

Napier City Council

2015/16

Annual Report Summary

for the period 1 July 2015 to 30 June 2016



YEAR IN REVIEW

Strategic Direction

Our Mission

To provide the facilities and services and the environment, leadership, encouragement and economic opportunity to make Napier the best city in New Zealand in which to live, work, raise a family, and enjoy a safe and satisfying life.

Our Vision

Over the coming year we will continue to grow and maintain a vibrant Napier which surpasses expectations and embraces new opportunities for all aspects of the city.

Annual Report 2015/16

For the full version of Napier City Council's Annual Report 2015/16 please visit: www.napier.govt.nz

Mayor and Chief Executive Report

As one term of Council draws to a close and we look ahead to a new Council from the recent Local Government election, it is an opportune time to reflect on the past year.

With a resounding 'no' vote in Napier to Hawke's Bay wide Council amalgamation last September, it has enabled us to get moving on a range of planned projects and services.

This is but a brief introduction to a document which reflects the hard work of many people, the details of which are outlined on the following pages.

Our infrastructure renewals include the successful completion of the Marine Parade storm water outfall and viewing platform, a project which earned a spot as a finalist in the Local Government New Zealand Excellence Awards.

The Sea Walls: Murals for Oceans festival, of which we were a major supporter, was also a finalist.

Other completed infrastructure developments include the Awatoto Trunk Main and second Taradale Reservoir. We also finished the first two pathways under the iWay brand, something which was initiated in Hastings in a central-local Government funding partnership and has now extended into our city.

The council delivered \$40.1m of a \$70.5m capital programme during the year the largest ever capital spend in one year. Those projects that were not completed in the current year have been included in future year plans where appropriate.

Our financial position remains strong and our average residential rates for the 2015/2016 year are the lowest when compared with other similar sized provincial cities.

Other types of initiatives which have been rolled out in the past year include the joint smokefree policy. We continue to work with the other Councils on further opportunities under the HB LASS (Local Authority Shared Services) Ltd umbrella.

In a similar vein, we look for chances to support great events of local, national and international significance which we think will benefit our city and economy, the most notable in recent times being the Air New Zealand Hawke's Bay International Marathon.

We believe our city is the best one in which to work, live and play, and that our Council continues to do its best to live up to the expectations of our residents and ratepayers.



