

# Reefton Area School

## FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2016**

School Address:	10 Victory Street Reefton 7830
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Ministry Number:	496

# Reefton Area School

Financial Statements - For the year ended 31 December 2016

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# Reefton Area School

## Statement of Responsibility

For the year ended 31 December 2016

The Board of Trustees (the Board) has pleasure in presenting the annual report of Reefton Area School incorporating the financial statements and the auditor's report, for the year ended 31 December 2016

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2016 fairly reflects the financial position and operations of the school.

The School's 2016 financial statements are authorised for issue by the Board Chairperson and the Principal.

Debbie Bland  
Full Name of Board Chairperson

  
Signature of Board Chairperson

17-5-17.  
Date:

Wayne Wright  
Full Name of Principal

  
Signature of Principal

17/05/2017  
Date:

**Reefton Area School**  
**Statement of Comprehensive Revenue and Expense**  
For the year ended 31 December 2016

	Notes	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
<b>Revenue</b>				
Government Grants	2	2,646,371	2,515,350	2,513,222
Locally Raised Funds	3	82,160	122,500	111,086
Interest Earned		13,974	8,000	13,184
		<u>2,742,505</u>	<u>2,645,850</u>	<u>2,637,492</u>
<b>Expenses</b>				
Locally Raised Funds	3	54,939	114,500	81,753
Learning Resources	4	1,570,406	1,681,944	1,560,895
Administration	5	126,037	159,350	112,942
Finance Costs		1,234	-	-
Property	6	786,512	761,811	709,702
Depreciation	7	97,581	50,500	90,077
Loss on Disposal of Property, Plant and Equipment		8,319	-	-
		<u>2,645,028</u>	<u>2,768,105</u>	<u>2,555,369</u>
<b>Net Surplus / (Deficit)</b>		97,477	(122,255)	82,123
Other Comprehensive Revenue and Expenses		-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<u><u>97,477</u></u>	<u><u>(122,255)</u></u>	<u><u>82,123</u></u>

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes.

**Reefton Area School**  
**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2016

	Actual 2016 \$	Budget (Unaudited) 2016 \$	Actual 2015 \$
<b>Balance at 1 January 2016</b>	966,062	966,062	883,939
Total comprehensive revenue and expense for the year	97,477	(122,255)	82,123
Capital Contributions from the Ministry of Education Furniture and Equipment Grant	12,753	-	-
<b>Equity at 31 December 2016</b>	1,076,292	843,807	966,062
Retained Earnings	1,076,292	843,807	966,062
Reserves	-	-	-
<b>Equity at 31 December 2016</b>	1,076,292	843,807	966,062

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes.

# Reefton Area School Statement of Financial Position

As at 31 December 2016

	Notes	2016 Actual \$	2016 Budget (Unaudited) \$	2015 Actual \$
<b>Current Assets</b>				
Cash and Cash Equivalents	8	70,202	302,176	344,931
Accounts Receivable	9	192,096	160,660	160,660
GST Receivable		-	12,050	12,050
Prepayments		3,830	15,737	15,737
Inventories	10	5,000	5,249	5,249
Investments	11	574,150	265,001	265,001
		<u>845,278</u>	<u>760,873</u>	<u>803,628</u>
<b>Current Liabilities</b>				
GST Payable		284	-	-
Accounts Payable	13	130,300	185,971	185,971
Provision for Cyclical Maintenance	14	-	20,592	20,592
Finance Lease Liability - Current Portion	15	29,351	22,071	22,071
Funds Held on Behalf of Westnet Cluster	17	-	30,760	30,760
		<u>159,935</u>	<u>259,394</u>	<u>259,394</u>
<b>Working Capital Surplus/(Deficit)</b>		<b>685,343</b>	<b>501,479</b>	<b>544,234</b>
<b>Non-current Assets</b>				
Property, Plant and Equipment	12	531,809	463,945	514,445
		<u>531,809</u>	<u>463,945</u>	<u>514,445</u>
<b>Non-current Liabilities</b>				
Provision for Cyclical Maintenance	14	110,118	74,252	45,252
Finance Lease Liability	15	30,742	47,365	47,365
		<u>140,860</u>	<u>121,617</u>	<u>92,617</u>
<b>Net Assets</b>		<u><u>1,076,292</u></u>	<u><u>843,807</u></u>	<u><u>966,062</u></u>
<b>Equity</b>		<u><u>1,076,292</u></u>	<u><u>843,807</u></u>	<u><u>966,062</u></u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Reefton Area School**  
**Statement of Cash Flows**  
For the year ended 31 December 2016

