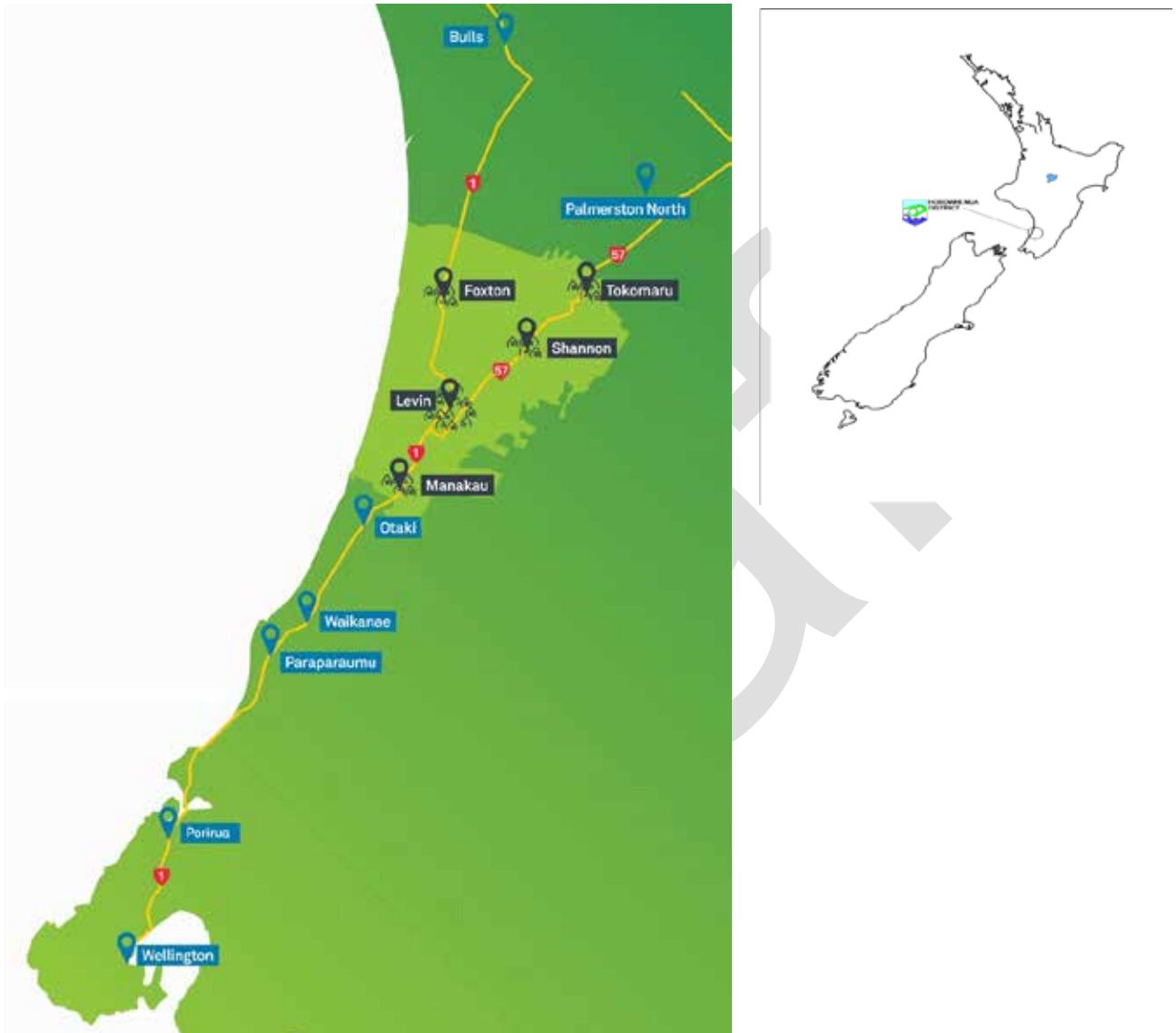


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# WELCOME TO HOROWHENUA

The Horowhenua District is located near the southern end of the North Island of New Zealand, 100km north of the capital city Wellington along State Highway 1 and the main trunk railway. The District has a population of 31,300 and an area of 1,064 square km. The climate provides 1,880 sunshine hours per year (22 degrees in summer and 17 degrees in winter) and an average annual rainfall of 1,120mm.