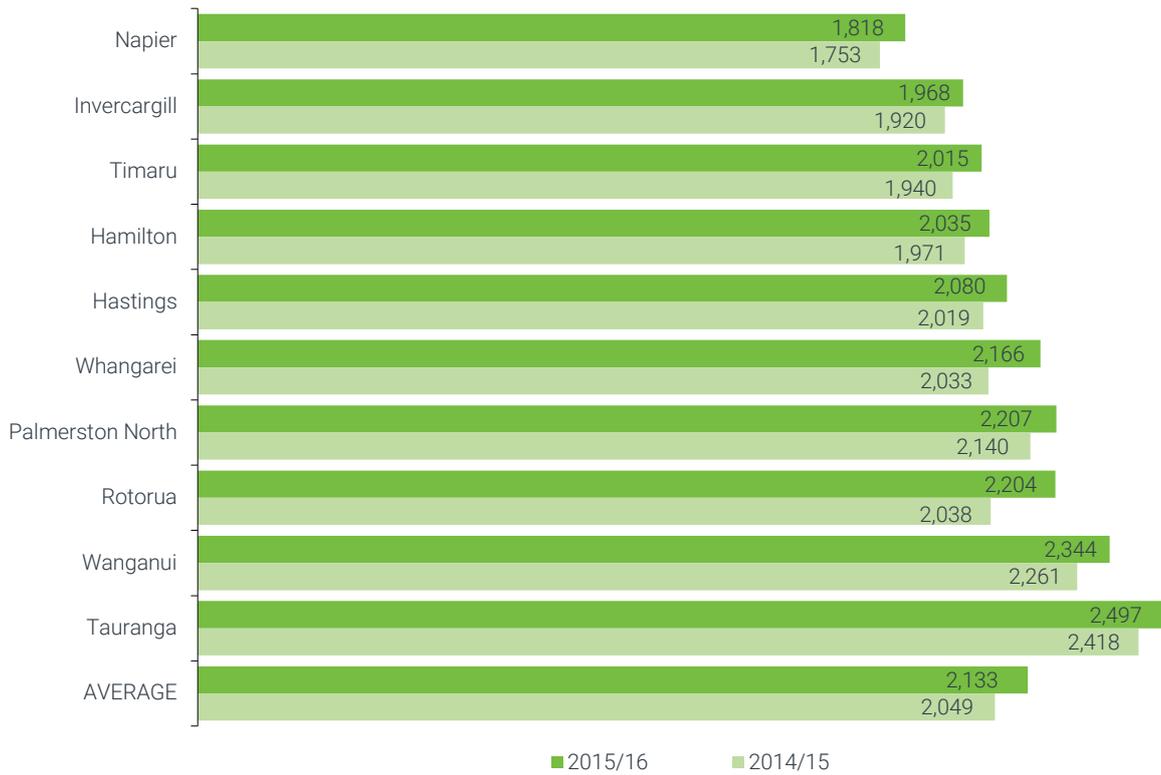
Bill Dalton
Mayor



Wayne Jack
Chief Executive

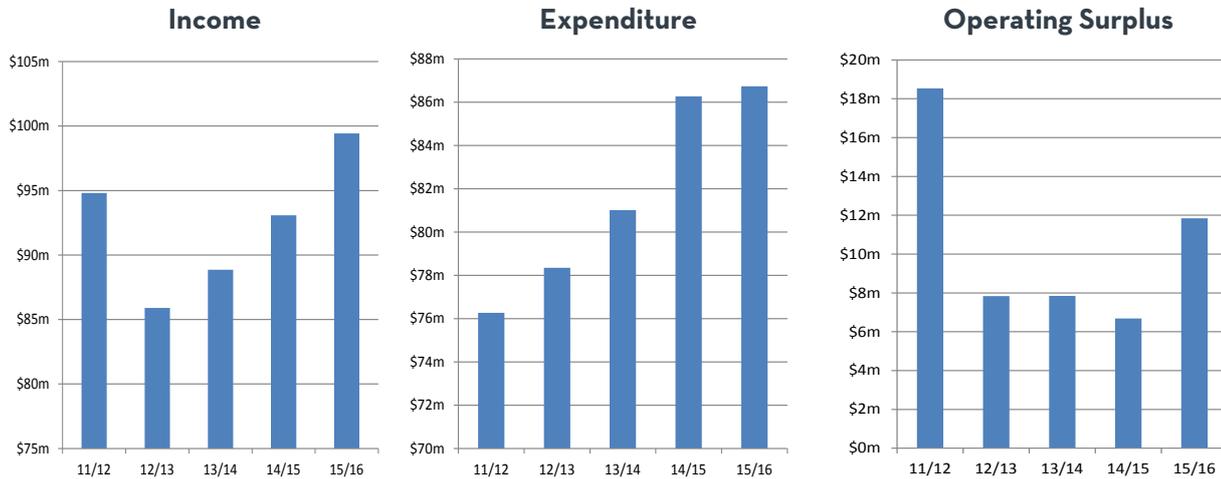
FINANCIAL INFORMATION

Average Residential Rates



Five Year Trend of Revenue, Expenditure and Net Surplus

The following graphs show the trend of revenue, expenditure and net surplus over the last five years.



Financial Summary

Major budget variances

INCOME

\$2.9m higher than budget and \$5.5m higher than income in 2015:

- High interest income due to additional cash invested at higher rates.
- More subsidies and grants for cycleways
- Higher Parklands Residential Development sales
- Melbourne Storm NRL one off event.

EXPENDITURE

\$1.2m higher than budget and \$0.5m higher than 2015:

- Higher cost of sales for Parklands Residential Development due to higher sales
- Provision for realignment expenditure.

VALUATION GAINS/(LOSSES)

\$1.1 lower than budget due to losses on disposal of assets which were renewed, upgraded, or became surplus to requirements.

CURRENT ASSETS

\$30.3m higher than budget and \$5.7m lower than 2015:

- Higher financial assets due to capital projects carried forward, but lower cash due to investing in term deposits
- Parklands Inventories lower than expected due to higher sales
- Lower debtors from focus on recovering overdue accounts.

NON-CURRENT ASSETS

\$36.2m lower than budget:

- Capital projects carried forward
- Parklands Inventories lower than expected due to higher sales
- Increase in Hawke's Bay Airport investment.

CURRENT LIABILITIES

\$1.3m lower than budget:

- Lower trade payables due to timing of capital expenditure.

NON-CURRENT LIABILITIES

\$3.8m higher than budget:

- Lower trade payables due to timing of capital expenditure.

EQUITY

Other reserves were \$10.4m lower than budget:

- Timing of capital projects has resulted in additional reserves at year end.

	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
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Summary Statement of Comprehensive Revenue for the Year Ended 30 June 2016

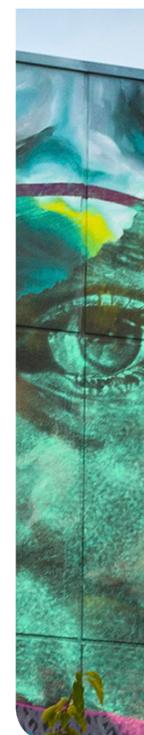
Total revenue	97,935	95,041	92,397
Less Operating Expenditure	86,482	85,262	86,005
Less Financial Costs	-	-	-
Share of associate surplus	390	350	296
Income Tax Expense	-	-	-
Surplus/(Deficit) after tax	11,843	10,898	6,688
Valuation gains/(losses) taken to equity	(1,697)	769	(2,010)
Fair value gains/(losses) through comprehensive income on investments	66	-	49
Total comprehensive revenue	10,212	10,898	4,727

Statement of Changes in Equity for the Year Ended 30 June 2016

Balance at 1 July	1,441,264	1,448,977	1,436,537
Total comprehensive revenue for the period	10,212	10,898	4,727
Total Equity	1,451,476	1,459,875	1,441,264

Statement of Financial Position as at 30 June 2016

Total current assets	89,177	58,873	94,890
Total non-current assets	1,385,220	1,421,404	1,367,198
Total assets	1,474,397	1,480,277	1,462,088
Total current liabilities	16,138	17,461	14,633
Total non-current liabilities	6,783	2,942	6,192
Total liabilities	22,921	20,403	20,825
Total net assets	1,451,476	1,459,875	1,441,264
Accumulated revenue and expenses	763,015	760,880	750,305
Other reserves	688,461	698,995	690,959
Total net assets/equity	1,451,476	1,459,875	1,441,264



	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
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Major budget variances

Statement of Cash Flows for the Year Ended 30 June 2016

Net cash from operating activities	35,942	32,262	29,690
Net cash from investing activities	(35,825)	(52,979)	(29,689)
Net cash from financing activities	(5)	(4)	(8)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	112	(20,721)	(7)
Cash, cash equivalents and bank overdrafts at the beginning of the year	7,255	38,373	7,262
Cash, cash equivalents and bank overdrafts at the end of the year	7,367	17,652	7,255

CASHFLOW

Cash, cash equivalents and bank overdrafts increased by \$0.1m during the year, compared to a planned decrease of \$20.7m

- Lower than planned purchases of property, plant and equipment, which is due to timing differences in capital project expenditure.

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

The specific disclosures included in the summary financial report have been extracted from the full financial report authorised for issue by the Council on 21 September 2016. This summary has been prepared in accordance with PBE-43: Summary Financial Statements.

The Summary Financial Statements are for Napier City Council as an individual entity and are presented in New Zealand dollars rounded to \$000's.

The full financial report was prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with PBE Standards as appropriate for tier one public benefit entities for each period presented in the summary.

The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report dated 21 September 2016, has received an unmodified audit report. A copy of the full financial report may be obtained from Council's offices and from Council's website www.napier.govt.nz, keyword #reports.

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.

The primary objective of Napier City Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, Napier City Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to PBE IPSAS.

Events after the balance sheet date: As at 29 July 2016 the realignment of Council is underway.