	2016	2016	2015
Note	Actual	Budget	Actual
	\$	(Unaudited)	\$
		\$	
<b>Cash flows from Operating Activities</b>			
Government Grants	691,297	637,725	755,318
Westnet	-		6,515
EDI	-		(4,921)
Locally Raised Funds	84,594	122,500	115,583
Goods and Services Tax (net)	12,334	-	12,198
Payments to Employees	(165,615)	(179,000)	(224,261)
Payments to Suppliers	(447,374)	(631,980)	(532,778)
Interest Paid	(1,234)	-	-
Interest Received	11,032	8,000	11,635
Net cash from / (to) the Operating Activities	185,034	(42,755)	139,289
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of PPE (and Intangibles)	(8,319)	-	-
Purchase of PPE (and Intangibles)	(114,945)	-	(149,224)
Purchase of Investments	(309,149)	-	(265,001)
Proceeds from Sale of Investments	-	-	-
Net cash from / (to) the Investing Activities	(432,413)	-	(414,225)
<b>Cash flows from Financing Activities</b>			
Furniture and Equipment Grant	12,753	-	-
Finance Lease Payments	(9,343)	-	61,006
Painting contract payments	-	-	-
Funds Administered on Behalf of Third Parties	(30,760)	-	(11,641)
Net cash from Financing Activities	(27,350)	-	49,365
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(274,729)</b>	<b>(42,755)</b>	<b>(225,571)</b>
Cash and cash equivalents at the beginning of the year	8 344,931	344,931	570,502
<b>Cash and cash equivalents at the end of the year</b>	<b>8 70,202</b>	<b>302,176</b>	<b>344,931</b>

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been omitted.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

# Reefton Area School

## Notes to the Financial Statements

For the year ended 31 December 2016

### 1. Statement of Accounting Policies

#### a) Reporting Entity

Reefton Area School (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

#### b) Basis of Preparation

##### *Reporting Period*

The financial reports have been prepared for the period 1 January 2016 to 31 December 2016 and in accordance with the requirements of the Public Finance Act 1989.

##### *Basis of Preparation*

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

##### *Financial Reporting Standards Applied*

The Education Act 1989 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

##### *PBE Accounting Standards Reduced Disclosure Regime*

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

##### *Measurement Base*

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

##### *Presentation Currency*

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

##### *Specific Accounting Policies*

The accounting policies used in the preparation of these financial statements are set out below.

##### *Critical Accounting Estimates And Assumptions*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

##### *Useful lives of property, plant and equipment*

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 12.



# Reefton Area School

## Notes to the Financial Statements

### For the year ended 31 December 2016

#### ***Critical Judgements in applying accounting policies***

Management has exercised the following critical judgements in applying accounting policies:

##### *Classification of leases*

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 15.

##### *Recognition of grants*

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carryforward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

#### **c) Revenue Recognition**

##### ***Government Grants***

The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives;

*Operational grants* are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

*Teachers salaries grants* are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

*Use of land and buildings grants* are recorded as revenue in the period the School uses the land and buildings. These are not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Crown.

##### ***Other Grants***

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

##### ***Donations, Gifts and Bequests***

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

##### ***Interest Revenue***

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

#### **d) Use of Land and Buildings Expense**

The property from which the School operates is owned by the Crown and managed by the Ministry of Education on behalf of the Crown. The School's use of the land and buildings as occupant is based on a property occupancy document as gazetted by the Ministry. The expense is based on an assumed market rental yield on the value of land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Ministry.

#### **e) Operating Lease Payments**

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

#### **f) Finance Lease Payments**

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

## **Reefton Area School**

### **Notes to the Financial Statements**

For the year ended 31 December 2016

#### **g) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

#### **h) Accounts Receivable**

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

#### **i) Inventories**

Inventories are consumable items held for sale and comprise of school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

#### **j) Investments**

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

The School has met the requirements under section 73 of the Education Act 1989 in relation to the acquisition of securities.

