	949
Total commitments payable	52,910	26,823	52,910	26,823

	Council		Group	
	Actual 2018 \$000	Actual 2017 \$000	Actual 2018 \$000	Actual 2017 \$000
Non-cancellable operating leases as lessor	3,927	3,764	3,909	3,649
Total commitments receivable	3,927	3,764	3,909	3,649

Contingent liabilities

Taupō District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 30 local authority shareholders and 45 local authority guarantors of the NZLGFA, (in that regard it has uncalled capital of \$100,000). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2018, NZLGFA had borrowings totalling \$8,272m (2017 \$7,945m). This figure is made up of the face value of the LGFA's bonds on issue of \$7,719m (2017 \$7,505m), accrued interest on bonds on issue of \$72m (2017 \$66m), the face value of bills on issue of \$475m (2017 \$350m) and bonds LGFA lent to counterparties under bond repurchase transactions of \$6m (2017 \$25m).

Financial reporting standards require 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:

- we are not aware of any local authority debt defaults in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Other contingencies

Taupō District Council

Scientific advice has been received regarding the Hipaua Geothermal Landslide risk near Waihi at the southern end of Lake Taupō. In the event of a landslide any property damage and/or loss of life could potentially give rise to claim(s) against Council, currently unquantifiable. (2017 Same contingency disclosure made.)

A land subsidence issue has been identified in the Taupō urban area, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the subsidence. The issue of contingent liability however, currently unquantifiable, is under review. (2017 Same contingency disclosure made.)

Council controls and has brought to account certain reserve lands throughout the District which will return to Iwi ownership in the event that they are no longer required for reserve purposes. Council does not envisage that this situation will ever eventuate. (2017 Same disclosure of this contingency.)

Council may be subject to claims relating to weather tightness building defects. Any leaky building claims made against Council after 1 July 2009 are not covered by our insurers. As at the date of this report there is one leaky building claim filed with the High Court seeking damages and costs totalling \$424,000.00. The Council is actively defending the claim and is seeking to join third parties to share any liability it may be found to have following mediation or trial.

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 40 of which are located within the Taupō District. In 2016, CHH commenced proceedings against 48 Councils, including Taupō District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. During the current year the Councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28

school buildings (6 in Taupō District) built outside the 10 year long stop contained within the Building Act 2004. Further, CHH applied for trial staging, with proceedings to commence in relation to 20 buildings. MoE opposed the application, seeking a trial on the determination of whether shadowclad is inherently defective. The High Court accepted the MoE proposal. CHH has appealed this decision. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any. (2017 Same contingency disclosure made.)

In addition to the weather tightness building defect claim, there are a further five unresolved potential legal and insurance claims against Council as at 30 June 2018 (2017 - 8 claims). All matters present some contingent liability risk related to building or resource consents, property damage, or other aspects of Council's operations which the claimants believe has caused them loss. It is not possible for Council to quantify a maximum financial exposure for these claims. Council has notified its insurers where relevant and will seek to limit actual liability, if indeed there is any liability at all.

The potential for erosion and flooding risk has been identified through technical reports around the foreshore of Lake Taupō, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the erosion and flooding. The issue of contingent liability however, currently unquantifiable, is under review. (2017 Same contingency disclosure made.)

Due to recent earthquakes in Canterbury, Council needs to assess whether there is any risk to buildings in the Taupō District. Council has begun the task of evaluating its own buildings, commencing with the buildings of highest risk to human life, to determine if they may be earthquake prone, the buildings assessed so far comply for the intended use. The issue of contingent liability, if any, is unquantifiable. (2017 Same contingency disclosure made.)

There are no contingent assets or liabilities relating to the subsidiary entities (2017 nil).

Contingent assets

There are no assets for the Group as at 30 June 2018.

Events after balance date

There were no significant events after balance date that require reporting.

Independent Auditor's Report

To the readers of Taupo District Council and group's summary of the annual report for the year ended 30 June 2018

The summary of the annual report was derived from the annual report of the Taupo District Council and group (the District Council) for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 9 to 19:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance reporting.

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 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 2018 in our auditor's report dated 25 September 2018.

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, we have carried out engagements in the areas of the long term plan, debenture trust deed and assurance engagement in relation to the new headquarters building, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Clarence Susan,
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
25 September 2018



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