

# **HOROWHENUA DISTRICT COUNCIL SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009**

## **About This Summary**

The Council adopted the audited annual report for 2008/09 on 7 October 2009 and authorised it for issue, detailing its achievements against the measures and budgets for the year. The full report received an unqualified audit opinion. Copies are available from the Council on request (refer to page 11 of this report for contact details).

This summary provides the key points extracted from full annual report. As a summary it cannot be expected to provide a complete understanding of the performance of the council for the year. This summary was authorised for release by the Council from 4 November 2009.

I am proud of the achievements that this Council has made during the past 12 months. There is a significant list including (but not exclusively):

- The completion of the Levin Aquatic Centre upgrade
- The completion of the \$10m development and refurbishment programme of Council pensioner housing units
- The preparing and consultation on two plan changes that address aspects of future development of the District Plan Change 20 would introduce new subdivision provisions for the rural environment, and Plan Change 21 alters the District Plan for Greenbelt Residential areas and to manage areas of urban growth.
- The introduction of shared services arrangement with Horizons Regional Council for the provision of Emergency Management and Rural Fire services
- The proposed development of a multi purpose facility in Foxton incorporating a Maori cultural centre, Library and the Te Awahou Nieuw Stroom Museum
- The successful completion of our LTCCP process with an unqualified Audit Report attached
- Development, consultation on, and adoption of, the Foxton Beach Freeholding Account
- Development of a draft Horowhenua Education Strategy
- The successful review of our Development Contributions Policy
- Updating our Asset Management Plans
- Signing a Memorandum of Partnership with Horizons Regional Council
- Completion of our Property Portfolio Review
- Reaccreditation of Council as an Accredited Building Consent Authority

I wish to thank Councillors, Foxton Community Board members and the staff of the Horowhenua District Council, all of whom played their part in enabling the Council to achieve so much during the year and to set the foundation for an exciting future for both the Council and the district as a whole.



**Brendan Duffy, Mayor**  
**4 November 2009**

## **HIGHLIGHTS OF THE YEAR**

### **PROGRESS IN ACHIEVING COMMUNITY OUTCOMES**

The community outcomes described in the 2006 Long Term Council Community Plan cover health, education, employment, equity, democracy, culture, environment, safety and social aspects of the community's well-being. By definition community outcomes belong to the community, not simply to Council. They do provide an important and fundamental framework for the Council in deciding its role, and during the year ended 30 June 2009 the Council continued to play its own role in achieving these outcomes.

The following sections summarise details pertaining to our service performance and the resulting outcomes.

### **REGULATORY SERVICES**

The volume of building applications during the latter part of the year diminished slightly although less than might be expected under the economic circumstances. Compliance staff, however, remain busy as a consequence of increased levels of complexity in legislative requirements and various projects undertaken.

Accreditation for the Council under the Building Act was achieved within time limits and the Environmental Health team took a leading role in the region in preparation for anticipated accreditation requirements in that area. Staff continue to arrange newsletters and liaison meetings with key stakeholders in the community and the quarterly meetings with the building industry have been a highlight.

In the planning area significant progress was made in the review of key aspects of the District Plan in relation to rural subdivision to give effect to the Development Plan adopted by the Council. Notably this was achieved with the valuable contribution of the key stakeholders working group who had an active role in the design of the proposals.

During the latter part of the year a contractual arrangement was entered into with the Horizons Regional Council to meet our Rural Fire and Civil Defence Emergency Management obligations. The contract is already proving its value and may well lead to certain economies of scale in the year ahead.

### **PARKS AND RECREATION**

A significant number of improvements were made in the Parks and recreation area during the 2008/09 year.

While these have been detailed in the 2008/09 Annual Report, much of the work involved Landscape improvements across the District, and construction of some new play areas.

Improvements were also made to the Levin Domain in readiness for the NPC rugby competition.

The pools continue to be managed in house and public feedback seems to be positive about this service.

New beams were constructed at the Avenue Cemetery.

The Foxton Beach Coastal Reserves Management Plan was completed.

## **ROADING AND STORMWATER DRAINAGE**

The maintenance of the roading network is the largest single item in the Council's budget.

Major road improvements included:

- Seal widening on Hickford Road;
- Seal extension along Whirikino and Kuku East Roads;
- Construction of the new road from Manakau to South Manakau Road; and
- The replacement of the Kirkaldies Bridge (finished off in July 2009).

## **WATER SUPPLY**

Attention was given to maintaining the integrity of the existing water supply systems. No replacements were necessary at the relatively new Tokomaru scheme.