Financial Condition Indicators

Financial Condition Indicators	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Rates revenue *	49,391	48,883	47,656
Net surplus	11,843	10,129	6,688
Working capital	73,039	41,413	77,367
Public debt	0	0	4
Total assets	1,474,397	1,480,277	1,462,088
Proportion of rates revenue to total revenue (%)	50.02%	51.03%	51.17%
Public debt as a percentage of total assets	0.0%	0.0%	0.0%
Proportion of rates revenue applied to service debt (%)**	6.80%	9.2%	6.8%

* Excluding GST

** Gross interest cost is used for this calculation, and does not net off the internal interest income

Financial Overview

Rates Increases

Napier City Council is a democratic institution and is the primary provider of infrastructure and public services to the community for the community. The costs of these services are met by the community; consequently all decisions made within the organisation recognise this and consider the affordability of all activities of Napier City Council to the community.

Since 2000/01 this Council has surveyed councils of similar size for a comparison of average residential rates. The table of comparison for the last two years is shown on page 8 of this summary and is compiled from returns direct from each of the councils listed. While Napier has been below the average of this group since 2006/07, Napier's average residential rates are the lowest within the survey group for the last two years and are \$679 per annum lower than the highest Council.

There are many reasons for this Council's clear success in managing rates levels. Choices and decisions made in the management of the strategic direction of Council and in the organisation and focus of Council's operational arm have been on:

- high quality outcomes
- optimizing whole of life cost and
- affordability for this community

This has been the underlying philosophy over successive Councils and, as a result, the cumulative effect of many small decisions over many years has led to the benefits ratepayers now enjoy.

As noted above, Napier City has one of the lowest dependencies on rates income in New Zealand's Territorial Local Authorities Community. This results from well-defined and implemented funding policies which reduce dependency on rates income. As a result of these funding policies, some significant activities are cost neutral to the ratepayer, for example, elements of solid waste, property, housing and the inner harbour.

Other examples of why Napier rates are lower than others:

Funding

- Income generated by tourism activities which support the city's tourism businesses
- Property related activities such as the Parklands residential section development project
- Investment property income, which supports the inner harbour and city foreshore reserves
- Other allocations of cost recoveries between users and ratepayers via Council's funding policies

Cost Control

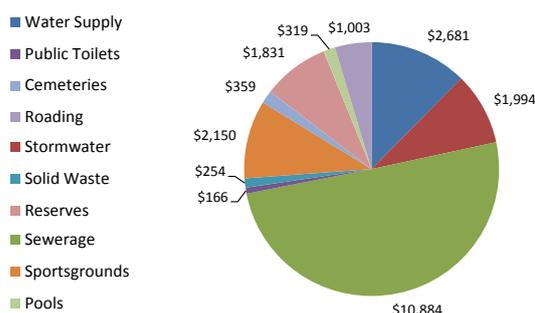
- Lean overhead structure with minimal corporate overheads
- In-house operational workforce
- Peak and seasonal workloads are managed through employment of temporary or seasonal staff or by contracting out well defined work to external organisations
- Shared Services between the Hawke's Bay local authorities
- Size of Territory advantages - Napier City is a compact land area and is the fourth most densely populated Territorial Local Authority in New Zealand.

Infrastructure Asset Renewals - Core Infrastructure

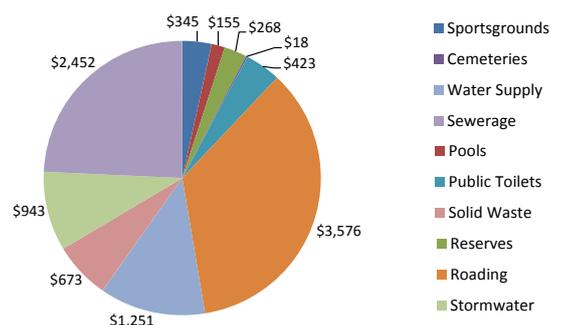
Napier City Council is acutely aware that the provision of essential infrastructure which meets the needs of its citizens is core to the economic, social and cultural needs of the city.

The Council annually sets aside 65 - 70% of the rate funded capital plan to meet the cost of core infrastructure renewals. Funds are set aside, in advance of requirements, based on the annualised projected cost of renewals over the expected life of the assets. Costs of assets 'used up' in any one year can be attributed on a linear basis. However renewals do not follow the same linear pattern. As a simple example, an asset with a life of 100 years will most likely be replaced at the end of 100 years not by 1% per annum, however the community effectively has utilised 1% of the item during a single year.

Renewals Expenditure Infrastructure Actual 2015/16 \$000's



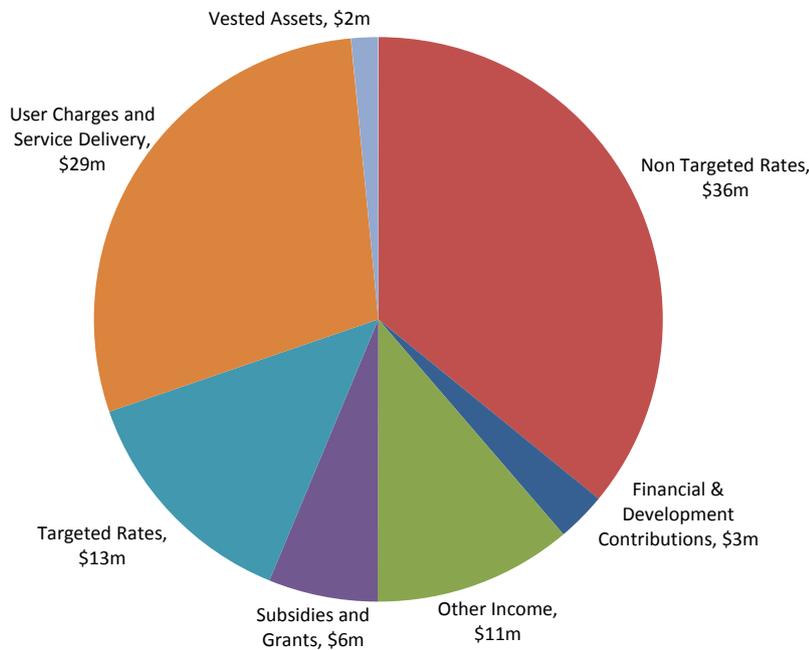
Infrastructure Renewals Funds held at 30 June 2016 \$000's



