

Summary Annual Report

2016-2017



HOROWHENUA DISTRICT COUNCIL SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

About This Summary

The Council adopted the audited annual report for 2016/17 on 11 October 2017 and authorised it for issue. The report details Council's achievements against the measures and budgets for the year. The full report received an unmodified audit opinion. Copies are available from the Council on request (refer to page 22 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.

Introduction from the Mayor and Chief Executive

The financial year ending 30 June 2017 has seen significant achievements Council in providing a range of first class services within the Horowhenua District. The annual report contains considerable financial and non-financial information with the completion of several major infrastructure renewal projects.

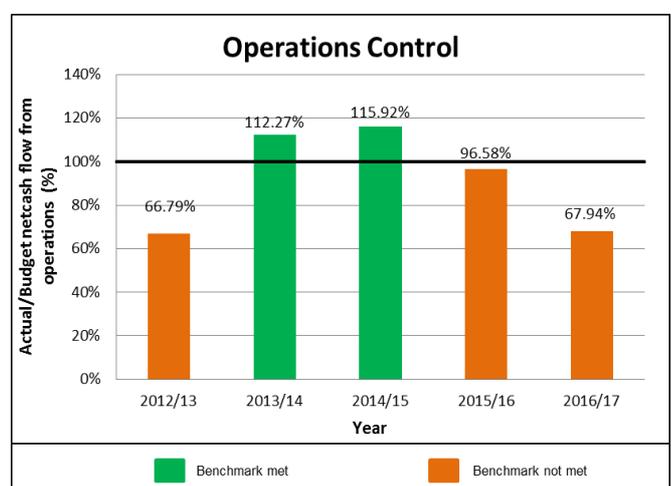
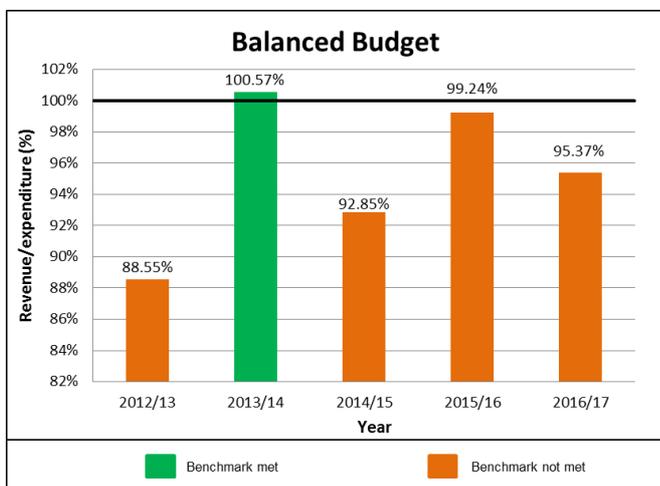
Financial performance

In the 2016/17 year, Council spent \$52.13 million across eleven activities as outlined below and in the graph.

Overall Council shows an operating loss of \$0.94 million against a budgeted surplus of \$3.182 million. However a total comprehensive surplus of \$43.8 million against a budgeted surplus of \$14.1 million, due to gains on asset revaluation was achieved.

The main theme from the financial strategy was Council was facing 3 years of deficits. These deficits mainly arose from underfunding depreciation. This depreciation funding is used for debt repayments and asset replacements (commonly called asset renewals). Council was facing an increasing requirement to renew assets without the rate and other operational funding required to fund these renewals. If rates increases were not achieved over the first 3 years of the LTP, Council would have had to either borrow more or reduce the asset renewal expenditure that was needed to proceed with projects agreed to in the LTP.

Council shows 95% against a target of 100% for the Balanced Budget prudential benchmark. However the Financial strategy predicted that the first 3 years of the LTP would show unbalanced budgets using this benchmark. Year 2 of the LTP (2016/2017) showed that Council (without the Te Awahou capital grants) would be at 95%.



Council met all the bench marks except for two; Balance the Budget and Operational Control. Both have been affected by the delay in receiving capital grants for the Te Awahou project and delays in subsidised roading capital projects, which result in lower NZTA subsidies.

Other variances were:

- Rates income was lower by \$400 k, mostly due to lower rates penalty income
- Fees and Charges income was above budget by \$1.1 million, mainly due to new income from library services brought in-house not being budgeted
- Increased employee expenses by \$1.5 million, as a result of the extra library staff salaries that were unbudgeted for but offset by lower expenditure in grants of \$1.8 million.
- Depreciation has increased by \$2.6 million as major projects in Business services and Aquatics are capitalised and infrastructural assets were revalued

District Growth

The expressway, being built north of Wellington, is expected to be the catalyst to drive significant growth in Horowhenua; attracting up to 10,000 more people here within the next few decades. And the growth has already started with the Horowhenua District now the 11th fastest growing Local Government Territorial Authority. Council has also seen an increase in activity over the past year with 57 more resource consents approved in 2016/2017 compared to the previous year, 2.5 times more subdivision consents approved and Building consents lodged were also up by 21% for the year. Latest figures (from Infometrics) suggest with the addition to the population there will be more than 5,100 new home, and more than 5,800 new jobs created.

Council's challenge during this period will be ensure it is able to respond to and support the anticipated growth opportunities, while also maintaining a desirable and affordable district.

There have been a considerable number of achievements in the year that we are extremely proud to report on:

Levin Water Treatment Plant Upgrade

The upgrade of the Levin Water Treatment Plant provides the community with a quality and future-proofed supply. The upgrade included installing a new six-million-litre reservoir, doubling the plant's capacity and providing Levin with at least 24 hours of water storage. A new water clarifier was added, to remove silt from the Ohau river source, constructing a new chemical dosing system and installing an ultra violet water treatment system. The project was completed within budget and on time.