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# SECTION A: SUMMARY

Section A sets the scene for the annual report by setting out some of the highlights of the year.

## **Introduction from the Mayor and Chief Executive**

His Worship the Mayor, Michael Feyen, and the Chief Executive, David Clapperton, highlight some of the big issues and review the year, commenting on the finances and achievements of the Council during the year.

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## Vision Statement

Horowhenua District Council  
Vision Statement

**“Working together to take  
Horowhenua  
from good to great.”**

# 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 which shows a good financial result for the year compared to what was budgeted, and the completion of several major infrastructure renewal projects.

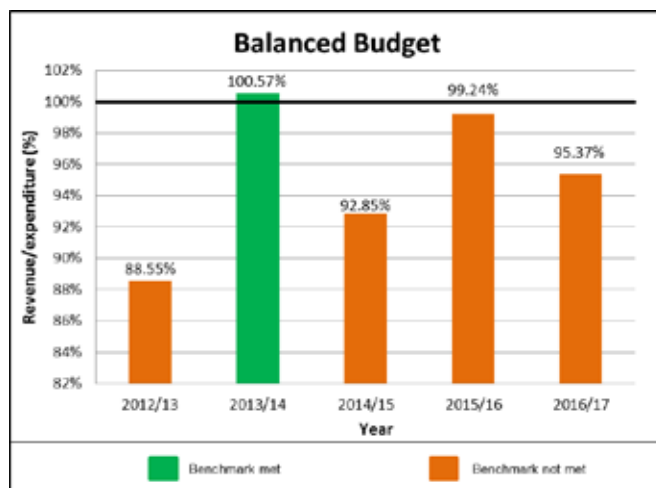
## Financial performance

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 unbalance budgets using this benchmark. Year 2 of the LTP (2016/2017) showed that Council (without the Te Awahou capital grants) would be at 95%.



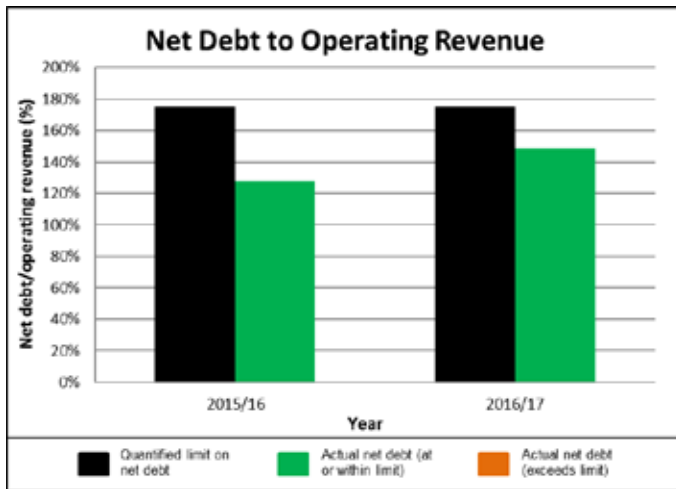
Council met all the bench marks except 2; Balance the Budget and Operational Control. Both have been affected by the delay in receiving capital grants for the Te Awahou project and delays in subsidised roading capital projects, which result in lower NZTA subsidies.

Other variances were:

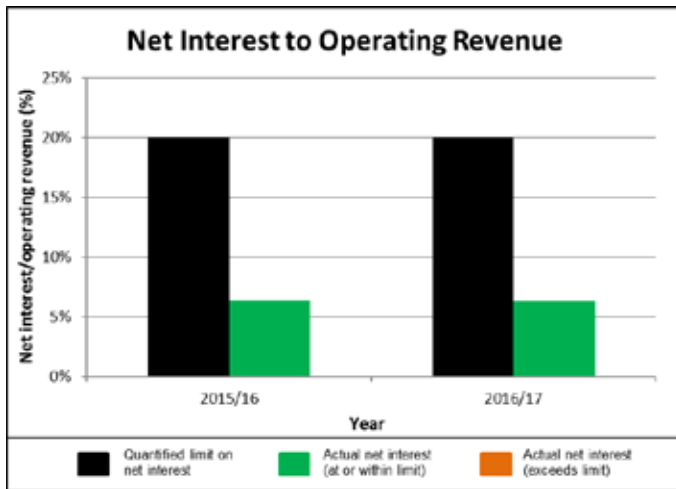
- Rates income was lower by \$400 k, mostly due to lower rates penalty income
- Fees and Charges income was above budget by \$1.1 million, mainly due to new income from library services brought in-house not being budgeted
- Increased employee expenses by \$1.5 million, as a result of the extra library 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

