

Growing Invercargill 2013/2014



ANNUAL REPORT SUMMARY

Mayor's Comment

Prior to the last round of local government reforms the social, cultural, environmental and economic well-beings were Council's raison d'être. In today's world these lofty objectives have been given the boot and councils are expected to focus on the core business of infrastructure.

Of course in local government we always have and always will focus on infrastructure but it made a great sound bite for the six Ministers of Local Government we've had thrust upon us over the last decade. Let's face it, everyone wants water coming out of their taps, their roads tar sealed and their rubbish picked up. The question is should local councils do more than maintain drains and other basic infrastructure? Ironically the governments answer is clearly, "yes!" Take for example the hundred year commemorations of World War 1. This is clearly not infrastructure but local councils throughout New Zealand have been called upon to mobilise our museums, theatres, art galleries and parks so that we have venues in which to commemorate our history. Of course we are proud to respond when the bugle sounds. It is our duty to do so. We will organise displays and events over the next five years and central government has, much to our surprise,

agreed to provide substantial funding for this project.

In last year's Annual Report I outlined our commitment to the Tiwai Smelter, Stadium Southland, the challenges we faced over restructuring and earthquake prone buildings. This year we will have to tackle the future of Rugby Park, the Airport Terminal redevelopment, environmental issues regarding water and the Local Government Official Information Act.

A recent poll found that Invercargill was the happiest city in New Zealand and I'm sure our 0.62% 2014/15 year rate increase contributed to that feeling of well-being. Our victory over the government's attempt to establish legal high shops was also a morale booster for our community. I believe however that our greatest success was the population increase of 2.7%. We have all helped transform Invercargill from a dying city to a growing city and we will be doing our best to ensure that growth continues.

- Mayor Tim Shadbolt



CE's Comment

The 2013/14 year has been a very successful one for the city. Our Urban Rejuvenation Projects has been a great success. From Invercargill to Bluff, community groups have been making major changes to showcase the beauty in our part of the South Island. There has been the addition of community gardens, hanging baskets, green waste removal projects, neighbourhood beautification and even street clean up projects. Soon we will be moving forward on an upgrade of Martin Street and Elles Road offering more lighting and a community focused design that will give people a place to sit and relax while in South City.

We still face the ongoing challenges that all regions in New Zealand face including an ageing

population. However, your Council strives every year to be as innovative and forward thinking as possible. Council has continued to maintain low debt levels and has shown its financial approach to be sustainable by continuing to achieve the outcomes we agreed with the Community through the 2013/14 Annual Plan. Together we have achieved some great things this past year and I would like to thank Councillors, Staff and the Community for their contributions to the City. It is my hope that we will all continue to make the city a success for a long time to come.



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Richard King
CHIEF EXECUTIVE

In the opinion of the Council and management of Invercargill City Council, this Summary Annual Report represents fairly and consistently the financial position and operations of Council as detailed in the Annual Report 2013/14. This Summary Annual Report is authorised for release by the undersigned on 31 October 2014.

A handwritten signature in black ink, appearing to read 'Tim Shadbolt' in a cursive style.

Tim Shadbolt, Mayor

A handwritten signature in black ink, consisting of a horizontal line with a small arrowhead pointing left, followed by a vertical line that curves downwards and then back up to the right.