Te Awahou Nieuwe Stroom

With construction well underway, Te Awahou Nieuwe Stroom received grants totalling \$1.67 million for the 2016/2017 year. This was made up of Lotteries Environment and Heritage grant \$0.5 million, Lotteries Community Facilities grant \$0.5 million, Eastern Central Community Trust \$0.17 million and the Foxton Freeholding Account \$0.5 million.

The world-class facility will be home to the Piriharakeke Generation Inspiration Centre, the Oranjehof Museum and a Culture and Community Centre.

Te Awahou Nieuwe Stroom is set to open on 18th November 2017 and is a highly anticipated facility, not only for the local community but for people all over the world.

Foxton Main Street upgrade

An upgrade of Main Street was one of the initiatives identified in the Foxton Town Plan. The Foxton Town Plan identified a set of initiatives to contribute toward enhancing Foxton's attributes and qualities valued by the Foxton community. Adopted in 2010, this was a result of the community and Council's joint efforts to revitalise Foxton. It is fair to say that many in the community did not agree with initiative, but Council is hopeful the final outcome will prove worth it. One of the main points of contention was the moving of the Foxton Cenotaph, however after going back out for consultation it was decided this would not be moved.

At the beginning of the 2016/2017 year, work started on the upgrades to Foxton Main Street. Project works include widening the footpath by 1.2 metres, helping to create social spaces, a slight increase of parking spaces due to the change of angle and installing refuge islands in the middle of the street. Contractors are also using the opportunity to install Ultra-Fast Broadband cables for future implementation.

The project has been broken up into phases and work will continue into the 2017/2018 year.

Building consent processes

Council again gained IANZ accreditation, following its latest two-yearly reassessment carried out in the last week of April 2017. IANZ accreditation of building control processes within councils in New Zealand was introduced in 2006 as a means of ensuring that a council's building practices met criteria and standards across a number of regulated requirements. While at Council the assessors made very positive comments, using terms such as high quality and exemplary. The accreditation and high praise puts Council in a positive position considering the level of growth expected.

Te Takeretanga o Kura-hau-pō

Following a comprehensive Community Services review it was decided the management of Te Takeretanga o Kura-hau-pō be brought back in-house to Council. The change has meant a consistent level of service across the District and a more collaborative approach to Community events. The change has enabled Council Officers to better support the Community Services arm of the centre, as well as Council Officers using the centre more for their own events. While the decision at the time was contentious, the integration has allowed for better service delivery for the Community, particularly in areas of community development.

We would sincerely like to thank Councillors, Foxton community Board members and Council staff for the support during the financial year and the commitment they continue to give to Horowhenua.

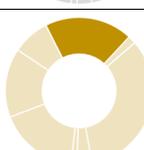
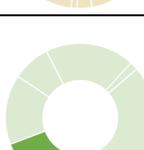
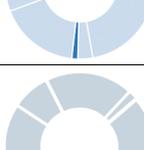
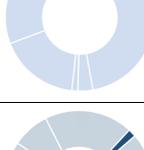


Wayne Bishop
Deputy District Mayor



David Clapperton
Chief Executive

Our Performance at a Glance

Activity group	What we do	Capital expenditure
Regulatory Services	Regulatory Services is a delivery arm of Council that provides advice, consenting services, assessment, education, compliance, and enforcement. As well as the implementation and enforcement of plans, bylaws, and policies needed to protect the health and safety of the community and the environment it lives in.	 \$5k 0% of total
Community Facilities and Services	This activity group provides assets and support for locals and visitors to the District to enjoy our open spaces. These assets support activities that are largely passive or active leisure based pursuits which involve the community from causal participation through to clubs and associations organised on a national level.	 \$8,532k 34% of total
Land Transport	Land Transport provides for pedestrians and vehicles to safely and efficiently move from place to place within the District or to pass through the District. The land transport network of assets allows residents to move from work, school, social and recreation destinations by foot or by vehicle, and enables businesses to run by allowing the exchange of goods and services from location to location.	 \$3,849k 15% of total
Stormwater	Stormwater involves Council collecting stormwater from roads and diverting it away from the road surface into natural water courses or piped drain systems. The provision of stormwater disposal helps to prevent the occurrence of flooding in urban areas during rainfall events by draining water from roads and private property and conveying it to larger natural water courses.	 \$2,080k 8% of total
Water Supply	Water Supply provides a safe and reliable supply of water to residential, industrial and commercial properties (primarily in urban areas). This supply also provides fire-fighting capability. An uninterrupted water supply ensures that residential areas have access to clean domestic water essential for basic health and hygiene.	 \$4,911k 19% of total
Wastewater	This activity group collects wastewater from residential, industrial and commercial properties (primarily in urban areas), Council then treats the wastewater, and discharges the treated (i.e. clean) wastewater onto land or into waterways. The collection, transportation, treatment, and safe discharge of wastewater from urban properties ensures a basic level of health; by continually removing potentially hazardous waste from populated urban environments and cleaning this waste before discharging it into a receiving environment.	 \$4,447k 17% of total
Solid Waste	Solid Waste activity consists of Council providing services to collect and safely dispose of residential and commercial solid waste. Council also provides education to the Community on how to reduce total solid waste output.	 \$330k 1% of total
Community Support	This group of activities comprises of activities that provide for the Community's social and economic wellbeing including ensuring that the Community will be able to respond to and recover from an emergency event, providing Community support, providing grants and funding to Community groups, providing visitor information, and encouraging economic development within this District.	 \$0k 0% of total
Property	The Property activity supports all activities of Council that are dependent on physical land and buildings. Council holds a selection of property assets to support the delivery of Council's activities which also contribute to the wellbeing of the Community. This ranges from direct support e.g. provision of a community centre, to indirect support e.g. through investment and endowment property which contributes revenue to rates or facilities.	 \$824k 3% of total
Representation and Community Leadership	This group of activities comprises of how Council meets its responsibility to represent the Community as well as to provide leadership for the Community and to involve it in decision making processes and long term strategic planning.	 \$0k 0% of total
Treasury & Support	This group of activities provides the administrative, management and support functions that are necessary to keep Council running.	 \$437k 2% of total