**Graphs of debt affordability benchmarks and rates affordability benchmarks**

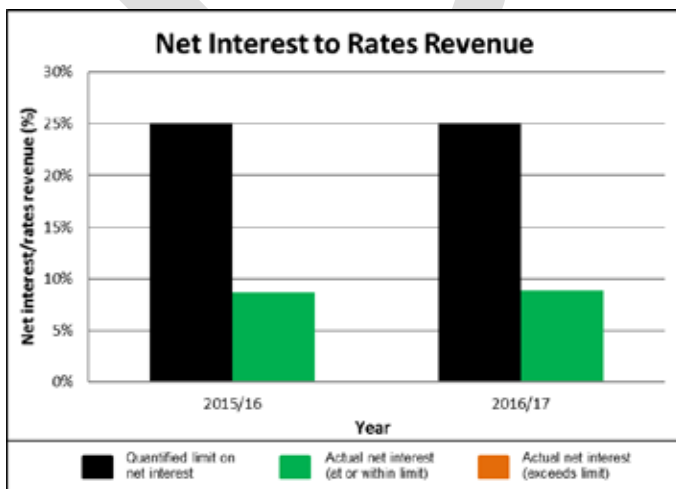
The following graph compares the Council's forecast net debt to total operating revenue. Council meets this benchmark if actual or planned borrowing for the year is within each quantified limit on borrowing found in the Liability Management Policy in the 2015-25 LTP.



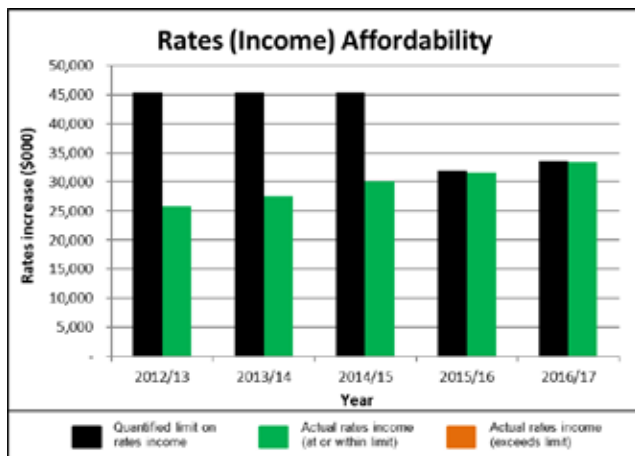
The following graph compares the Council's interest to total operating revenue. Council meets this benchmark if actual or planned net interest is less than or equal to 20% of total operating revenue.



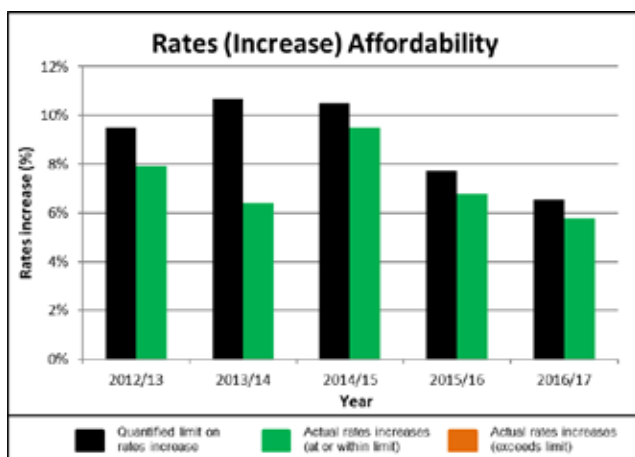
The following graph compares the Council's interest to rates revenue. Council meets this benchmark if actual or planned net interest is less than or equal to 25% of rates revenue



The following graph compares the Council's proposed rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plans 2012-22 (2013-15) and 2015-2025 (2015-20). The Council meets the rates income affordability benchmark if its actual or planned rates for the year equals or is less than each quantified limit on rates.