Council Income 2015/16

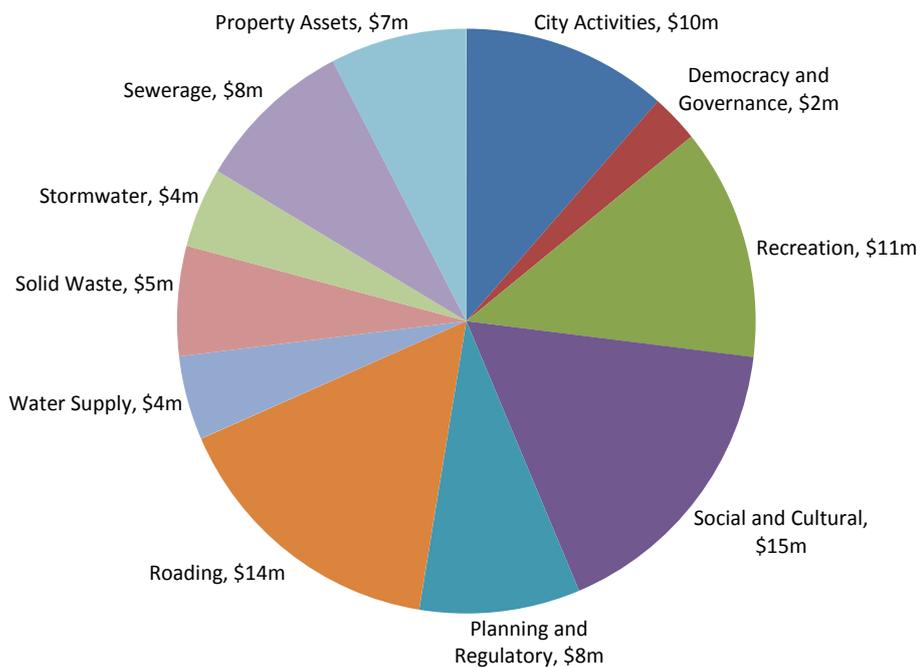
The diagram below depicts the breakdown of the \$99m income received by the Council in 2015/16. Of this funding for Council activities 49% is derived from the rates (non-targeted and targeted) levied on commercial and residential properties within the Napier City boundaries. In comparison with other New Zealand Councils, rates levied are a low proportion of the Council revenue and reflect Napier City funding policies.

The main sources of Council's income are shown in the graph below.



Council Operating Expenditure 2015/16

The main costs incurred by Council are shown in the graph below.

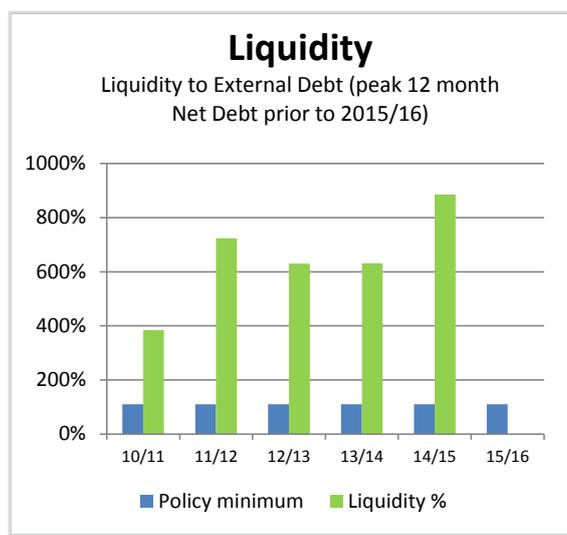
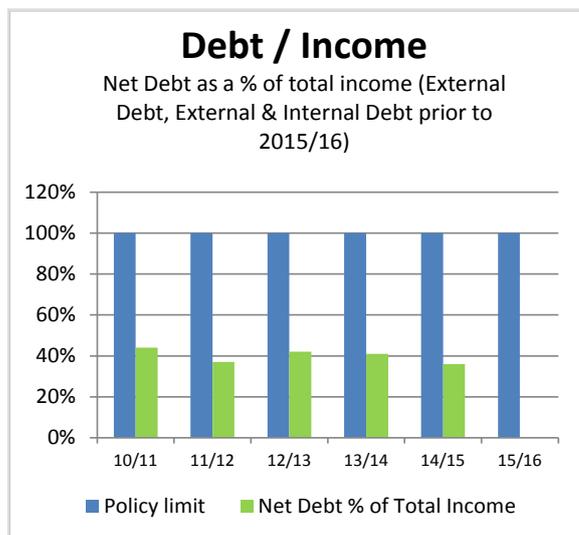
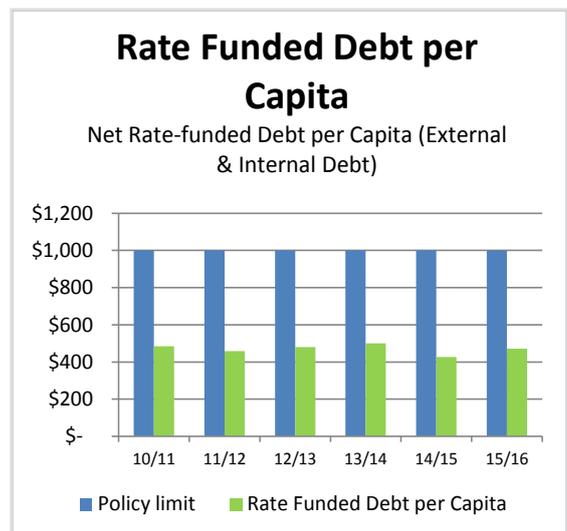
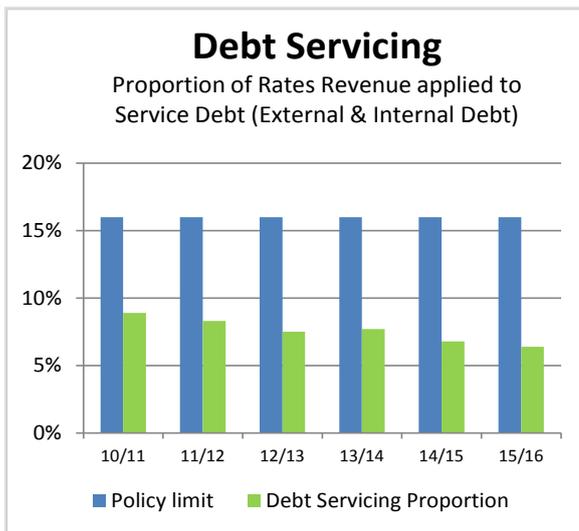
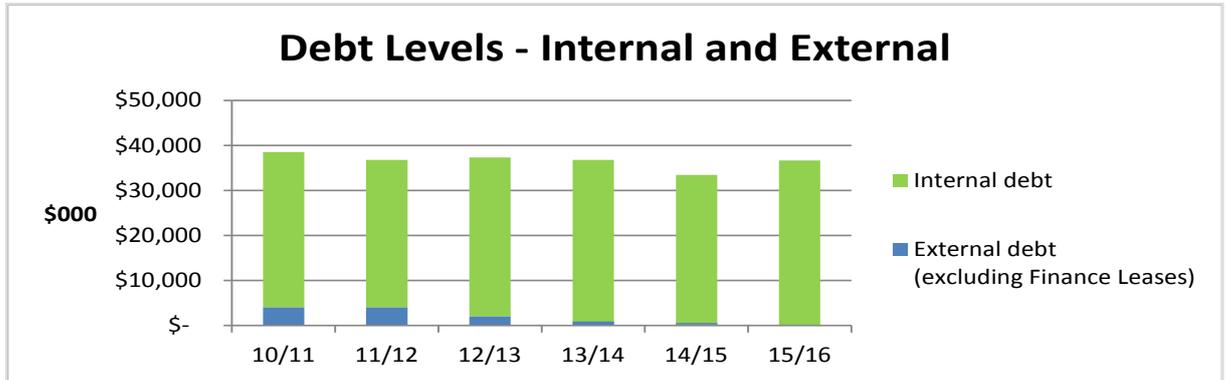