Richard King, Chief Executive Officer

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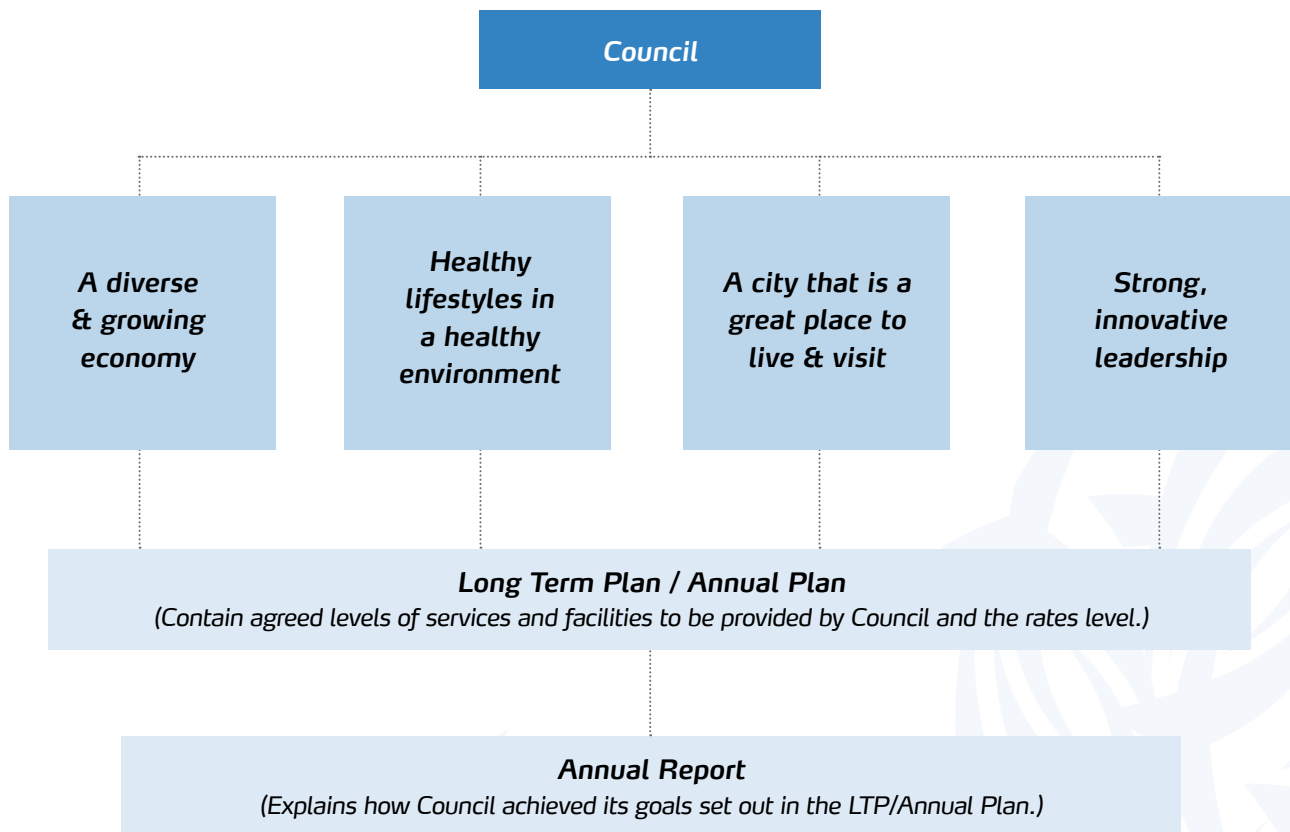
Dean Johnston, Director of Finance and Corporate Services

Introduction

The Local Government Act 2002 requires Council to prepare an Annual Report and an Annual Report Summary every year, comparing its activities and levels of performance against what it intended to provide, as well as its financial performance. The 2013/14 Annual Report compares actual performance against the 2013/14 Annual Plan. The Annual Report and Annual Report Summary have been audited. Audit New Zealand has reviewed this Annual Report Summary to ensure that it represents fairly and consistently the information regarding the major matters dealt with in the Annual Report. The Annual Report Summary Audit Report is found on Pages 21-23. A full copy of the Annual Report is available from the Civic Administration Building, 101 Esk Street, Invercargill and from Council's website www.icc.govt.nz.

The 2012 - 2022 Long Term Plan (LTP) was a commitment by Council to provide specified levels of service and facilities to the people of Invercargill for an agreed price over the next ten years. The 2013/14 Annual Plan is the second year of its implementation. Council's services and facilities contributed towards achieving the Community Outcomes agreed with the community.

Community Outcomes

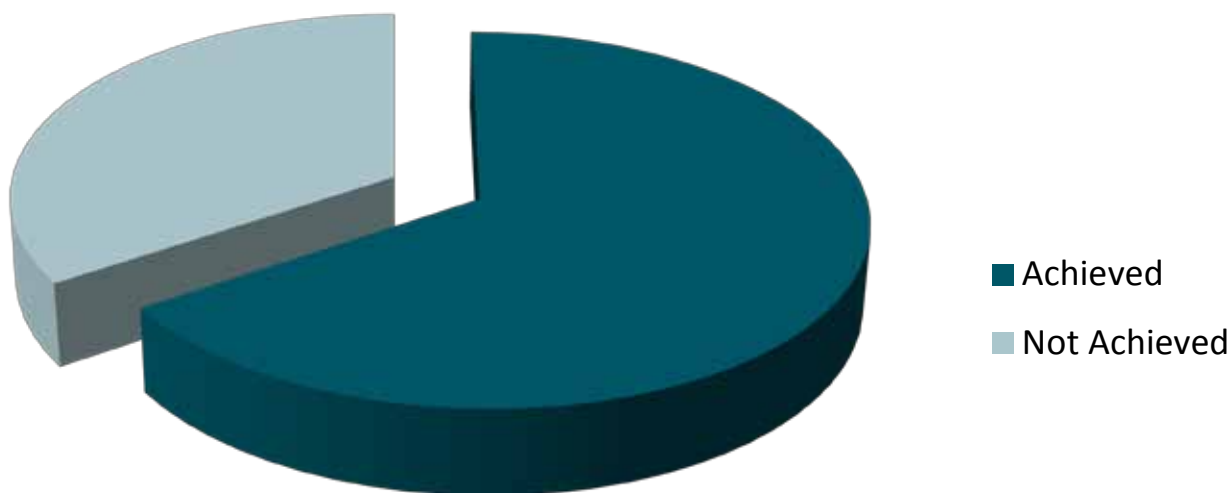


Summary of Activities & Levels of Performance

SUMMARY OF ACTIVITIES AND LEVELS OF PERFORMANCE

The 2013/14 Annual Plan identified 70 levels of service against which its performance would be measured for its activities. The levels of service were what Council wanted to provide to its community and the actual measurement indicates whether or not it has been delivered.