The following graph compares the Council's proposed rates increases with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plans 2012-22 (2013-15) and 2015-2025 (2015-20). The Council meets the rates increase affordability benchmark if it's actual or planned rates increases for the year equal or are less than each quantified limit on rates increases. The proposed above average rate increases and an affordable (yet realistic) asset expenditure programme will allow Council to maintain an operating surplus from 2018/19.



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.

### 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.

### **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.

# SECTION B: FINANCIAL STATEMENTS

Section B provides information on the financial outcomes for the year ended 30 June 2017.

## **Audit Report**

This is a report from the Council's auditors outlining the scope of the audit and their audit opinion.

## **Statement of Compliance and Responsibility**

Confirmation from senior Council officials that Council's systems comply with statutory requirements and that Council accepts responsibility for the information in the Annual Report.

## **Statement of Comprehensive Revenue and Expense**

Effectively a profit and loss statement, this shows the summarised operating revenues and operating costs of the Council in 2016/17, and the operating surplus.

## **Statement of Movements in Ratepayers' Equity**

This shows the sources of the movement in the net worth of the Council during 2016/17 (primarily the net surplus and changes to asset valuations).

## **Statement of Financial Position**

Also known as the balance sheet, this shows the financial position of the Council as at 30 June 2017. It summarises what the Council owns (its assets) and what the Council owes (its liabilities). The equity of the Council is the difference between the two, and represents the net community ownership.

## **Statement of Cash Flows**

This shows the source of the movements in and out of Council's cash and bank resources during 2016/17.

## **Funding Impact Statement**

This shows the Council's operating and capital funding received and how it was applied during 2016/17.

## **Accounting Policies**

These set out the accounting policies that the financial statements are based on, covering such matters as: when revenue is recognised, what depreciation rates are used and how assets are valued. These policies reflect generally accepted accounting practice.

## **Notes to the Accounts**

The notes to the accounts are a series of notes that are referred to in the main body of the financial statements. The notes give further details on the numbers given in the accounts. The importance of these numbers should not be underestimated.

# Audit Report

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# Statement of Compliance

Horowhenua District Council hereby confirms that all statutory requirements relating to the annual report, as outlined in the Local Government Act 2002, have been complied with.

**Michael Feyen**  
**District Mayor**  
11 October 2017



**David Clapperton**  
**Chief Executive**  
11 October 2017

Draft



# 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
<b>Revenue</b>						
Rates	1	34,498	34,890	33,219	34,498	33,219
Finance revenue	2a	53	154	127	65	146
Grants and subsidies	2b	3,900	7,196	3,578	3,900	3,578
Fees and charges	2c	6,321	5,234	5,290	6,321	5,702
Other revenue	2d	3,857	2,816	2,927	3,857	2,927
Vested assets	2e	459	-	100	459	100
Development contributions	2f	488	-	381	488	381
Gain on derivative financial instruments	34	630	-	-	630	-
Other gains	3	983	303	414	760	414
<b>Total revenue</b>		<b>51,189</b>	<b>50,593</b>	<b>46,036</b>	<b>50,978</b>	<b>46,467</b>
<b>Expenditure</b>						
Employee benefit expenses	4	12,234	10,709	9,532	12,234	11,216
	11,12,					
Depreciation and amortisation	35	14,154	11,471	11,536	14,154	11,717
Finance costs	6	3,106	3,570	2,986	3,106	2,986
Loss on derivative financial instruments	34	-	-	1,101	-	1,101
Other losses	3	733	-	147	733	147
Increase / (decrease) in landfill provision	17	221	95	115	221	115
Other expenses	5	21,683	21,566	21,445	21,706	20,087
<b>Total expenses</b>		<b>52,131</b>	<b>47,411</b>	<b>46,862</b>	<b>52,154</b>	<b>47,369</b>
<b>Operating surplus / (deficit) before tax</b>		<b>(942)</b>	<b>3,182</b>	<b>(826)</b>	<b>(1,176)</b>	<b>(902)</b>
Income tax expense	38	-	-	-	-	-
<b>Operating surplus / (deficit) after tax</b>		<b>(942)</b>	<b>3,182</b>	<b>(826)</b>	<b>(1,176)</b>	<b>(902)</b>
Write back of revaluation losses on land and buildings		2,963	-	-	2,963	-
<b>Surplus / (deficit) attributable to: Horowhenua District Council</b>		<b>2,021</b>	<b>3,182</b>	<b>(826)</b>	<b>1,787</b>	<b>(902)</b>
<b>Other comprehensive revenue and expense</b>						
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	-
<b>Total other comprehensive revenue and expense for the year</b>		<b>41,781</b>	<b>10,991</b>	<b>-</b>	<b>41,781</b>	<b>-</b>
<b>Total comprehensive revenue and expense (deficit) for the year</b>		<b>43,802</b>	<b>14,173</b>	<b>(826)</b>	<b>43,568</b>	<b>(902)</b>
<b>Total comprehensive revenue and expense attributable to Horowhenua District Council</b>		<b>43,802</b>	<b>14,173</b>	<b>(826)</b>	<b>43,568</b>	<b>(902)</b>
Interest as percentage of operating revenue		6%	7%	9%	6%	9%
Interest to rates		9%	10%	12%	9%	12%