Borrowing

The Council manages its finances prudently and with consideration for both the current and the future generations within the community. Council prepares and consults on a Long Term Plan every three years. The budget for the 2015/16 year was based on the Long Term Plan 2015 - 25.

Under Council's Liability Management Policy, Council is able to borrow to fund projects which will benefit several generations of residents or when a project is a 'one-off', or to fund Council's balance sheet. However the risk to both current and future generations of uncontrolled borrowing is significant so Council, within its policy, manages these risks within specific borrowing limits. Performance against these limits is measured annually as a part of year-end reporting.

The performance measures at the end of 2015/16 and over the five preceding years is shown in the graphs below.

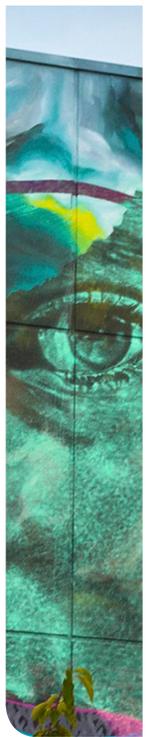
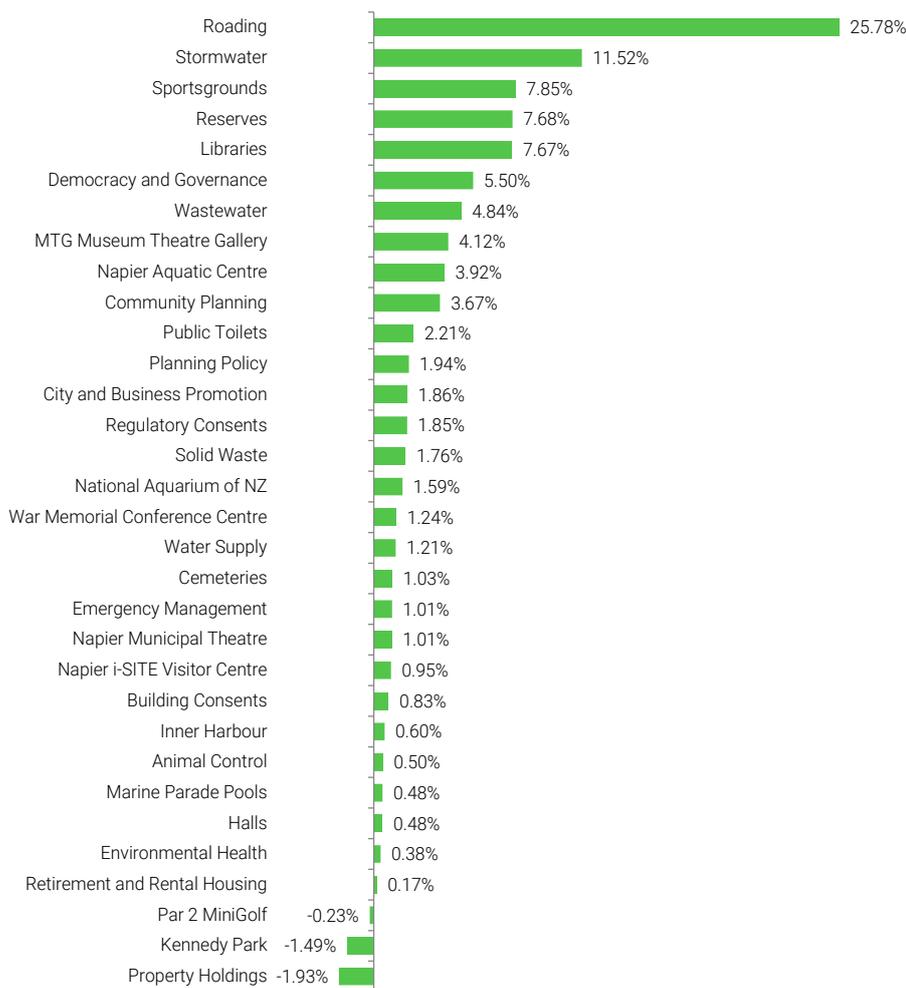


Note: N/A for 2015/16 as there is no external debt



How Rates Were Spent

The chart below shows the split of rates expenditure between Council's activities. A negative percentage indicates a contribution to rates.