Activity group	Operating expenditure	Source of operating funding	Performance measure results
Regulatory Services	<p>\$4,976k 13% of total</p>	<p>Non-rates 58%</p> <p>Rates 42%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>17 3 1</p>
Community Facilities and Services	<p>\$9,775k 26% of total</p>	<p>Non-rates 12%</p> <p>Rates 88%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>13 5</p>
Land Transport	<p>\$3,721k 10% of total</p>	<p>Non-rates 31%</p> <p>Rates 69%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>4 1</p>
Stormwater	<p>\$545k 1% of total</p>	<p>Non-rates 6%</p> <p>Rates 94%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>5 1</p>
Water Supply	<p>\$3,637k 10% of total</p>	<p>Non-rates 4%</p> <p>Rates 96%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>7 4</p>
Wastewater	<p>\$4,061k 11% of total</p>	<p>Non-rates 16%</p> <p>Rates 84%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>5 1</p>
Solid Waste	<p>\$2,130k 6% of total</p>	<p>Non-rates 82%</p> <p>Rates 18%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>7 5</p>
Community Support	<p>\$2,078k 6% of total</p>	<p>Non-rates 4%</p> <p>Rates 96%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>25 1</p>
Property	<p>\$2,684k 7% of total</p>	<p>Non-rates 91%</p> <p>Rates 9%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>4 1</p>
Representation and Community Leadership	<p>\$3,788k 10% of total</p>	<p>Non-rates 3%</p> <p>Rates 97%</p>	<p>Achieved Progress made Did not Measure Not Achieved No Result</p> <p>5 1 1</p>
Treasury & Support	<p>-\$372k -1% of total</p>	<p>Non-rates 60%</p> <p>Rates 40%</p>	

Summary of the Financial Statements

These summary statements cover the Horowhenua District Council (Council) and the Horowhenua District Council Group comprising the Council and Shannon Community Development Trust (Group). Last financial year the group included Council, Te Horowhenua Trust (formerly Horowhenua Library Trust) and Shannon Community Development Trust, all have been incorporated in New Zealand. The Te Horowhenua Trust was wound up effective as of 1 July 2016, all of Te Horowhenua Trust's assets and liabilities, including all employment and commercial agreements, were transferred to Horowhenua District Council in accordance with the Trust Deed.

The primary objective of Horowhenua District Council is to provide local infrastructure, local public service, and performs regulatory functions for the community for social benefit rather than making a financial return.

Accordingly, Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

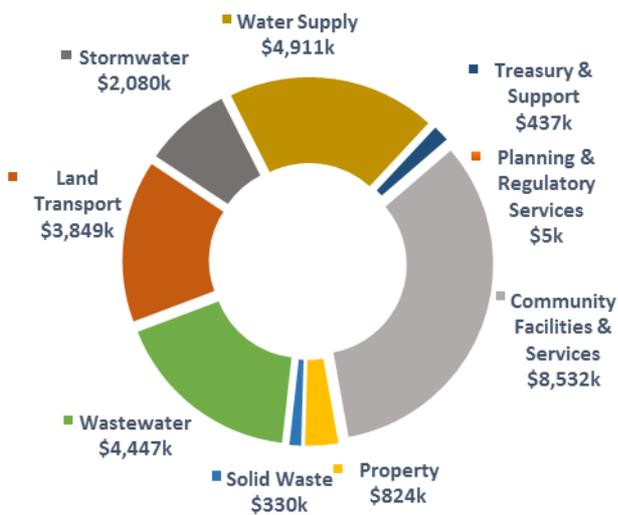
The full financial statements of Council and the Group have been prepared in accordance with and are fully compliant with Tier 1 PBE accounting standards.

Council's summary annual report complies with PBE FRS 43 Summary Financial Statements.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's).

The summary financial statements of Council are for the year ended 30 June 2017. The full annual report was authorised for issue by Council on 11 October 2017.