Council achieved 46 of its 70 measures



In the graph above, "Achieved" means that the 2013/14 performance measure was met or exceeded. "Not Achieved" means the 2013/14 performance measure was not undertaken or not provided to the target level.

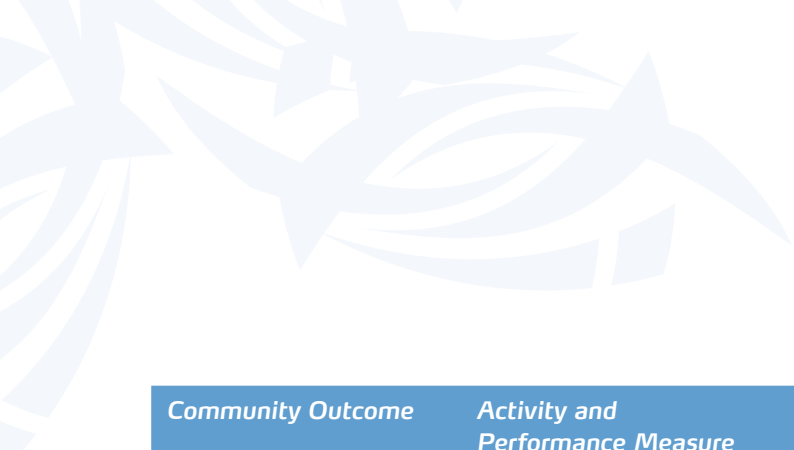
The Annual Report details the performance measures and their achievement for the activities. A summary of how these activities positively contributed towards Council's four Community Outcomes is detailed below and on the following pages.

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
Healthy lifestyle in a healthy environment.	Sewerage - Frequency of system blockage.	Less than 20 blockages annually per 100km of sewer.	Achieved. 19. (2012/13 - 18)
	Solid Waste - Decreasing trend in solid waste to transfer station.	Decreasing trend.	Achieved. 25,416 tonnes (2012/13 - 26,596 tonnes)
	Total accumulated time of water shutdown to any consumer not to exceed 36 hours per annum (99.6% availability).	Total accumulated time of water shutdown to any consumer not to exceed 36 hours per annum (99.6% availability).	Achieved. 99.6% Availability (2012/13 - Achieved)
	Water Supply - Number of complaints of taste and smell.	No more than ten per month.	Achieved. 2 February and 2 May (2012/13 - 3)
	De-sexing programmes for dogs are undertaken.	Minimum of one de-sexing programme undertaken annually.	Achieved. (2012/13 - Not achieved)
	Resource Management - Statutory timeframes for processing consents are met.	100%	Not achieved. 99.52% (2012/13 - 100%)



<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
A diverse and growing economy.	Roading - Invercargill's urban and rural roads are smoother than the New Zealand average.	Achieve.	Achieved. 95% (2012/13 - Achieved)
	Compliance - Parking patrols of Council managed parking spaces.	Average 80 hours patrolling per week.	Not achieved. 55 hours (2012/13 - Achived 89 hours)
	Hydrants meet fire fighting standards.	At least 97.5% of hydrants tested by NZFS exceed 12.5 litres per second flow rate.	Achieved. 100% (2012/13 - 100%)
	Passenger Transport - Homes in the Invercargill urban area are within 400m of a serviced bus route.	90%	Achieved. 90%. (2012/13 - 90%)
	Enterprise - Number of Strategic Projects facilitated.	5	Achieved. 8 (2012/13 Achieved)
	Investment Property - Rate of return is at least equal to the current market interest rate.	Achieve.	Achieved. 5.37% (2012/13 4%)

<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
A city that is a great place to live and visit.	Building Control - Council's 'Building Sector News' is regularly published.	Published 12 times per year.	Achieved. Published 12 times per year and delivered electronically. (2012/13 - Achieved)
	Community Development - Number of groups and households involved in Neighbourhood Support.	Increasing number of 10 groups.	Not achieved. 5 (2012/13-Baseline 100 groups)
	Housing - Rental levels maintained between 20-30% of gross superannuation.	20-30%	Not achieved. 19.2-23.2% (2012/13 - 19.7-23.9%)
	Parks and Reserves - Queens Park is accredited as a "Garden of National Significance".	Accreditation retained.	Achieved. Accreditation retained. (2012/13 - Achieved)
	Public Toilets - Automated toilets are available 24 hours a day.	95%	Achieved. 98% (2012/13 - 98%)
	Destinational Marketing - Number of Media and Famil opportunities facilitated.	8 per year.	20 Achieved. (2012/13 - 14)