FINANCIAL INFORMATION

Major Capital Projects Underway Or Completed In 2015/16

	Actual \$000
Prebensen Drive 4 Laning	4,011
Taradale Stormwater Upgrade	3,357
Roding Capital Projects (Bulk Funded)	3,081
Awatoto Trunk Main	2,408
CBD Stormwater Upgrade	2,307
New Reservoir Taradale	1,582
Cycle Strategy	1,421
Napier Conference Centre Upgrade *	1,383
Replacement of Mobil Plant and Vehicle	1,136
Park Island Bond Field Extension **	1,076
Transportation Proposals	1,063
Te Awa Stormwater Pond	822
Napier Skate Park Development ***	680
CBD Development	621
Technology Equipment Minor Capital	512

* CC Upgrade currently in progress, and will be completed by February 2017

** Park Island Expansion earthworks completed in 2015/16, the master plan is currently being reviewed

*** Napier Skate Park Development currently in progress, and will be completed by November 2016

ACTIVITY GROUPS

NRB Public Opinion Survey

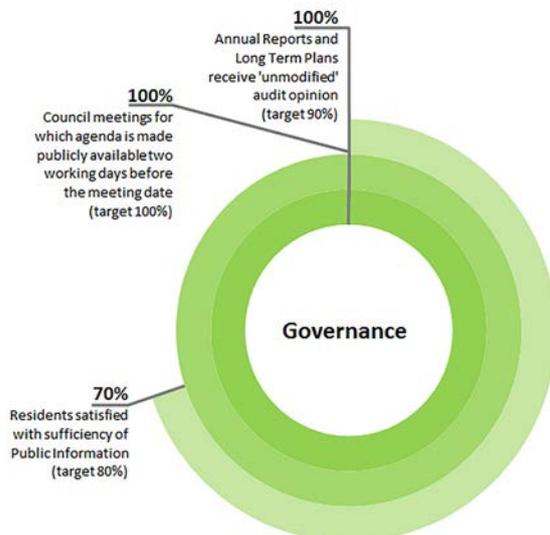
The results of the Annual NRB Survey are one measure of public satisfaction levels of the services provided by Council.

The Council commissions this public opinion survey where 450 residents throughout the city are interviewed by phone. The results form part of the performance measures for the activity groups, and provide useful information on how Council services and facilities are perceived by the community.

	2016 Satisfaction %	2015 Satisfaction %
Roads	91	88
Footpaths	84	82
Refuse Collection	94	91
Control of litter, Graffiti and Vandalism	91	91
Stormwater	88	89
Wastewater (Sewerage System)	89	93
Water Supply	92	95
Sportsfields	89	89
Public Gardens and Street Beds	96	96
Library service	81	84
MTG Hawke's Bay	50	43
Cemeteries	73	77
Public Toilets	74	72
Civil Defence Organisation	70	71
Noise Control	81	85
Animal Control	76	80
Parking in the City Centre	67	68
Parking in the Suburbs	65	70

ACTIVITY GROUPS

Democracy and Governance



In June 2015 the Local Government Commission (LGC) issued a final proposal for reorganising Hawke's Bay local government. The proposal was to establish a single new council for Hawke's Bay, called Hawke's Bay Council, with five local boards sharing decision making and representing the interests of the region's varied communities.

If implemented, it would have replaced the Napier City, Wairoa District, Hastings District, Central Hawke's Bay District, and Hawke's Bay Regional Councils.

A poll was carried out across the Hawke's Bay region to confirm or reject the proposal on 15 September. The majority of electors who voted in the poll voted against the proposal. The result was binding.

Roading

Roading Mandatory Measures	Actual 2015	2015/16 Targets	Actual 2016
1. The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.*	-2	Zero	Zero
2. The average quality of ride on the sealed road network, as measured by the Smooth Travel Exposure Index	85%	81%	90%
3. The % of footpaths within a Territorial Authority District that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authorities relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan)	77 Footpath Faults for the year ending 30 June 2015	80 justifiable footpath complaints	63
4. The % of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	Information not available at this time data captured for 2014/15 for testing. Will be ready for 2015/16	90% responded to within 5 working days	86%
5. The % of sealed local road network that is resurfaced	5%	7.1%	4.40%

* This value is based on figures for the calendar year, January to December.

Stormwater

Stormwater Mandatory Measures	Actual 2015	2015/16 Targets	Actual 2016
1. a) The number of flooding events that occur in a territorial authority district	None	≤1	None
b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system)	None	≤1	None
2. Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:			
a) abatement notices	None	Nil	Nil
b) infringement notices	None	Nil	Nil
c) enforcement orders; and	None	Nil	Nil
d) convictions received by the territorial authority in relation to those resource consents.	None	Nil	Nil
3. Number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	14 per 22,790 connections = 0.61 per 1,000	≤5	3.4
4. The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site	No flooding events YTD	≤2 hours (from notification to personnel being on site)	no event

Sewerage



ACTIVITY GROUPS

Sewerage Mandatory Measures	Actual 2015	2015/16 Targets	Actual 2016
1. Compliance with the territorial authority's resource consents for discharge from its sewerage system, measured by the number of:			
a) abatement notices	Zero	Zero	Zero
b) infringement notices	Zero	Zero	Zero
c) enforcement orders; and	Zero	Zero	Zero
d) convictions received by the territorial authority in relation to those resource consents	Zero	Zero	Zero
2. The total number of complaints received by the territorial authority about any of the following;			
a) sewerage odour	2	≤5	1.23
b) sewerage system faults	20	≤20	0.88
c) sewerage system blockages; and	10	≤10	8.06
d) the territorial authority's response to issues with its sewerage system,	1	≤1	0.00
Expressed per 1000 connections to the territorial authorities sewerage system. (25,052 connections)	33	≤36	10.17
3. Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority'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 #	Achieved	≤2 hours	1.68 hours
b) resolution time; from the time that the territorial authority receives notification to the time that the service personnel confirm resolution of the blockage or other fault.	Achieved	≤8 hours	2.25 hours
4. The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	Achieved	≤0.1	0.04

Incomplete data was captured during the first part of the year and more consistent monitoring and outcomes have since been achieved. The median response time is expected to have achieved the target had the response times been recorded for all callouts.