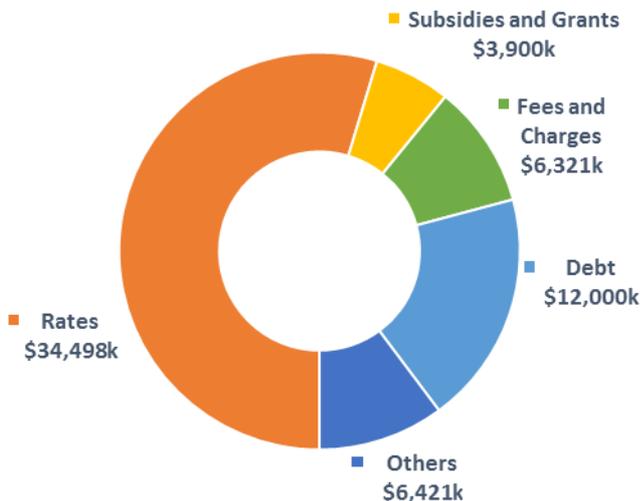
Capital spend



Operating expenditure



How it was paid for



Summary Statement of Comprehensive Revenue and Expense

FOR THE YEAR ENDED 30 JUNE 2017

	Note	Council Actual \$ 30 June 2017 \$000	Council Budget \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Revenue						
Rates revenue		34,498	34,890	33,219	34,498	33,219
Other revenue	1	16,691	15,703	12,817	16,480	13,248
Total revenue		51,189	50,593	46,036	50,978	46,467
Expenditure						
Finance costs	2	3,106	3,570	2,986	3,106	2,986
Other expenses	3	49,025	43,841	43,876	49,048	44,383
Total expenses		52,131	47,411	46,862	52,154	47,369
Operating surplus / (deficit) before tax		(942)	3,182	(826)	(1,176)	(902)
Income tax expense		-	-	-	-	-
Operating surplus / (deficit) after tax		(942)	3,182	(826)	(902)	(902)
Write back of revaluation losses on land and buildings		2,963	-	-	2,963	-
Surplus / (deficit) attributable to: Horowhenua District Council		2,021	3,182	(826)	1,789	(902)
Other comprehensive revenue and expense						
Gain / (loss) on infrastructural assets revaluations		29,272	10,991	-	29,272	-
Gain / (loss) on operational assets revaluation		6,418	-	-	6,418	-
Gain / (loss) on restricted assets revaluation		6,091	-	-	6,091	-
Total other comprehensive revenue and expense for the year		41,781	10,991	(826)	41,781	(902)
Total comprehensive revenue and expense (deficit) for the year		43,802	14,173	(826)	43,568	(902)
Total comprehensive revenue and expense attributable to Horowhenua District Council		43,802	14,173	(826)	43,568	(902)

Statement of Changes in Ratepayers' Equity

FOR THE YEAR ENDED 30 JUNE 2017

	Council Actual \$ 30 June 2017 \$000	Council Budget \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Balance at 1 July	417,742	418,973	418,568	418,343	419,245
Total comprehensive revenue and expense for the year	43,802	14,173	(826)	43,568	(902)
Balance at 30 June	461,544	433,146	417,742	461,911	418,343
Equity is represented by:					
Retained earnings	263,895	267,710	263,345	264,262	263,946
Revaluation reserves	189,230	158,438	147,449	189,230	147,449
Other reserves	8,419	6,998	6,948	8,419	6,948
Total equity	461,544	433,146	417,742	461,911	418,343

Statement of Financial Position

AS AT 30 JUNE 2017

	Note	Council Actual \$ 30 June 2017 \$000	Council Budget \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Assets						
Current assets	4	19,737	12,390	13,995	19,768	14,117
Non-current assets	5	535,607	520,789	487,206	535,607	487,629
Total assets		555,344	533,179	501,201	555,375	501,746
Liabilities and ratepayers' equity						
Current	6	26,863	13,704	29,639	26,527	29,583
Non-current	7	66,937	86,329	53,820	66,937	53,820
Total liabilities		93,800	100,033	83,459	93,464	83,403
Ratepayers' equity	8	461,544	433,146	417,742	461,911	418,343
Total liabilities and ratepayers' equity		555,344	533,179	501,201	555,375	501,746

Statement of Cash Flows

AS AT 30 JUNE 2017

	Note	Council Actual \$ 30 June 2017 \$000	Council Budget \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Net cash flows from:						
Operating activities	9	10,222	15,046	12,439	10,236	12,572
Investing activities	10	(24,548)	(34,211)	(17,895)	(24,548)	(18,081)
Financing activities	11	12,000	18,000	5,000	12,000	5,000
Net increase in cash and bank		(2,326)	(1,165)	(456)	(2,312)	(509)
Add opening cash bought forward		7,400	7,229	7,856	7,412	7,939
Closing cash balance		5,074	6,064	7,400	5,100	7,430

Funding Impact Statement for Whole of Council

FOR THE YEAR ENDED 30 JUNE 2017

	LTP Forecast 2016 \$000	Annual Report Actual 2016 \$000	Annual Plan Forecast 2017 \$000	Actual 2017 \$000	Variance 2017 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	8,824	8,865	9,259	8,978	(281)
Targeted rates	24,476	24,354	25,631	25,520	(111)
Subsidies and grants for operating purposes	1,511	1,530	1,342	1,488	146
Fees and charges	4,880	5,290	5,234	6,321	1,087
Interest and dividends from investments	150	127	154	53	(101)
Local authorities fuel tax, fines, infringement fees, and other receipts	2,643	2,925	2,816	3,857	1,041
Total operating funding (A)	43,484	43,091	44,436	46,217	1,781
Applications of operating funding					
Payments to staff and suppliers	30,272	30,977	32,275	33,917	1,642
Finance costs	3,300	4,087	3,570	3,106	(464)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	33,572	35,064	35,845	37,023	1,178
Surplus (deficit) of operating funding (A-B)	8,912	8,027	8,591	9,194	603
Sources of capital funding					
Subsidies and grants for capital expenditure	3,968	2,050	5,854	2,412	(3,442)
Development and financial contributions	-	381	-	488	488
Increase (decrease) in debt	16,153	5,000	18,000	12,000	(6,000)
Gross proceeds from sale of assets	640	1,421	2,640	2,023	(617)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	20,761	8,852	26,494	16,923	(9,571)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	2,347	1,276	5,382	2,306	(3,076)
- to improve the level of service	16,270	10,283	18,128	13,290	(4,838)
- to replace existing assets	12,800	9,662	13,290	9,819	(3,471)
Increase (decrease) in reserves	-	(4,388)	(600)	1,485	2,085
Increase (decrease) of investments	(1,744)	46	(1,115)	(783)	322
Total applications of capital funding (D)	29,673	16,879	35,085	26,117	(8,968)
Surplus (deficit) of capital funding (C-D)	(8,912)	(8,027)	(8,591)	(9,194)	(603)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	11,619	11,536	11,471	14,154	2,683
Loans					
		External			
		\$000			
Loans as at 1/07/2016		65,000			
Raised during year		14,840			
Repaid during year		(2,840)			
Loans as at 30/06/2017		77,000			
Interest expense		3,106			