#### **k) Property, Plant and Equipment**

Land and buildings owned by the Crown are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Crown are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$500 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Gains and losses on disposals (*i.e.* sold or given away) are determined by comparing the proceeds received with the carrying amounts (*i.e.* the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

# Reefton Area School

## Notes to the Financial Statements

### For the year ended 31 December 2016

#### **Leased Assets**

Leases where the School assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets and corresponding liability are recognised in the Statement of Financial Position and leased assets are depreciated over the period the School is expected to benefit from their use or over the term of the lease.

#### **Depreciation**

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Furniture & Equipment	5-15 years
Information and communication technology	3-5 years
Building improvements - Crown	50 years
Library Books	8 years
Leased Assets	3-5 years

#### **l) Accounts Payable**

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **m) Employee Entitlements**

##### *Short-term employee entitlements*

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

##### *Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows

#### **n) Provision for Cyclical Maintenance**

The property from which the School operates is owned by the Crown, and is vested in the Ministry. The Ministry has gazetted a property occupancy document that sets out the Board's property maintenance responsibilities. The Board is responsible for maintaining the land, buildings and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provision for cyclical maintenance represents the obligation the Board has to the Ministry and is based on the Board's ten year property plan (10YPP).

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**o) Financial Assets and Liabilities**

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

**p) Goods and Services Tax (GST)**

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

**q) Budget Figures**

The budget figures are extracted from the School budget that was approved by the Board at the start of the year.

**r) Services received in-kind**

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**2. Government Grants**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
Operational grants	563,886	460,145	616,224
Teachers' salaries grants	1,360,804	1,360,804	1,349,009
Use of Land and Buildings grants	516,821	516,821	453,968
Resource teachers learning and behaviour grants	144,453	144,000	64,675
Other government grants	60,407	33,580	29,346
	<u>2,646,371</u>	<u>2,515,350</u>	<u>2,513,222</u>

**3. Locally Raised Funds**

Local funds raised within the School's community are made up of:

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
<b>Revenue</b>			
Donations	1,175	2,000	-
Fundraising	-	-	927
Other revenue	47,990	58,000	58,454
Trading	5,213	12,500	9,452
Activities	27,782	50,000	42,253
	<u>82,160</u>	<u>122,500</u>	<u>111,086</u>
<b>Expenses</b>			
Activities	18,737	44,000	39,546
Trading	6,563	12,500	8,044
Fundraising (costs of raising funds)	122	-	-
Other Locally Raised Funds Expenditure	29,517	58,000	34,163
	<u>54,939</u>	<u>114,500</u>	<u>81,753</u>
<i>Surplus for the year Locally raised funds</i>	<u>27,221</u>	<u>8,000</u>	<u>29,333</u>

**4. Learning Resources**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
Curricular	24,934	27,620	23,172
Equipment repairs	2,927	3,800	2,316
Extra-curricular activities	72,818	83,070	150,278
Library resources	4,818	5,550	4,599
Employee benefits - salaries	1,360,804	1,360,804	1,349,009
Resource/attached teacher costs	68,311	165,500	19,525
Staff development	35,794	35,600	11,996
	<u>1,570,406</u>	<u>1,681,944</u>	<u>1,560,895</u>

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**5. Administration**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
		<b>\$</b>	
Audit Fee	5,451	5,250	5,389
Board of Trustees Fees	3,960	3,500	3,480
Board of Trustees Expenses	33,647	34,100	4,390
Communication	5,517	9,500	9,188
Operating Lease	12,801	18,400	6,563
Other	4,231	7,300	11,510
Employee Benefits - Salaries	52,658	72,500	70,786
Insurance	1,516	1,800	1,636
Service Providers, Contractors and Consultancy	6,256	7,000	-
	<u>126,037</u>	<u>159,350</u>	<u>112,942</u>

**6. Property**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
		<b>\$</b>	
Caretaking and Cleaning Consumables	8,774	11,650	7,696
Cyclical Maintenance Provision	54,035	29,000	24,000
Grounds	7,910	20,000	10,631
Heat, Light and Water	53,287	41,500	46,910
Rates	2,439	1,200	1,148
Repairs and Maintenance	19,172	20,640	20,597
Use of Land and Buildings	516,821	516,821	453,968
Vehicle Expenses	11,117	14,500	12,303
Employee Benefits - Salaries	112,957	106,500	132,449
	<u>786,512</u>	<u>761,811</u>	<u>709,702</u>

The use of land and buildings figure represents 8% of the school's total property value. This is used as a 'proxy' for the market rental of the property. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