<i>Community Outcome</i>	<i>Activity and Performance Measure</i>	<i>2013/14 Target</i>	<i>2013/14 Actual</i>
Strong, innovative leadership.	Civil Defence - Advocacy by EMS to appropriate Councils on appropriate resources and policy to mitigate effects of natural disaster.	2	Achieved. 5 (2012/13 - 6)
	Library and Archives - Membership as a percentage of total population.	65-75%	Achieved. 75% (2012/13 - 70%)
	Pools - Percentage of Swim School customers who rate their experience as 'good' or 'very good' when surveyed.	80%	Achieved 90% (2012/13 - 83.9%)
	Democratic Process - Unmodified audit report received for Long Term Plan, Annual Report and any Long Term Plan amendments.	Achieve.	Achieved. (2012/13 - Achieved)

Project Highlights

Urban Rejuvenation

Council has continued to work with and support projects in South City, Glengarry, Windsor and Bluff. A major achievement has been the unanimous approval by the public and businesses to adopt an upgrade project at Martin Street and Elles Road in South City. This will include a pocket park and new lighting and will be a fantastic addition to other projects already underway by South Alive that include a number of beautification projects and an arts centre.

Bluff Redevelopment

Through financial support and Council collaboration the Bluff Community has started various projects around redevelopment. Projects include, beautifying the area with plantings, commissioning murals to bring some colour and life to the town and creating welcoming green spaces to be used by visitors and residents alike.

City Centre Revitalisation

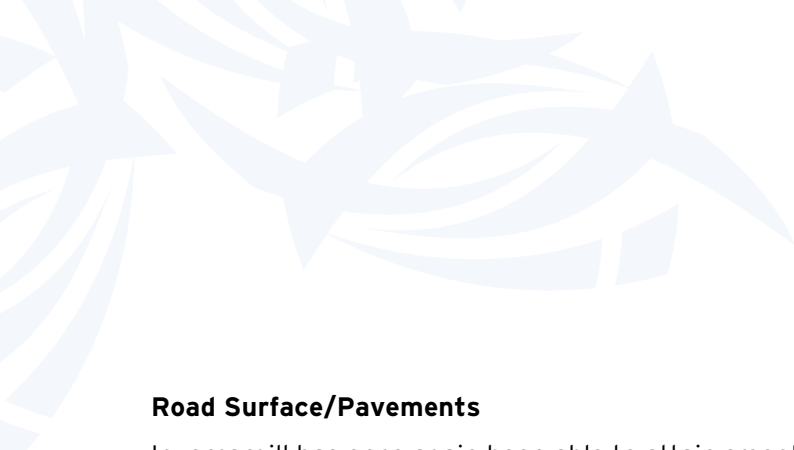
The City Centre Revitalisation project has been making some good progress. The Inner City Master Plan was completed and adopted in 2013. The process has been a long and thorough one. After extensive public input into the plans and features for the City Centre public spaces the Council is ready to move forward with the first phase of the Esk Street changes. There are eleven main projects planned for the Revitalisation Project and this year the first project, the Esk Street Pocket Park, has been approved by Council.

Population Growth

The Brass Band Competition was a great success and brought in people travelling from all over New Zealand to compete giving the local economy a good boost. We also saw double the number of attendants at the Buskers Festival, and a great start to the first annual Wild Food Festival. With the success of these activities residents and visitors were able to appreciate what Invercargill has to offer. Our population in the last Census showed a small increase and we have remained on track with the median income for New Zealand. This combined with our lower housing cost shows that we are a desirable location for living and prospering.

World First In Pedestrian Crossing

Council has installed a new pedestrian crossing that allows users to decide the amount of time they need to cross with the push of a button. The Queens Drive, St Andrew Street crossing is the first in Invercargill to have the system installed, with two more planned to be implemented at Gala Street, Queens Drive and Leven Street. These new crossings will enable the elderly or people with disabilities the extra time needed to cross busy intersections safely. Council hopes that the project will be taken global and help people all over the world.



Road Surface/Pavements

Invercargill has once again been able to attain smoother than average roads compared to the rest of New Zealand. During 2013/14 Council resurfaced a total of 19.4 kilometres of roading and 3.37 kilometres of pavement rehabilitation.

Bluff Pipeline Replacement

Bluff Pipeline Replacement - Contract works commenced the previous year continued towards replacement of the asbestos cement water main which in recent years had an increasing frequency of failure. The pipe line was close to completion at the end of June and was successfully linked to the Bluff Reservoir in August 2014.

Uncompleted Projects

Not all projects planned and funded in 2013/14 were completed. Projects valued over \$100,000 which will now be completed or undertaken in 2014/15 are:

<i>Finance and Policy</i>	
▪ Finance Directorate - Information Technology / Reviews	\$100,000 (funded from Rates)
▪ Corporate Planning - Corporate Planning Consultation	\$125,000 (funded from Rates)
▪ CBD Redevelopment - Consultants	\$664,106 (funded from Rates and Loans)
<i>Infrastructure and Services</i>	
▪ Drainage - Sewerage reticulation - foul sewer renewals	\$1,357,449 (funded from Rates)
▪ Drainage - Sewerage - Clifton	\$346,258 (funded from Rates and Loans)
▪ Drainage - Stormwater renewals - Prestonville Pump	\$341,000 (funded from Reserves and Loans)
▪ Drainage - Stormwater renewals - Beatrice Street Pump	\$201,399 (funded from Loans)
▪ Drainage - Stormwater renewals - Beatrice Street Treatment Pond	\$100,000 (funded from Loans)
▪ Roading - Inner City	\$928,000 (funded from Rates)
▪ Roading - Martin Street / Elles Road Improvements	\$776,800 (funded from Rates)
▪ Roading - Tiwai Bridge	\$131,000 (funded from Rates)
▪ Water - Branxholme Duplicate Line Upgrade	\$280,000 (funded from Rates)
▪ Water - Tower / Control Room Seismic Strengthening	\$1,427,000 (funded from Rates)
▪ Water - Branxholme Upgrades	\$1,326,300 (funded from Rates and Loans)
▪ Water - Emergency Water Supply	\$202,000 (funded from Loans)
▪ Water - Bluff Pipeline Replacement	\$1,550,000 (funded from Loans)
▪ Water - Reticulation Upgrades	\$786,400 (funded from Rates and Loans)
▪ Water - Reservoirs and Pump Stations	\$655,900 (funded from Rates and Loans)
▪ Pools - Woodchip Storage	\$206,000 (funded from Loans)
▪ Pools - Family Change Rooms	\$430,456 (funded from Loans)
▪ Pools - Dry Gym	\$502,846 (funded from Loans)
▪ Public Toilets - Don Street Exeloo	\$102,000 (funded from Reserves)

Financial Overview

<i>Financial Performance Summary</i>	2012/13	2013/14
	\$000	\$000
Rates Revenue	45,206	45,781
Other Revenue, Other Gains & Losses and Interest Revenue	32,595	35,607
Operating Expenditure including Interest Expenditure	76,867	78,442
Operating Surplus/(Deficit)	934	2,946
Working Capital (excluding loan facility)	(189)	5,630
Total Assets	698,888	741,827
External Debt	40,331	29,716
Fixed Assets (Net Book value)	617,628	675,635

<i>Financial Statistics Summary</i>	2012/13	2013/14
	\$000	\$000
Proportion of rates to Total Operating Revenue	58.81%	56.24%
Average rate revenue per rateable property	1,808.84	1,830.00
External Term Debt (as a percentage of total assets)	5.77%	4.01%
External Term Debt (per rateable property)	1,638.43	1,187.83

<i>Ratepayer Data</i>	2012/13	2013/14
Total Rateable Properties	24,997	25,017

Financial Prudence Benchmarks

The purpose of this Statement is to disclose the Council's financial performance in relation to other benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include the Statement in its Annual Report in accordance with the Local

Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this Statement.

Please note, prior to the 2012 - 2022 Long Term Plan, these benchmarks were not required, and therefore are missing from the following graphs.

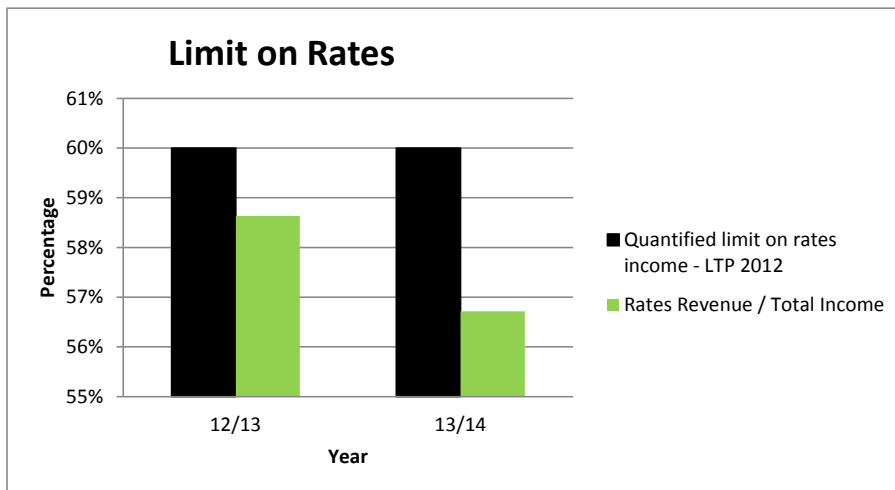
KEY Benchmark Met Benchmark Not Met Benchmark

Rates (Income) Affordability Benchmark

The Council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's actual rates income with the limit imposed in the 2012-22 Long Term Plan being "Rates revenue as a source will not exceed 60% of its total revenues".



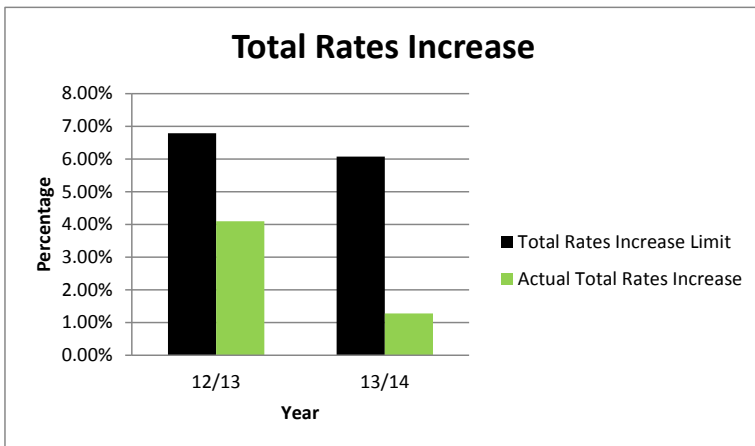
Council aims to maintain the rates collected at a maximum of 60% of the total Council revenue and has increased other sources of funding to meet this limit during the past two years.