Explanations for variances between the Council's actual results and the Council's budget for 2016-17

Statement of comprehensive revenue and expense

1. Other revenue

A breakdown of the revenue included under this heading is provided in Note 2 along with explanations of variances in section C in the full annual report.

Grants and subsidies – This is lower than budget due to the delay in the Te Awahou building project where the grants are dependent on building progressing in order for the cash to be released and to delayed capital roading projects.

Fees and charges – This is higher than budgeted due to increased revenue for the land fill as a result of increased volume and also the waste rebate. Community facilities were \$470k up mainly due to new income from library services brought in house but was not budgeted.

Other revenue – This is above budget primarily due to revenue from elections for Horizons and the DHB, revenue from Shannon wastewater farm and revenue from external payroll processing all not budgeted for.

Vested assets – There was no budget as subdivision activity not expected to be as busy at the time of setting the budgets.

Development contributions – There was no budget for development contributions as they are no longer charged; however the majority of the actual development contributions received are the result of development contributions being paid out on the sale of the Forbes Road subdivision. This subdivision was done when development contributions were being charged.

Gain on derivative financial instruments – Partially offsetting the loss of \$1.1m experienced last year. This turn-around is caused by long-term interest rates rising.

Other gains – This is a result of a combination of acquiring the assets of Te Horowhenua Trust, bringing the value of the carbon credits into the accounts and the revaluation of the forestry assets all of which were unbudgeted. Higher gains on sale from the Forbes Road section sales were the result of the up-turn of the property market in Horowhenua.

2. Finance costs

Finance costs – This is less than budget due to interest rates staying lower for longer than expected.

3. Other expenses

Employee benefit expenses – The salaries of library staff (\$1.2m) which were part of THT were not budgeted as salaries but as part of a grant expense. This was offset by lower expenditure in grants of \$1.8m.

Depreciation and amortisation – The increase of \$2.6m was mainly the result of the increase of infrastructure assets revaluations.

Other losses – The unbudgeted loss on sale of assets is largely made up of a \$240k correction to 2014-15 sale of the Foxton Beach camp ground where a gain on sale of \$593k was recorded. The \$208k loss on revaluation of commercial land and buildings is where the improvement costs of \$201k on the cinema building did not reflect in the revaluation.

Increase in landfill provision – The higher than budget figure is the result of increased monitoring requirements agreed to during the review of the consent conditions by Horizons. Also the additional costs of dismantling the gas flare if the landfill closed on 30 June 2017.

Other expenses – A breakdown of the expenditure included under this heading is provided in Note 5 along with explanations of variances in section C in the full annual report.

Statement of financial position

4. Current assets

Cash and cash equivalents – Cash and cash equivalents balances are difficult to anticipate over 18 months out but the balance of \$5m is enough to maintain Council's liquidity in the short-term.

Debtors and other receivables – This is largely made up of \$550k accrual for Te Awahou Nieuwe Stroom grant money allocated but not yet received and the NZTA claim larger than when the budget was set.

Other financial assets – Other financial assets are less than budget as the budget included community loans which have now been paid off.

5. Non-current assets

Non-current assets for sale – This now includes residential housing and more Forbes Road subdivision properties.

Plant, property and equipment assets – These are more than budget as a result of the revaluation completed.

Forestry assets – These are more than budget because of a change in how the forestry at the POT is valued because its harvest is expected shortly.

Commercial property – This is more than budget as the budget included a \$2m sale that did not happen this year.

Other financial assets – This is less than budget because the value of the investment of THT is no longer held. These assets have now been included in Council's books.

6. Current liabilities

Payables and deferred revenue – This is higher than budget due to a number of large capital projects in progress as at year-end.

Current borrowings – These are higher than budget due to Council taking the advantage of the lower rates on shorter term borrowing.

7. Non-current liabilities

Total borrowings – The combination of current and non-current borrowing is lower than budget due to delays in a number of projects. Such as North East Levin stormwater project, Foxton wastewater treatment plant upgrade and Foxton Main Street upgrade.

Derivative financial instruments – This is the result of interest rates dropping from the time the interest rate swap contracts were entered into. This is unbudgeted because at the time the contracts are entered into it is expected the value over the life of the contracts is zero.

Other non-current liabilities – These are development contributions not yet recognised and the amortisation reserve for fixed rate LGFA bonds all of which are not budgeted for.

8. Equity

Retained earnings – This is less than budget partly due to a \$0.89m deficit made in comprehensive revenue and expense as opposed to a budgeted surplus of \$3.1m

Revaluation reserves – This is larger than budget due to a larger than expected increase in asset valuations for infrastructure asset.

Statement of cash flows

9. Operating activities

Revenue from rates – The budget is more because it shows rates gross of remissions where the actual is net of remissions.