## **WASTEWATER DISPOSAL**

Attention to maintaining the integrity of the wastewater disposal systems included expenditure on mains renewals. Schemes not needing replacement yet are those in Shannon, the younger Waitarere Beach and Tokomaru.

## **SOLID WASTE DISPOSAL**

A new leachate pipeline was laid and commissioned from the Landfill to Levin's Wastewater Treatment Plant to mitigate any adverse environmental effects at the landfill site. Recycling levels have continued to remain high as residents awareness of recycling continues to grow. A programme to educate students on the benefits of recycling as part of Council Waste Minimisation Plan has also been implemented into local schools over the last 12 months.

## **LIBRARIES**

Consultation continues on improved facilities for both the Levin and Foxton libraries including consideration of design options, cost and other community use.

## **PROPERTY**

Some \$1.5m was spent on the village development on the former Cambridge Park, completing the planned 40 new flats, and \$2.0m was spent on modernising the old flats.

Site works at the Forbes Street subdivision of Foxton Beach endowment land creating 70 new residential lots were completed and 30 sections are on the market from January 2009.

Four endowment leasehold sections were sold during the year ending 30 June 2009 (\$472,000).

## **COMMUNITY SUPPORT**

Council sponsored and provided funding for the Horowhenua Neighbourhood Support Group as well as obtaining funding from the Ministry of Justice, for a crime prevention project run by Neighbourhood Support.

Over \$220,000 was paid out in grants to various community groups run by volunteers whose unselfish efforts create opportunities for others and add to Horowhenua sense of identity.

## **REPRESENTATION AND GOVERNANCE**

A higher number of Council, committee meetings and Council workshops were held during the year (55), largely due to the requirements of Council considering the 2009-2019 LTCCP.

## PERFORMANCE TARGETS

Performance targets in each activity area are set in the Annual Plan and reported against in Part C of the full report. Overall for the year ended 30 June 2009 80% were achieved in full (30 June 2008: 77%).

Activity	Number Of Performance Targets	Number Achieved In Full
Regulatory services	18	15
Parks and recreation	6	6
Roading	6	3
Water supply	4	2
Wastewater disposal	2	2
Solid waste management	3	3
Libraries	3	3
Property	12	10
Community support	6	6
Representation and governance	11	4
Other activities	5	3
<b>Total</b>	<b>76</b>	<b>57</b>
<b>Last year</b>	<b>93</b>	<b>75</b>

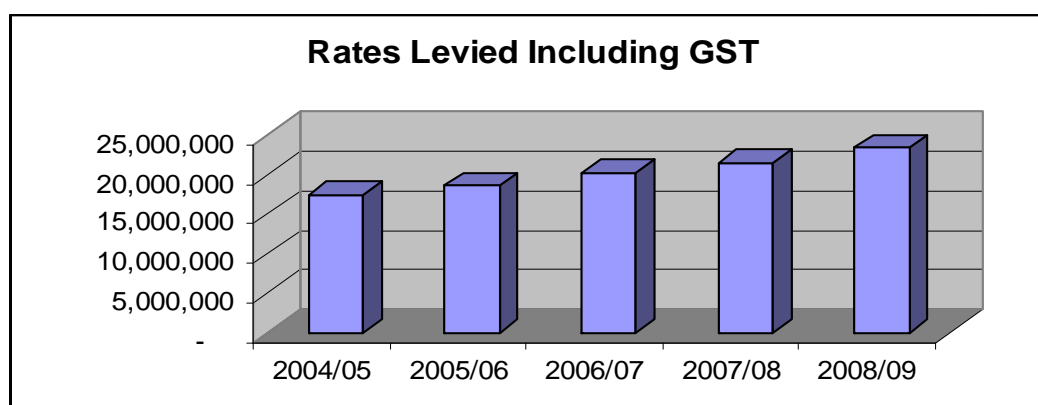
In many cases measures not achieved in full were nevertheless achieved in part.