Resolution time from receipt of notification to resolution of blockage or other faults in the sewerage systems (Target: ≤8 hours)



Water Supply

Water Supply Mandatory Measures	Actual 2015	2015/16 Targets	Actual 2016
1. The extent to which the local authority's drinking water supply complies with;			
a) part 4 of the drinking water standards (bacteria compliance criteria), and	Not met*	Achieved	Achieved*
b) part 5 of the drinking water standards (protozoal compliance criteria)	Not met*	Achieved	Achieved*
2. The % of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this)**	22%	≤22%	18.3%***
3. The total number of complaints received by the local authority about any of the following;			
a) drinking water clarity		≤2	4.2****
b) drinking water taste	18 per 25,276 connections = 0.71 complaints per 1,000 connections	≤2	0.1
c) drinking water odour		≤2	0.4
d) drinking water pressure or flow		≤2	0.9
e) continuity of supply; and		≤2	0.6
f) the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system		≤2	0.2
4. The average consumption of drinking water per day per resident within the territorial local authority district	473L per day	≤430L	503 L*****
5. Where the local authority attends a call out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured;			
a) attendance for urgent call outs; from the time that the local authority receives notification to the time that service personnel reach the site; and #	< 1 hr	≤90 minutes	40 minutes
b) resolution of urgent call outs; from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	< 2 hrs	≤6 hours	12.9 hours
c) attendance for non urgent call outs; from the time that the local authority receives notification to the time that service personnel reach the site; and #	damage < 2 hrs, leak 10 days	≤8 hours	19.13 hours
d) resolution of non urgent call outs; from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	damage < 2 hrs, leak 10 days	≤72 hours	23.57 hours

*The Taradale and City distribution zones complied with the Drinking Water Standards in 2015. However, the Bay View distribution zone technically did not comply due to the time between samples exceeding the limit on one occasion. The 2016 results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor.

**The real water loss will be calculated using a water balance, over a 12 month period, using the most recent customer water meter reading data. Unmetered water use will be assessed in terms of the methodology outlined in the Water New Zealand document 'Benchmarking of Water Losses in New Zealand'.

***This value is based on a water balance analysis of the 12 month period July 2015 to June 2016 with calculations and assumptions as per the Water NZ document 'Benchmarking of Water Losses in New Zealand'

****This value is higher than normal due to an unexpectedly high number of complaints from Tamatea. The underlying issue will be addressed as part of the pipe asset renewal programme

*****Per capita consumption is high this year due to the long, dry autumn extending the period residents could spend outdoors

Incomplete data was captured during the first part of the year and more consistent monitoring and outcomes have since been achieved. The median response time is expected to have achieved the target had the response times been recorded for all callouts.

Note: There were other requests received by the Council in relation to burst network, network damage, network leak, toby damage, toby leak and toby location. This amounts to 33.9 requests for service per 1000 connections.

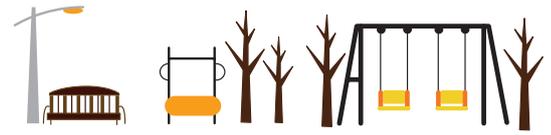
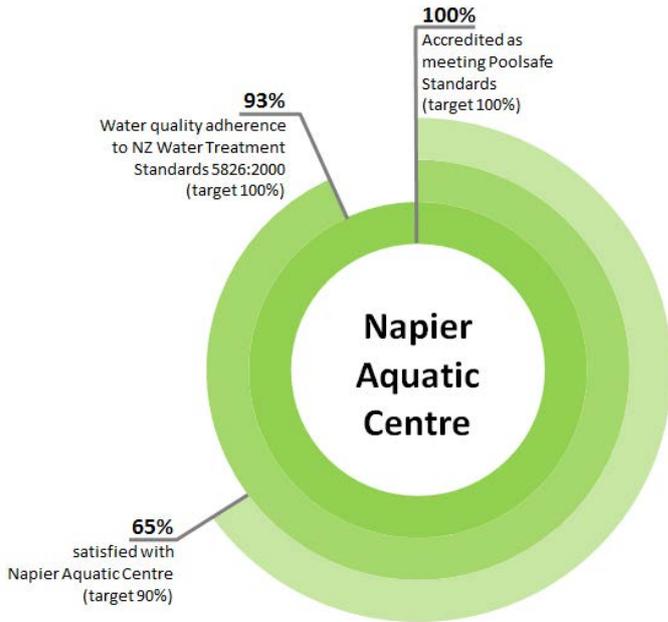


ACTIVITY GROUPS

Recreation



ACTIVITY GROUPS



10 city wide playground equipment safety audits undertaken (Target: 24)



2.4m depth maintained for the navigational channels in the Inner Harbour at low tide