Other revenues – This is less than budget due Te Awahou grant funding arriving after balance date.

Payment to suppliers, services and employees – This was more than budgeted due to a combination of unbudgeted spending on professional services for growth strategy work and a reduction of accounts payable.

Interest paid – Interest paid was less than budgeted due to lower loan balances as a result of delayed capital projects.

10. Investment activities

Proceeds from assets sales – This was less than budget due to sale of commercial property not happening but more sales of the Forbes Road subdivision properties than expected partially offset the budget short fall.

Purchase of assets – Lower expenditure on infrastructural projects as a result of delays.

11. Financing activities

Net cashflow from financing activity – This is lower than budget due to lower borrowing as a result of lower expenditure on infrastructural projects largely due to consenting issues and other delays.

Other Disclosures

Events after balance date

The sale of the pensioner housing went unconditional. As part of the sale the suspensory loan was transferred to Sisters of Compassion but Council will act as guarantor. In October 2017 after balance date, the sale was completed with a sale price of \$5.25m. The loss on sale of \$1.862m will be shown in the 2017-18 annual report.

Capital commitments

Council has capital contract commitments of \$3.07m (2016: \$8.63m).

Contingent assets

If any third party that have constructed facilities on Council owned land vacates the facility Council gain control of those assets. As of 30 June 2017 there were 24 facilities with an approximate value of \$18.7m (2016: 24 facilities, \$17.43m). This estimate has been based on district rating valuations.

Contingent liabilities

Contingent liabilities, which are dependent on future events, are \$6.33m (2016 \$6.37m).

Related party transactions

Council transacted with Manawatu Wanganui Local Authority Shared Services Limited to the value of \$0.13m (2016: \$0.12m).

Key Performance Measures Overview

Key		
		
Achieved	Not measured	Not achieved

Regulatory Services		
Applications under the RMA will be processed within statutory timeframes. Target 100%.		188 applications received but 1 application was approved outside the statutory timeframes.
Known and reported instances of non-compliance with the District Plan and any resource consents will be responded to and appropriate action will be taken. Target 100% responded to within 2 working days.		55 complaints were received.
Percent of building consent applications granted within 20 working days or less. Target 100% of applications.		722 consents were granted. 86% were granted <21 days.
Consent applications for new residential dwellings are processed in 18 days or less. Target 95% of applications.		206 new residential dwelling consents were granted. 92% have been granted within 18 days
Reported cases of illegal building work will be responded to within 3 working days. Target 100% of cases.		Six (6) reported instances were received by Council. 100% have been responded to within 3 working days.
Percent of private swimming pools on register inspected annually for compliance. Target is 33% of private swimming pools are inspected.		There are 210 pools are on the register, (1/3rd = 70 inspections to be conducted before 30 June 2017). 83 pools were inspected during the year.
Council will maintain its accredited status as a Building Consent Authority.		The latest assessment was held 26-28 April 2017 and the BCA received re-accreditation with 1 Corrective Action Requirement.
Food businesses operating under the Food Act 2014 are verified at the frequency determined by the Food Regulations 2015. Target 100%.		91 premises were operating under the Food Act 2014. 91% (83 premises) were verified. Note: The 8 premises (9%) that were not audited, were not required to be audited in the 2016/17 year
Percent of premises that are inspected annually to check for compliance with their licence conditions. Target 100%.		73 licensed premises holding 75 operative licences exist. 100% were inspected.
Percent of reported instances of non-compliance and dog nuisance will be responded to. Target 100%		1,297 complaints were received. 100% were responded to.
Percent of reported non compliances and complaints that are responded to within 5 working days. Target 100%.		238 complaints were received. 100% were responded to within 5 working days
Community Facilities and Services		
Playground facilities comply with relevant standards. Target is 100%.		100% of playground facilities complied.
Number of uses per fortnight for the Levin, Foxton and Shannon Halls. Target is 10.		Total = 463 times (an average of 17.81 times per fortnight).
Percent of time that sport grounds are available for use during their opening hours. Target is 95%.		99.54% of sports grounds were available for use during their opening hours.
All arrangements and interments at Council cemeteries are made satisfactorily before 24 hours from interment.		202 interment arrangements were completed satisfactorily before 24 hours from interment.
Compliance with relevant standards including Pool Safe Accreditation. Target is 100%.		Both pools have received "Pool Safe" accreditation. "Pool Safe" certification for the year 2017/2018 was received in February 2017 and lasts until April 2018.