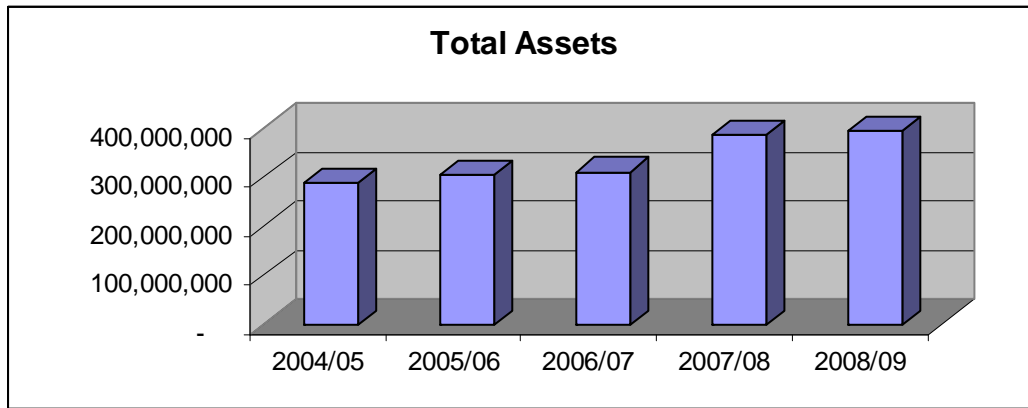
Some of the key performance areas were: (targets in brackets):

- Resource consents processed within statutory timeframes: 85.9% (100%)
- Roads meeting NAASRA smoothness ratings of 100 or better: arterials 85% (95%), others 66% (75%).
- Compliance with 2005 Drinking Water Standards: There were four transgressions in respect of E-coli or P2 determinants.
- Compliance with effluent quality standards: 6 (75%) of 8 tests were fully (100%) compliant.

## FIVE YEAR COMPARISONS

The full report includes a page that presents key financial figures for 2008/9 and the previous four financial years. The trends in rates and total assets are shown below:





**IN CONCLUSION:** The year ended 30 June 2009 was another busy one and much was achieved. The Council remains financially sound and committed to working alongside its community in making Horowhenua the best rural lifestyle district in New Zealand. Thank you also to the team of staff, Councillors and participating public who have contributed to this year's achievements.

**David Ward**  
**Chief Executive**  
**4 November 2009**

## SUMMARY OF THE FINANCIAL STATEMENTS

These summary statements cover the Horowhenua District Council (Council) and the Horowhenua District Council Group, comprising the Council and the Horowhenua Library Trust (Group). The full financial statements have been prepared in accordance with the public benefit entity provisions of NZIFRS and NZGAAP. The summary financial statements have been prepared in accordance with FRS 43.

The reporting currency is New Zealand dollars, rounded to the nearest \$000.

### SUMMARY STATEMENT OF FINANCIAL PERFORMANCE

#### The income and expenses for the year

	Council Actual \$000 30 June '09	Council Budget \$000 30 June '09	Council Actual \$000 30 June '08	Group Actual \$000 30 June '09	Group Actual \$000 30 June '08
<b>Income</b>					
Rates revenue	21,057	19,802	19,340	21,057	19,340
Other revenue	15,903	10,158	14,634	16,041	14,885
Total income	36,960	29,960	33,974	37,098	34,225
<b>Operating expenses</b>					
Finance costs	1,512	2,307	834	1,512	834
Other expenses	34,196	27,087	29,174	34,338	29,564
Other gains/(losses)	2,006	0	398	2,087	293
Total operating expenditure	37,714	29,394	30,406	37,937	30,691
Tax Expense	0	0	0	0	0
<b>Operating surplus/(deficit)</b>	(754)	566	3,568	(839)	3,534

### SUMMARY STATEMENT OF CHANGES IN RATEPAYERS' EQUITY

#### The ratepayers' stake in the council's assets

	Council Actual \$000 30 June '09	Council Budget \$000 30 June '09	Council Actual \$000 30 June '08	Group Actual \$000 30 June '09	Group Actual \$000 30 June '08
<b>Balance at 1 July</b>	360,959	309,176	296,936	361,236	297,247
Revaluation gains/(losses) taken to equity	0	11,067	60,455	0	60,455
Surplus/(deficit) for the year	(754)	566	3,568	(839)	3,534
Total recognised income/(expense) for the year ended 30 June	(754)	11,633	64,023	(839)	63,989
<b>Balance at 30 June</b>	360,205	320,809	360,959	360,397	361,236

## SUMMARY STATEMENT OF FINANCIAL POSITION

The assets and liabilities at the end of the year

	Council Actual \$000 30 June '09	Council Budget \$000 30 June '09	Council Actual \$000 30 June '08	Group Actual \$000 30 June '09	Group Actual \$000 30 June '08
<b>Assets:</b>					
Current	7,932	10,136	8,724	8,131	8,929
Non-current	385,107	351,748	377,170	385,253	377,357
Total assets	393,039	361,884	385,894	393,384	386,286
<b>Liabilities and ratepayers' equity:</b>					
Current	9,183	6,719	5,576	9,319	5,676
Non-current	23,651	34,356	19,359	23,668	19,374
Total liabilities	32,834	41,075	24,935	32,987	25,050
Ratepayers' equity	360,205	320,809	360,959	360,397	361,236
	393,039	361,884	385,894	393,384	386,286