Total Rates Increase

The Council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's actual rates increases with the limit imposed in the 2012-22 Long Term Plan being "total rates increase will be limited to LGCI + 3.0%".



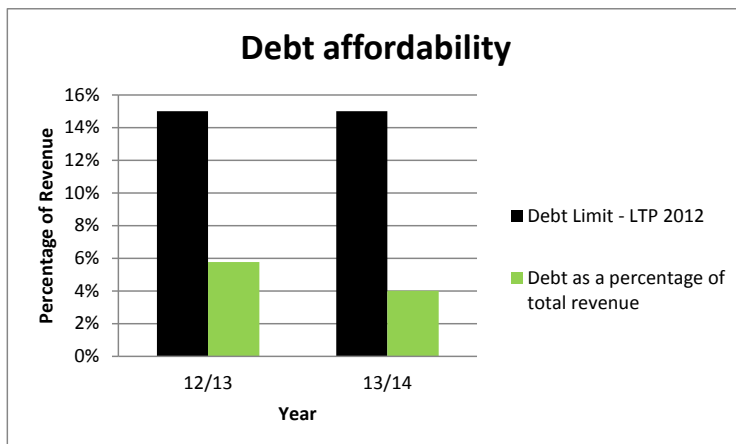
Since the 2012-2022 Long Term Plan Council has per the financial strategy aimed to limit rates increases to LGCI +3.0%. As seen above Council has achieved this goal over the last two financial years.

Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowings is within each quantified limit on borrowing.

Council's current limit per the 2012-22 Long Term Plan is that borrowing of external funds is limited to 15% of Total Assets.

The following graph compares the Council's actual borrowing with this limit.

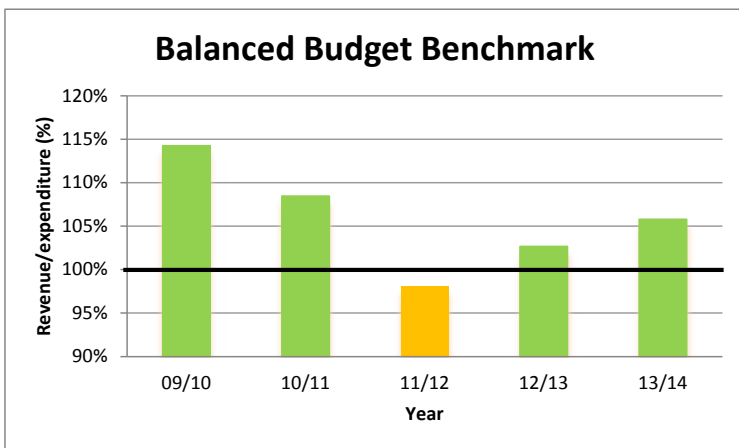


The Council has a low percentage of debt in relation to total assets, and is mindful of keeping debt to a manageable level. Council considers that setting a borrowing limit of 15% of assets will assist in prudently managing Council's borrowing activities to ensure the ongoing funding of Council.

Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

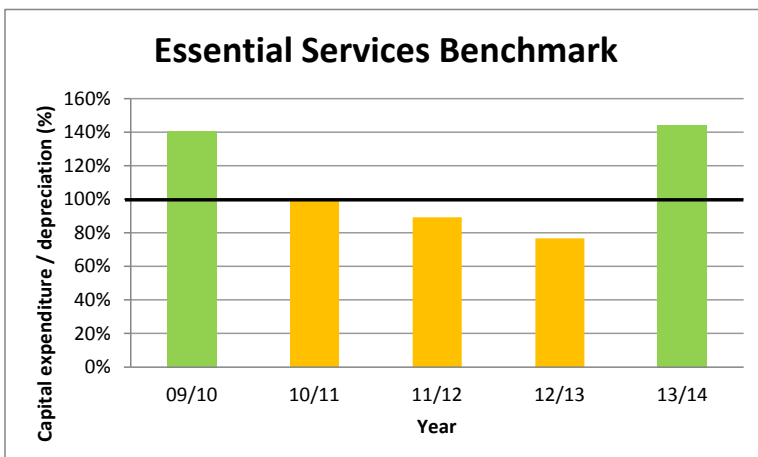
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Council is aware of the issue of affordability and financial sustainability. Council revenue has been greater than its operating expenses in four of the previous five years. Council continues to investigate efficiencies to reduce expenditure and in doing so reduce the revenue needed from rates.