Community Facilities and Services						
Percent of customer satisfaction, based on the Annual Customer Satisfaction Survey. Target is 90 % satisfied.		<table border="1"> <thead> <tr> <th>Dissatisfied %</th> <th>Satisfied %</th> </tr> </thead> <tbody> <tr> <td>11.3%</td> <td>88.7%</td> </tr> </tbody> </table> <p>This result could be a reflection of the shutdown period as a result of the Levin Aquatics Centre Redevelopment.</p>	Dissatisfied %	Satisfied %	11.3%	88.7%
Dissatisfied %	Satisfied %					
11.3%	88.7%					
Percent of residents and non-residents satisfied with library and community services. Target is >85%.		<table border="1"> <thead> <tr> <th>Dissatisfied %</th> <th>Satisfied %</th> </tr> </thead> <tbody> <tr> <td>8.1%</td> <td>91.9%</td> </tr> </tbody> </table>	Dissatisfied %	Satisfied %	8.1%	91.9%
Dissatisfied %	Satisfied %					
8.1%	91.9%					
Number of booking counts for community facilities. Target is 380.		1,292 bookings have been made for community facilities.				
Number of visitor counts to Te Takere, Foxton Library & Service Centre and Shannon Library. Target is 650,000 people across all sites annually.		638,119 people have visited across all sites.				
Land Transport						
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. Target is 0 change or less over a 5 year average.		The five year average based on five years ending 2016/17 is a reduction of 2 serious injuries and fatalities.				
The average quality of ride on a sealed local road network measured by smooth travel exposure. Target is a minimum of 85%.		Didn't measure as a new method using Hawkeye' – a high speed data surveying vehicle will used but not available until November 2017.				
The percentage of the sealed local road network that is resurfaced annually. Target is a minimum of 5% of total area.		The Reseal Programme for 2016/17 was confirmed with a total of 28.31km which equates to 185,025 m2. This represents 5.4% of the total sealed local road network.				
Target footpath condition rating (% compliant with Councils standards). Target is minimum of 30% in excellent condition and a maximum of 10% in poor condition.		A trial condition survey was carried out on 44,711 metres of footpath using our new rating system and this resulted in 77% of these footpaths rated as in excellent condition, 17% rated as average and 6% rated in poor condition.				
The percentage of customer service requests relating to roads and footpaths to which Council responds within 15 working days. Target is >95%.		For the period 1st July 2016 to 30th June 2017, 2,250 CRMs were received, with 97% of requests responded to within 15 working days.				
Stormwater						
The number of flooding events that occur in the District is less than five per year.		There has been one (1) reported flooding event.				
For each flooding event the number of habitable floors affected per 1,000 connections to Council's stormwater networks. Target is 2 or less.		There have been three (3) habitable floors affected, which equates to 0.25 per 1,000 connections.				
The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site. Target is 1 hour.		The median response time to get to site is 0hrs 00mins. For the one reported flooding event contractors were already on site when Council received notification so there was no response time.				
The number of complaints received by Council about the performance of its stormwater system expressed per 1,000 properties connected to the system. Target <10 per year.		There were eight (8) complaints were received, which equates to 0.63 per 1,000 connections regarding the performance of our stormwater system.				
Percentage of customers satisfied with the stormwater service. As per the Annual Customer Satisfaction Survey. Target is 80%.		<table border="1"> <thead> <tr> <th>Dissatisfied %</th> <th>Satisfied %</th> </tr> </thead> <tbody> <tr> <td>39.9%</td> <td>60.1%</td> </tr> </tbody> </table>	Dissatisfied %	Satisfied %	39.9%	60.1%
Dissatisfied %	Satisfied %					
39.9%	60.1%					

<p>To have 100% compliance with Horizons Regional Council's resource consents for discharge from its Stormwater system measured by receiving none of the below:</p> <ul style="list-style-type: none"> • Abatement notices; • Infringement notices; • Enforcement orders; and • Convictions. 		<p>Achieved. For the period 1st July to 30th June 2017: Abatement Notices = 0 Infringement Notices = 0 Enforcement Orders = 0 Convictions = 0</p>
Water Supply		
<p>To ensure the percentage in which the local authority's drinking water supply complies with: a) part 4 of the Drinking Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria complies 100% of the time.</p>		<p>100% compliance</p>
<p>To ensure the percentage in which the local authority's drinking water supply complies with: b) part 5 of the Drinking Water Standards for New Zealand 2005 (revised 2008) protozoa compliance criteria complies 100% of the time.</p>		<p>100% for all supplies except for Levin. Levin can only be achieved after the completion of the upgrade project that includes the installation of a clarifier and a UV unit in June 2017.</p>
<p>To ensure the average consumption of drinking water per day per resident within the water supply areas is 300lt per day (target based on One Plan Section 6.4.3.1).</p>		<p>The average consumption for all supplies except Levin is 346lt/per person/day.</p>
<p>The total number of complaints received about, clarity, taste, odour, pressure, continuity of supply or response to these issues (expressed per 1,000 connections) is no more than 5 complaints.</p>		<p>Total number of connections as of 30 June 2017 – 12,995. Total number of complaints = 96. Complaints per 1,000 connections = 7.38.</p>
<p>The median time from the time that Council received notification to the time that service personnel:</p>		<p>Received 25 urgent call outs (20min) and 577 non-urgent call outs (4:03hrs).</p>
<p>To ensure the total number of unplanned water shutdowns is less than 30 per year.</p>		<p>Number of unplanned water shut downs for the year-to-date = 24</p>
<p>To ensure 100% compliance with water take limits of resource consents.</p>		<p>The percentage of water take which complied with limits of resource consent = 100%</p>
Wastewater		
<p>To ensure the number of dry weather overflows from the wastewater system is less than two (2) per 1,000 connections.</p>		<p>Total number of connection as of 30 June 2017 =12,312. Dry weather overflows = 11. Overflows per 1,000 connections = 0.89.</p>
<p>To ensure the median time (hours) from the time that Council receives a notification to the time that services personnel reach the site in responding to an overflow or wastewater blockage is less than one (1) hour.</p>		<p>Median time for overflows = 30 min. Median time for blockages = 18 min.</p>
<p>To ensure the median time (hours) from the time that Council receives a notification to the time that services personnel confirm resolution of the blockage or other fault within the wastewater system will be no more than twelve (12) hours.</p>		<p>Median time for overflows = 2:06hrs. Median time for blockages = 1:30hrs.</p>
<p>To ensure the total number of complaints received (expressed per 1,000 connections to the wastewater system).</p>		<p>Total number of connection as of 30 June 2017 =12,312. Number of complaints = 112. Complaints per 1,000 connections = 9.10.</p>
<p>To ensure Council's compliance in relation to Horizons Regional Council resource consents for discharge from its wastewater systems measured by receiving no abatement notices, infringement notices, enforcement orders; or convictions.</p>		<p>No abatement notices, infringement notices, enforcement orders; or convictions received from Horizons Regional Council.</p>