City Activities

Visitor Numbers



Napier i-SITE Visitor Centre



National Aquarium of New Zealand



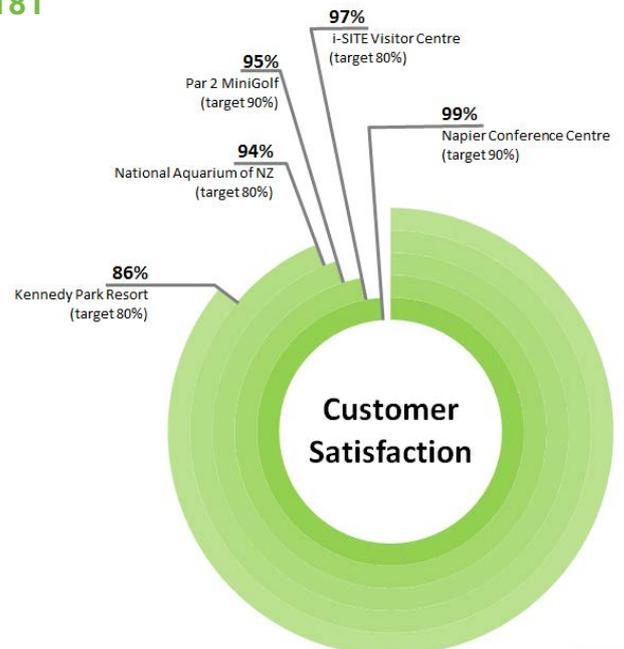
Par 2 MiniGolf



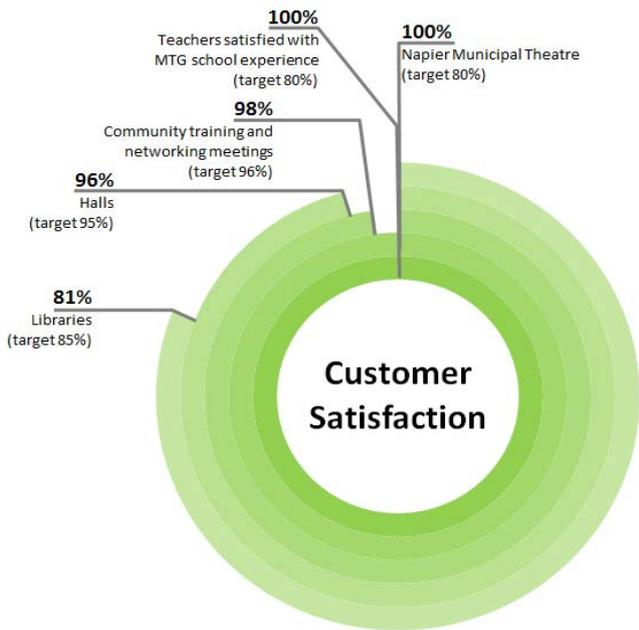
Kennedy Park Resort



Qualmark ratings maintained for all City Activities venues.



Social and Cultural



**4.5 star
Qualmark
rating
maintained for
Napier Municipal
Theatre**

99.5%
occupancy of
rental flats
(Target: 98%)



99.3%
occupancy of
retirement flats
(Target: 97%)

116,837
MTG Visitors
for the year
(Target: 120,000)

10
new MTG
exhibitions
(Target: 5)

52
Community
events
coordinated
(Target: 50)

26
Community training
and networking
meetings facilitated
(Target: 20)

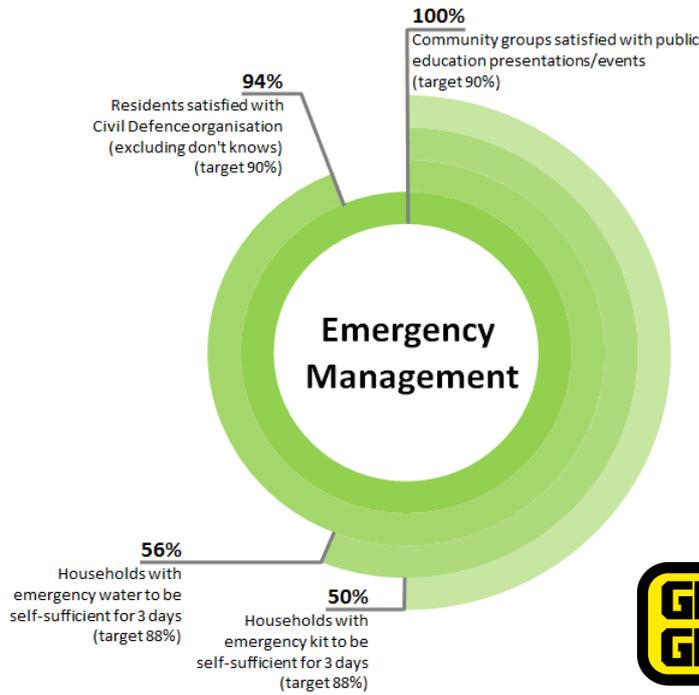
[100%]

- ✓ Teachers satisfied with MTG School experience (Target: 80%)
- ✓ Community Groups satisfied with emergency management public education presentations/events (Target: 90%)
- ✓ Public Toilets cleaned daily (Target: 100%)
- ✓ Retirement and Rental housing inspections completed (Target: 100%)
- ✓ Village Coordinators available during normal working hours and on call for emergencies after hours (Target 100%)

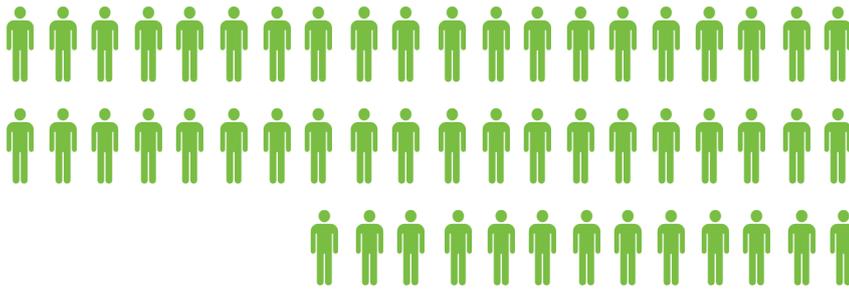


ACTIVITY GROUPS

Social and Cultural (continued)



ACTIVITY GROUPS



53
trained
emergency
management
volunteers
(Target: 70)

Solid Waste

1963 students
through education
and waste reduction
programmes
(Target: 750)



266.15kg
WASTE TO LANDFILL PER CAPITA
(TARGET \leq 280KG)

[100%]

- ✓ Weekly household kerbside waste collection
 - ✓ Transfer station open for 362 days per year
 - ✓ Compliance with resource consent parameters
- (Target 100%)



- Building consents processed within 20 working days ✓
- LIM's processed within 10 working days ✓
- Regulatory complaints investigated within 3 days ✓
- Compliance with resource consent parameters ✓
 (Target 100%)

[100%]

Resource consents processed within statutory timeframes and discount regulations (target 100%) ✓

[94%]

** Not met due to the increase volume of building consents received during the year*

Property Assets



Independent review of Council's investment portfolio in progress

[100%]

✓ Council owned buildings comply with Building Act (Target 100%)

Independent Auditor's Report

To the readers of the Napier City Council's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Napier City Council (the City 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 4, 5, 8 and 10 to 17:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive revenue, 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 activity groups of the City Council.

We expressed an unmodified audit opinion on the City Council's full audited statements in our report dated 21 September 2016.

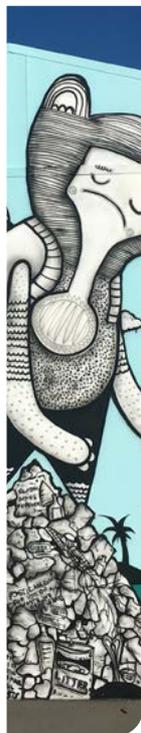
Opinion

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 21 September 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 City Council.

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 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*.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out a Limited Independent Assurance Engagement in relation to the City Council's Debenture Trust Deed. This engagement is compatible with the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this reporting and this assignment, we have no relationship with or interests in the City Council.



Stephen Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
18 October 2016





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