Essential Services Benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on the network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

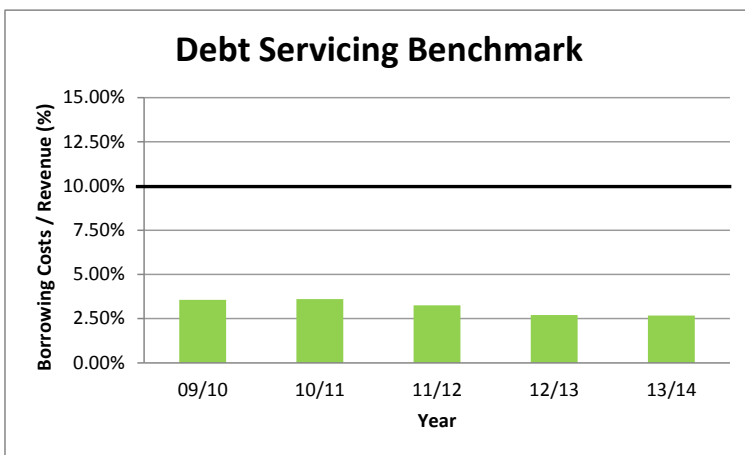


Over time Council's capital expenditure should equal its depreciation, which will mean Council is replacing its assets as they deteriorate, however due to some projects being large it is hard to assess this on a year by year basis. Council is currently spending more than depreciation due to the recent completion of a large water project being capitalised.

Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

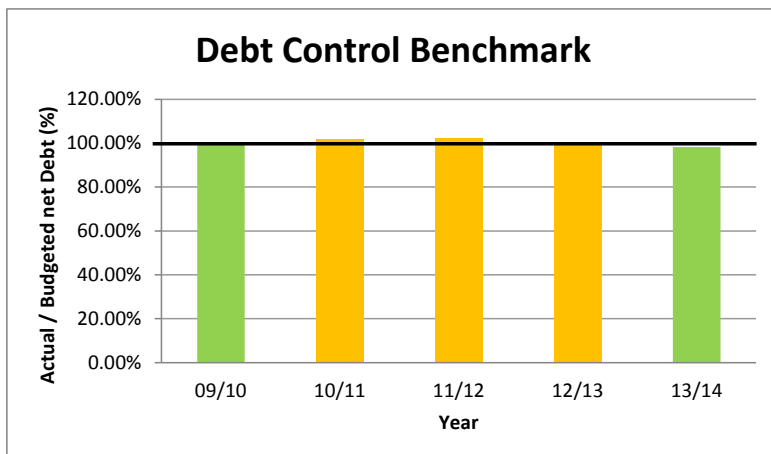


Council currently has minimal debt and the associated cost is well under the legislative threshold of 10% of revenue.

Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

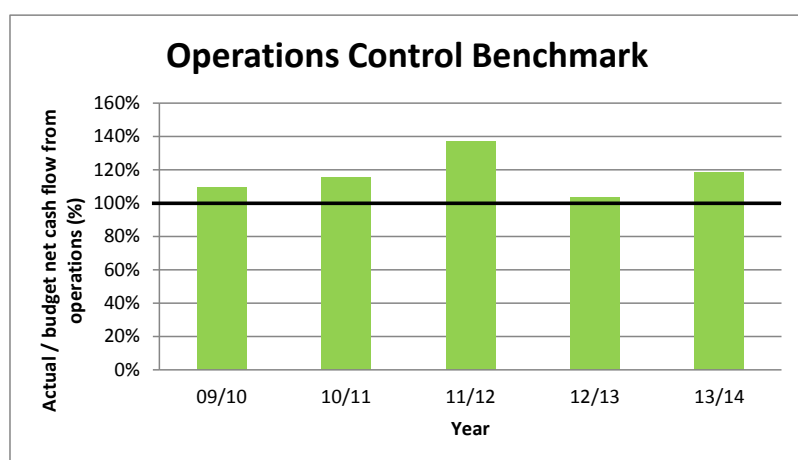


Council maintains a strong balance sheet position with financial assets currently exceeding financial liabilities.

Operations Control Benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council has consistently met the operations control benchmark, with actual net cashflows from operations slightly higher than planned net cashflows in all 5 years.

Summary Statement of Financial Position

As at 30 June 2014

	<i>Council Actual 2014 (\$000)</i>	<i>Council Budget 2014 (\$000)</i>	<i>Council Actual 2013 (\$000)</i>	<i>Group Actual 2014 (\$000)</i>	<i>Group Actual 2013 (\$000)</i>
Equity	698,414	706,313	642,462	760,572	701,390
<i>Represented by</i>					
Current assets	17,278	14,904	13,876	20,314	17,357
Non-current assets	724,549	764,489	685,013	870,880	808,752
Total Assets	741,827	779,393	698,889	891,194	826,109
Current liabilities	11,648	16,553	13,434	18,794	19,706
Non-current liabilities	31,765	56,527	42,994	111,828	105,013
Total Liabilities	43,413	73,080	56,428	130,612	124,719
Net Assets	698,414	706,313	642,462	760,572	701,390