Explanations of major variances against budget are provided on page 17

The financial statements should be read in conjunction with the statement of accounting policies and the notes to the accounts.

## Explanations of significant variances between the Council's actual results and the Council's budget for 2016-2017

### Revenue

A breakdown of the revenue included under this heading is provided in Note 2 and explanations of the variations from the budgets are also detailed in the relevant funding impact statements included in Section C of this report. Further explanation follows:

**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.

### Expenditure

**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.

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

**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 and explanations of the variations from the budgets are detailed in the relevant funding impact statements included in Section C.

# 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)
<b>Balance at 30 June</b>	<b>461,544</b>	<b>433,146</b>	<b>417,742</b>	<b>461,911</b>	<b>418,343</b>

Explanations of major variances against budget are provided on page 17

The financial statements should be read in conjunction with the statement of accounting policies and the notes to the accounts.

# 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
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	5,074	6,064	7,400	5,100	7,430
Debtors and other receivables	8	6,790	5,381	5,960	6,314	6,044
Other financial assets	9	365	470	350	365	358
Non-current assets held for sale	10	7,508	475	285	7,508	285
<b>Total current assets</b>		<b>19,737</b>	<b>12,390</b>	<b>13,995</b>	<b>19,287</b>	<b>14,117</b>
<b>Non-current assets</b>						
Plant, property and equipment						
- Operational assets	11	52,008	48,572	43,397	52,008	44,594
- Infrastructural assets	11	428,046	419,894	394,713	428,046	394,713
- Restricted assets	11	44,979	43,786	38,664	44,979	38,664
Intangible assets	12	1,854	1,543	1,718	1,854	1,727
Forestry assets	13	1,500	973	952	1,500	952
Investment property	14	5,879	3,831	5,926	5,879	5,926
Other financial assets:						
- Investments in CCO's and other similar entities	9	220	2,190	1,003	220	220
- Other	9	1,121	-	833	1,121	833
<b>Total non-current assets</b>		<b>535,607</b>	<b>520,789</b>	<b>487,206</b>	<b>535,607</b>	<b>487,629</b>
<b>Total assets</b>		<b>555,344</b>	<b>533,179</b>	<b>501,201</b>	<b>555,375</b>	<b>501,746</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables and deferred revenue	16	10,579	9,704	11,779	10,243	11,650
Provisions	17	1,129	997	940	1,129	940
Employee benefit liabilities	18	1,155	1,003	920	1,155	993
Borrowings and other financial liabilities	19	14,000	2,000	16,000	14,000	16,000
<b>Total current liabilities</b>		<b>26,863</b>	<b>13,704</b>	<b>29,639</b>	<b>26,527</b>	<b>29,583</b>
<b>Non-current liabilities</b>						
Provisions	17	2,272	2,151	2,240	2,272	2,240
Employee benefit liabilities	18	166	178	161	166	161
Derivative financial instruments	34	1,038	-	1,668	1,038	1,668
Borrowings and other financial liabilities	19	63,000	84,000	49,000	63,000	49,000
Other	20	461	-	2,419	461	2,419
<b>Total non-current liabilities</b>		<b>66,937</b>	<b>86,329</b>	<b>53,820</b>	<b>66,937</b>	<b>53,820</b>
<b>Total liabilities</b>		<b>93,800</b>	<b>100,033</b>	<b>83,459</b>	<b>93,464</b>	<b>83,403</b>
<b>Net assets</b>		<b>461,544</b>	<b>433,146</b>	<b>417,742</b>	<b>461,911</b>	<b>418,343</b>
<b>Equity</b>						
Retained earnings	21	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
<b>Total equity</b>		<b>461,544</b>	<b>433,146</b>	<b>417,742</b>	<b>461,911</b>	<b>418,343</b>