**7. Depreciation of Property, Plant and Equipment**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
		<b>\$</b>	
Furniture & Equipment	37,045	22,000	35,152
Information and communication technology	17,954	12,000	18,459
School Houses	5,612	2,500	5,612
Library Resources	3,995	2,000	4,505
Vehicles	4,228	2,000	5,913
Leased Assets	28,747	10,000	20,436
	<u>97,581</u>	<u>50,500</u>	<u>90,077</u>

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**8. Cash and Cash Equivalents**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash on Hand	250	250	250
Bank Current Account	34,830	272,718	315,473
Bank Call Account	15,752	10,550	10,550
Short-term Bank Deposits	19,370	18,658	18,658
Net cash and cash equivalents and bank overdraft for Cash Flow Statement	<u>70,202</u>	<u>302,176</u>	<u>344,931</u>

The carrying value of short-term deposits with maturity dates of 90 days or less approximates their fair value.

**9. Accounts Receivable**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Receivables	-	2,434	2,434
Receivables from the Ministry of Education	101,951	24,502	24,502
Interest Receivable	8,123	5,181	5,181
Teacher Salaries Grant Receivable	82,022	128,543	128,543
	<u>192,096</u>	<u>160,660</u>	<u>160,660</u>
Receivables from Exchange Transactions	8,123	7,615	7,615
Receivables from Non-Exchange Transactions	183,973	153,045	153,045
	<u>192,096</u>	<u>160,660</u>	<u>160,660</u>

**10. Inventories**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Stationery	1,000	845	845
	<u>5,000</u>	<u>5,249</u>	<u>5,249</u>

**11. Investments**

The School's investment activities are classified as follows:

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current Asset			
Short-term Bank Deposits	574,150	265,001	265,001
Non-current Asset			
Long-term Bank Deposits	-	-	-

The carrying value of long term deposits longer than 12 months approximates their fair value at 31 December 2016.

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**12. Property, Plant and Equipment**

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2016</b>						
Furniture & Equipment	186,419	22,025	-	-	(37,045)	171,399
Information and communication technology	42,465	35,930	-	-	(17,954)	60,441
School Houses	187,968	-	-	-	(5,612)	182,356
Library Resources	21,295	2,271	-	-	(3,995)	19,571
Vehicles	9,362	50,739	(15,275)	-	(4,228)	40,598
Leased Assets	66,935	19,256	-	-	(28,747)	57,444
<b>Balance at 31 December 2016</b>	<b>514,444</b>	<b>130,221</b>	<b>(15,275)</b>	<b>-</b>	<b>(97,581)</b>	<b>531,809</b>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
<b>2016</b>			
Furniture & Equipment	549,578	(378,179)	171,399
Information and communication technology	391,406	(330,964)	60,442
School Houses	254,369	(72,013)	182,356
Library Resources	41,083	(21,512)	19,571
Vehicles	156,410	(115,813)	40,597
Leased Assets	106,068	(48,624)	57,444
<b>Balance at 31 December 2016</b>	<b>1,498,914</b>	<b>(967,105)</b>	<b>531,809</b>

	Opening Balance (NBV) \$	Additions \$	Disposals \$	Impairment \$	Depreciation \$	Total (NBV) \$
<b>2015</b>						
Furniture & Equipment	182,097	39,474	-	-	(35,152)	186,419
Information and communication technology	40,873	20,051	-	-	(18,459)	42,465
School Houses	193,580	-	-	-	(5,612)	187,968
Library Resources	22,914	2,886	-	-	(4,505)	21,295
Vehicles	15,275	-	-	-	(5,913)	9,362
Leased Assets	559	86,812	-	-	(20,436)	66,935
<b>Balance at 31 December 2015</b>	<b>455,298</b>	<b>149,223</b>	<b>-</b>	<b>-</b>	<b>(90,077)</b>	<b>514,444</b>

	Cost or Valuation \$	Accumulated Depreciation \$	Net Book Value \$
<b>2015</b>			
Furniture & Equipment	527,554	(341,134)	186,420
Information and communication technology	355,476	(313,010)	42,466
School Houses	254,369	(66,401)	187,968
Library Resources	39,500	(18,206)	21,294
Vehicles	135,237	(125,875)	9,362
Leased Assets	86,812	(19,877)	66,935
<b>Balance at 31 December 2015</b>	<b>1,398,948</b>	<b>(884,503)</b>	<b>514,445</b>