Summary Statement of Changes in Equity

For the year ended 30 June 2014

	<i>Council Actual 2014 (\$000)</i>	<i>Council Budget 2014 (\$000)</i>	<i>Council Actual 2013 (\$000)</i>	<i>Group Actual 2014 (\$000)</i>	<i>Group Actual 2013 (\$000)</i>
Balance at 1 July	642,462	637,386	640,700	701,390	694,276
Total comprehensive income for the year	55,952	68,927	1,762	59,182	7,114
Balance at 30 June	698,414	706,313	642,462	760,572	701,390
<i>Attributable to:</i>					
Invercargill City Council	698,414	706,313	642,462	757,742	698,563
Minority interest	-	-	-	2,830	2,827
Balance at 30 June	698,414	706,313	642,462	760,572	701,390
Components of Equity					
Retained earnings	403,983	398,115	401,890	439,244	435,256
Restricted reserves	23,303	19,300	21,450	23,650	21,997
Hedging reserve	(143)	(1,105)	(764)	(368)	(1,622)
Asset revaluation reserve	272,271	240,003	219,886	298,041	245,760
	698,414	706,313	642,462	760,572	701,390

Summary Statement of Comprehensive Income

For the year ended 30 June 2014

	Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Total income	80,705	78,737	77,074	112,342	98,213
Operating expenditure on activities	76,288	77,366	74,792	106,041	89,809
Results from operating activities	4,417	1,371	2,282	6,301	8,404
Net finance costs	1,471	2,561	1,369	3,599	3,294
Operating surplus (deficit) before tax	2,946	(1,190)	913	2,702	5,110
Share of associate surplus (deficit)	-	-	(5)	4,617	3,232
Surplus (deficit) before tax	2,946	(1,190)	908	7,319	8,342
Income tax expense	-	-	-	1,776	3,026
Surplus (deficit) after tax	2,946	(1,190)	908	5,543	5,316
<i>Attributable to:</i>					
Invercargill City Council	2,946	(1,190)	908	5,546	5,319
Minority interest	-	-	-	(3)	(3)
	2,946	(1,190)	908	5,543	5,316
Other comprehensive income					
Property, Plant and Equipment Revaluation gains/(losses) - pre tax	52,385	70,117	-	52,385	-
Tax on revaluation equity items	-	-	-	-	-
Change in Company Tax rate	-	-	854	1,254	1,798
Cash flow hedges	854	-	854	1,798	(1,353)
Total other comprehensive income	53,006	70,117	854	53,639	1,798
Total comprehensive income	55,952	68,927	1,762	59,182	7,114
Total comprehensive income attributable to:					
Equity holders of the Company	55,952	68,927	1,762	59,185	7,117
Minority interest	-	-	-	(3)	(3)
	55,952	68,927	1,762	59,182	7,114

Summary Statement of Cashflows

For the year ended 30 June 2014

	Council Actual 2014 (\$000)	Council Budget 2014 (\$000)	Council Actual 2013 (\$000)	Group Actual 2014 (\$000)	Group Actual 2013 (\$000)
Net cash from operating activities	20,450	17,183	18,530	25,881	23,443
Net cash from investing activities	(4,672)	(21,457)	(30,389)	(17,217)	(38,916)
Net cash from financing activities	(10,615)	4,274	6,875	(5,497)	11,381
Net (decrease) increase in cash, cash equivalents and bank overdrafts	5,163	-	(4,984)	3,167	(4,092)
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,435	2,882	6,419	6,855	10,947
Cash, cash equivalents and bank overdrafts at the end of the year	6,598	2,882	1,435	10,022	6,855

Notes to the Financial Statements

For the year ended 30 June 2014

The full financial statements are contained in the Annual Report, which can be viewed on the Council website at www.icc.govt.nz. Annual Report hard copies are available from the Civic Administration office at 101 Esk Street, Invercargill.

Basis of preparation

The Council is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with requirements under New Zealand generally accepted accounting practice, and comply with New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The Annual Report 2013/14 includes a Statement of Compliance to this effect.

The summary financial statements are in compliance with FRS 43 - Summary Financial Statements.

The disclosures included in the summary financial statements have been extracted from the full financial information in the Annual Report 2013/14 which was adopted by the Council on 31 October 2014.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.

The summary financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars.

Independent Auditor's Report

**To the readers of
Invercargill City Council and group's
summary annual report
for the year ended 30 June 2014**

The summary annual report was derived from the annual report of the Invercargill City Council (the City Council) and group for the year ended 30 June 2014. 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 4 to 8 and 18 to 20:

- the summary statement of financial position as at 30 June 2014;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as the summary of activities and levels of performance) of the City Council and group.

We expressed an unmodified audit opinion on the City Council and group's full audited statements in our report dated 31 October 2014.

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 FRS-43 (PBE): *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 2014 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 City Council and group.

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

Other than in our capacity as auditor we have no relationship with, or interest in, the City Council or any of its subsidiaries.



Ian Lottian
Audit New Zealand
On behalf of the Auditor-General
Dunedin, New Zealand
18 November 2014