Solid Waste						
To ensure no reported incidences of injury or illness attributable to use of the Council's waste transfer or recycling station facilities.		No reported incidences.				
To ensure the number of odour complaints and reports of solid waste are minimal in or around the waste transfer stations and recycling stations. Target less than 3 per month.		One odour complaints and eight reports of solid waste in or around waste transfer/recycling stations.				
To ensure that all requests are responded to within three (3) days.		317 service requests received. 244 (77%) of these were responded to within 3 days.				
Solid Waste						
The Levin Landfill will be fully compliant with the annual resource consent inspection report.		On 27 June an abatement notice was issued regarding odour discharge into the air. This has been appealed in the Environment Court.				
Kerbside recycling shall be offered to 91% of all serviceable households.		We are currently servicing approximately 95% of households based on the serviceable areas within the District				
To ensure the number of complaints about non-collection of kerbside recycling and kerbside refuse are less than 5 per month.		53 complaints were received regarding Kerbside recycling or 4.42 per month. 33 complaints were received regarding Kerbside refuse (equates to 2.75 per month).				
To ensure the percentage of customers satisfied with their solid waste service, based on the Annual Customer Satisfaction Survey is at least 75%.		<table border="1"> <thead> <tr> <th>Dissatisfied %</th> <th>Satisfied %</th> </tr> </thead> <tbody> <tr> <td>16.0%</td> <td>84.0%</td> </tr> </tbody> </table>	Dissatisfied %	Satisfied %	16.0%	84.0%
Dissatisfied %	Satisfied %					
16.0%	84.0%					
Community Support						
To ensure 100% of rural fire call outs are responded to.		Total Rural Fire Service Callouts for the year: 113.				
There are to be five (5) Community Wellbeing Executive meetings per year. (Note: the schedule for 2015 onwards has changed from 6 weekly to bi-monthly).		Five (5) Community Wellbeing Executive meetings were held.				
Number of Education Horowhenua meetings per year. (Note: the schedule for 2015 onwards has changed from ad-hoc to quarterly). Target is 4.		Six (6) Education Horowhenua meetings were held.				
Percent of funds distributed through contestable Community Grants and Funding schemes that comply with grant criteria. Target is 100%.		The total allocated was \$25,130.12. A total of 53 organisations have been beneficiaries of Community Development Funding in Rounds 1 and 2.				
Percent of satisfaction with Capacity and Capability Building Programme workshops or training. Target is 80%.		<table border="1"> <thead> <tr> <th>Dissatisfied %</th> <th>Satisfied %</th> </tr> </thead> <tbody> <tr> <td>0%</td> <td>100.0%</td> </tr> </tbody> </table>	Dissatisfied %	Satisfied %	0%	100.0%
Dissatisfied %	Satisfied %					
0%	100.0%					
Number of individuals participating in Capacity and Capability Building Programme workshops or training over the year. Target is 100.		236 individuals have participated in Capacity and Capability Building Programme workshops or training.				
Percent of key performance indicators achieved by Destination Manawatu (regional tourism organisation) as set out in annual service level agreement. Target is >85%.		85% of performance measures were achieved				
Council's economic development function will meet performance indicators and objectives as defined in the Horowhenua Economic Development Strategy. Target is 90% of annual work plan is completed.		90% of the annual work plan has been completed.				
Percent of the District's business community that are satisfied or more than satisfied with the Council's overall performance in the economic development activity. Target is >75%.		<table border="1"> <thead> <tr> <th>Dissatisfied %</th> <th>Satisfied %</th> </tr> </thead> <tbody> <tr> <td>25.3%</td> <td>74.8%</td> </tr> </tbody> </table>	Dissatisfied %	Satisfied %	25.3%	74.8%
Dissatisfied %	Satisfied %					
25.3%	74.8%					

Property		
Residential housing occupancy rate (Percent). Target is 95%.		There was 99.22% occupancy.
All buildings with compliance schedules will have current building WOF.		During the year ended 30 June 2016, all buildings with Compliance Schedules have current BWOF's. All specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule.
Facilities availability (hrs) and hire charges by annual review. Target is 8 hours per day and review annually.		Council had three Memorial Hall facilities available for hire. As at 30 June 2017, all were available for at least eight (8) hours per day.
Representation and Community Leadership		
Number of complaints upheld against the election process. Target is 0.		Zero (0) complaints were upheld following the October 2016 election.
Percent of residential and non-residential ratepayers who are satisfied with the way the Council involves the public in its decision making. Target is >50%.		This measure was not included in the customer satisfaction survey for the 2016/2017 financial. It will be included next year's survey.
The Annual Plan will be adopted annual before 30 June, annually.		The 2016/2017 Annual Plan was adopted at a Council meeting held on 1 June 2016.
The Annual Report will include an unmodified audit opinion.		The 2016 Annual Report received an unqualified audit opinion.

Independent Auditor's Report

To the readers of Horowhenua District Council's summary of the annual report for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of the Horowhenua District Council (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 5 to 19:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in ratepayers' equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary description used for the summary statement of service provision.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 11 October 2017.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



Debbie Perera,
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
13 November 2017

Horowhenua
DISTRICT COUNCIL



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