**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**13. Accounts Payable**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
Operating creditors	30,916	40,066	40,066
Employee Entitlements - salaries	82,022	128,543	128,543
Employee Entitlements - leave accrual	17,362	17,362	17,362
	<u>130,300</u>	<u>185,971</u>	<u>185,971</u>
Payables for Exchange Transactions	130,300	185,971	185,971
Payables for Non-exchange Transactions - Taxes Payable (PAYE and Rates)	-	-	-
Payables for Non-exchange Transactions - Other	-	-	-
	<u>130,300</u>	<u>185,971</u>	<u>185,971</u>

The carrying value of payables approximates their fair value.

**14. Provision for Cyclical Maintenance**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
Provision at the Start of the Year	65,844	65,844	77,953
Increase to the Provision During the Year	54,035	29,000	24,000
Use of the Provision During the Year	(9,761)	-	(36,109)
Provision at the End of the Year	<u>110,118</u>	<u>94,844</u>	<u>65,844</u>
Cyclical Maintenance - Current	-	20,592	20,592
Cyclical Maintenance - Term	110,118	74,252	45,252
	<u>110,118</u>	<u>94,844</u>	<u>65,844</u>

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**15. Finance Lease Liability**

The School has entered into a number of finance lease agreements for Computers and Photocopiers. Minimum lease payments payable:

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget (Unaudited)</b>	<b>Actual</b>
	\$	\$	\$
No Later than One Year	29,351	22,071	22,071
Later than One Year and no Later than Five Years	30,742	47,365	47,365
Later than Five Years	-	-	-
	<u>60,093</u>	<u>69,436</u>	<u>69,436</u>

**16. Funds Held for Capital Works Projects**

During the year the School received and applied funding from the Ministry of Education for the following capital works projects:

	<b>2016</b>	<b>Opening Balances \$</b>	<b>Receipts from MoE \$</b>	<b>Payments \$</b>	<b>BOT Contribution/ (Write-off to R&amp;M)</b>	<b>Closing Balances \$</b>
Totals		-	-	-	-	-
<b>Represented by:</b>						
Funds Held on Behalf of the Ministry of Education						-
Funds Due from the Ministry of Education						-
						<u>-</u>
	<b>2015</b>	<b>Opening Balances \$</b>	<b>Receipts from MoE \$</b>	<b>Payments \$</b>	<b>BOT Contribution/ (Write-off to R&amp;M)</b>	<b>Closing Balances \$</b>
MOE Gym Roof Repairs	<i>complete</i>	4,491	-	4,491	-	-
MOE Boiler Repairs	<i>complete</i>	7,150	2,716	9,866	-	-
Totals		<u>11,641</u>	<u>2,716</u>	<u>14,357</u>	<u>-</u>	<u>-</u>

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**17. Funds held on behalf of Westnet**

Reefton Area School is the lead school and holds funds on behalf of the Westnet Funds a group of schools funded by the Ministry of Education to provide video conference courses. Reefton Area school ceased being the cluster fund holder as at 31 December 2016.

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>(Unaudited)</b>	<b>\$</b>
Funds Held at Beginning of the Year	30,760	(30,760)	24,245
Funds Received from Cluster Members	-	-	13,648
Funds Received from MoE	-	-	-
Funds Spent on Behalf of the Cluster	30,760	-	(7,133)
Funds Held at Year End	<u>-</u>	<u>30,760</u>	<u>30,760</u>

**18. Related Party Transactions**

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

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 condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**19. Remuneration**

*Key management personnel compensation*

Key management personnel of the School include all trustees of the Board, Principal, Deputy Principals and Heads of Departments.

	<b>2016 Actual \$</b>	<b>2015 Actual \$</b>
<i>Board Members</i>		
Remuneration	3,960	3,480
Full-time equivalent members	0.60	0.60
<i>Leadership Team</i>		
Remuneration	253,961	253,633
Full-time equivalent members	2	2
Total key management personnel remuneration	<u>257,921</u>	<u>257,113</u>
Total full-time equivalent personnel	<u>2.60</u>	<u>2.60</u>

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

*Principal*

The total value of remuneration paid or payable to the Principal was in the following bands:

	<b>2016 Actual \$000</b>	<b>2015 Actual \$000</b>
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	130-135	130-135
Benefits and Other Emoluments	10-15	10-15
Termination Benefits	0 - 0	0 - 0

*Other Employees*

The number of other employees with remuneration greater than \$100,000 was in the following bands:

<b>Remuneration \$000</b>	<b>2016 FTE Number</b>	<b>2015 FTE Number</b>
110 - 120	-	-
100 - 110	1	-
	<u>1</u>	<u>0</u>

The disclosure for 'Other Employees' does not include remuneration of the Principal.