## SUMMARY STATEMENT OF CASH FLOWS

The inflows and outflows of cash

	Council Actual \$000 30 June '09	Council Budget \$000 30 June '09	Council Actual \$000 30 June '08	Group Actual \$000 30 June '09	Group Actual \$000 30 June '08
Net cash flows from:					
- operating activities	7,120	6,898	7,780	7,326	8,077
- investing activities	(13,720)	(25,181)	(18,866)	(13,964)	(19,160)
- financing activities	5,812	18,068	11,994	5,812	11,994
Net increase in cash and bank	(788)	(215)	908	(826)	911
Cash and bank at the beginning of the year	5,310	7,623	4,401	5,377	4,465
Cash and bank at the end of the year	4,522	7,408	5,309	4,551	5,376

### Explanations for variances: Statement of Financial Performance

#### **Rates revenue**

The general rates struck for the year are \$1,255,436 more than budgeted. This has occurred due to the growth in the districts valuation base from one year to the next and an allowance for rates unlikely to be collected this year.

#### **Other revenue**

The main reasons for the variance between the Actual and budgeted figures for 2008/09 under this heading are:

- unbudgeted income from vested assets (\$4.034m) - [see comment below];
- unbudgeted income from housing grant (\$2.646m) net of:
- budgeted income from Development contributions (\$0.721m) which was not treated as revenue to the Council in 2008/09 [see comment below].

A more detailed breakdown of the variances within each service is provided in the Cost of Service Statements in the full Annual Report.

Vested assets (*\$4,034,180 additional income*):

This variation reflects a higher than anticipated level of activity in the creation of subdivisions within the Council area.

Financial and Development contributions (*\$580,380 reduced income*):

This variation results from the deferment of the application of development contributions to revenue pending the outcome of the review of the Development Contributions Policy

Other capital contributions (*\$2,680,348 additional income*):

These capital contributions received were not included in the Council's original budgets.

#### **Employee benefit expenses**

Employee benefit expenses exceeded budget mainly as a result of higher staffing levels resulting from an internal reorganisation.

#### **Depreciation and amortisation**

This variation resulted mainly from the higher roading depreciation associated with the June 2006 and 2008 revaluations.

#### **Other expenses**

Other expenses were over budget mainly as a result of works budgeted for, but not completed, in the year ended 30 June 2008. These works were carried over and completed in the year ended 30 June 2009.

#### **Finance costs**

Actual interest costs were under budget because the budget was prepared on the assumptions that loans would be raised for all past capital works to be funded by way of loan, whereas much of that loan raising was deferred.

#### **Other (gains)/losses**

These losses arising from revaluation and disposal of assets were not included in the Council's original budgets

**Finance costs:** Actual interest costs were under budget because the budget was prepared on the assumptions that loans would be raised for all past capital works to be funded by way of loan, whereas much of that loan raising was deferred.

**More detailed explanations are shown in the cost of service statements for the various activities in the full report.**

#### **Explanations for variances: Statement of Financial Position**

##### **Cash, cash equivalents, other financial assets**

Under budget resulting mainly from less borrowing to fund projects.

##### **Trade and other receivables**

Trade and other receivables were over budget because of the advent of development contributions and because of timing differences between assumed and actual inflows.

##### **Property, plant and equipment**

This value is above the original budget due adjustments in the carrying value of some classes of assets (notably land under roads) compared to those used in the preparation of annual plan.

**Provisions**

The original budget for provisions did not include increased liabilities associated with the recent new cell at our landfill facility.

**Borrowings**

Under budget because of delays in loan raising for works that have been completed and delays in works budgeted for completion.

# AUDIT OPINION

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Audit Report

### To the readers of Horowhenua District Council and group's summary annual financial statements, performance information and the other requirements for the year ended 30 June 2009

We have audited the summary financial statements, performance information and the other requirements as set out in pages 1 to 9.

#### Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 7 October 2009 on:

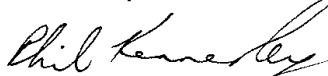
- the full financial statements; and
- the performance information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

#### Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Horowhenua District Council or any of its subsidiaries.

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.



Phil Kennerley  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand  
4 November 2009

## CONTACT US

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