**20. Compensation and Other Benefits Upon Leaving**

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	<b>2016 Actual</b>	<b>2015 Actual</b>
Total	20-25	\$0
Number of People	1	0

**Reefton Area School**  
**Notes to the Financial Statements**  
For the year ended 31 December 2016

**21. Contingencies**

There are no contingent liabilities and no contingent assets as at 31 December 2016.

(Contingent liabilities and assets at 31 December 2015: Nil)

**22. Commitments**

**(a) Capital Commitments**

As at 31 December 2016 the Board has entered into no contract agreements for capital works.

(Capital commitments at 31 December 2015: Nil)

**(b) Operating Commitments**

As at 31 December 2016 the Board has entered into the following contracts:

(a) operating lease of Computer Equipment

	<b>2016 Actual \$</b>	<b>2015 Actual \$</b>
No later than One Year	19,320	20,235
Later than One Year and No Later than Five Years	38,640	33,189
	57,960	53,424

**23. Managing Capital**

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but "attempts" to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

**24. Financial Instruments**

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

**Loans and receivables**

	<b>2016 Actual \$</b>	<b>2016 Budget (Unaudited) \$</b>	<b>2015 Actual \$</b>
Cash and Cash Equivalents	70,202	302,176	344,931
Receivables	192,096	160,660	160,660
Investments - Term Deposits	574,150	265,001	265,001
Total Loans and Receivables	836,448	727,837	770,592

**Financial liabilities measured at amortised cost**

Payables	130,300	185,971	185,971
Borrowings - Loans	-	-	-
Finance Leases	60,093	69,436	69,436
Painting Contract Liability	-	-	-
Total Financial Liabilities Measured at Amortised Cost	190,393	255,407	255,407

**25. Events After Balance Date**

There were no significant events after the balance date that impact these financial statements.

**26. Changes to comparatives**

The comparative year's school house revenues, expenses and depreciation have been reclassified as local funds and depreciation. There is no change to the operating surplus as a result of this change.

**Reefton Area School**  
**Members of the Board of Trustees**  
 For the year ended 31 December 2016

<u>Name</u>	<u>Position</u>	<u>How Appointed</u>	<u>Term Expired / Expires</u>
Debbie Bland	Chairperson	Re-elected May 2016	May 2019
Wayne Wright	Principal	Appointed	N/A
Patricia Lewis	Parent Rep	Re-elected May 2016	May 2019
Joe Lavrington	Parent Rep	Re-elected May 2016	resigned
Margaret Mitchell	Parent Rep	Re-elected May 2016	resigned
Zikona Rosanowski	Staff Rep	Re-elected May 2016	May 2019
Michael Silcock	Student Rep	Re-elected Sept 2016	Sept 2017
Vicky Thomson	Parent Rep	Elected May 2016	May 2019
Toni Bell	Parent Rep	Elected May 2016	May 2019
Anna Mitchell	Parent Rep	Elected May 2016	May 2019

**INDEPENDENT AUDIT REPORT TO THE READERS OF  
REEFTON AREA SCHOOL  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Auditor-General is the auditor of Reefton Area School (the School). The Auditor-General has appointed me, Warren Johnstone, using the staff and resources of BDO Christchurch, to carry out the audit of the financial statements of the School on her behalf.

### **Opinion**

We have audited the financial statements of the School on pages 2 to 19 that comprise the statement of financial position as at 31 December 2016, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
  - financial position as at 31 December 2016; and
  - financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practices in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 22 May 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

### **Basis of Opinion**

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the Board of Trustees**

The Board of Trustees is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Education Act 1989.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arises from the Public Audit Act 2001.

### **Other information**

The Board of Trustees is responsible for the other information. The other information comprises the analysis of variance, kiwisport and national standards reports, and members of the board of trustees report but does not include the financial statements, and our auditor's report thereon.


Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.



**Warren Johnstone**  
BDO Christchurch

On behalf of the Auditor-General  
Christchurch, New Zealand