Explanations of major variances against budget are provided on page 20

The financial statements should be read in conjunction with the statement of accounting policies and the notes to the accounts.

## Explanations of significant variances between the Council's actual results and the Council's budget for 2016-2017

### 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.

**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 work 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.

### 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.

**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 paid and the amortisation reserve for fixed rate LGFA bonds all of which are not budgeted for.

### 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.

**Other reserves** – This is larger than budget due to a larger number of Forbes Road subdivision sales than expected.

# Statement of Cash Flows

AS AT 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
Note					
<b>Cashflow from operating activities</b>					
<b>Cash was provided from:</b>					
Revenue from rates	33,621	35,080	33,384	33,621	33,384
Other revenue	14,570	15,246	11,402	14,570	11,781
Interest received	21	154	178	35	184
Net GST movement	-	-	-	-	6
<b>Total cash provided</b>	<b>48,212</b>	<b>50,480</b>	<b>44,964</b>	<b>48,226</b>	<b>45,355</b>
<b>Cash was disbursed to:</b>					
Suppliers, services and employees	34,958	31,864	29,684	34,958	29,942
Interest paid	3,155	3,570	3,114	3,155	3,114
Net GST movement	(123)	-	(273)	(123)	(273)
<b>Total cash disbursed</b>	<b>37,990</b>	<b>35,434</b>	<b>32,525</b>	<b>37,990</b>	<b>32,783</b>
<b>Net cashflow from operating activity</b>	<b>32</b>	<b>10,222</b>	<b>12,439</b>	<b>10,222</b>	<b>12,572</b>
<b>Cashflows from investing activities</b>					
<b>Cash was provided from:</b>					
Proceeds from asset sales	2,024	2,640	1,233	2,024	1,233
Proceeds from investments	-	93	-	-	-
<b>Total cash provided</b>	<b>2,024</b>	<b>2,733</b>	<b>1,233</b>	<b>2,024</b>	<b>1,233</b>
<b>Cash was disbursed to:</b>					
Purchases of investments	288	144	46	288	46
Purchase of assets	26,284	36,800	19,082	26,284	19,268
<b>Total cash disbursed</b>	<b>26,572</b>	<b>36,944</b>	<b>19,128</b>	<b>26,572</b>	<b>19,314</b>
<b>Net cashflow from investing activity</b>	<b>(24,548)</b>	<b>(34,211)</b>	<b>(17,895)</b>	<b>(24,548)</b>	<b>(18,081)</b>
<b>Cashflows from financing activities</b>					
<b>Cash was provided from:</b>					
Loans raised	43,000	27,000	13,000	43,000	13,000
<b>Total cash provided</b>	<b>43,000</b>	<b>27,000</b>	<b>13,000</b>	<b>43,000</b>	<b>13,000</b>
<b>Cash was disbursed to:</b>					
Repayment of public debt	31,000	9,000	8,000	31,000	8,000
<b>Total cash disbursed</b>	<b>31,000</b>	<b>9,000</b>	<b>8,000</b>	<b>31,000</b>	<b>8,000</b>
<b>Net cashflow from financing activity</b>	<b>12,000</b>	<b>18,000</b>	<b>5,000</b>	<b>12,000</b>	<b>5,000</b>
<b>Net increase (decrease) in cash held</b>	<b>(2,326)</b>	<b>(1,165)</b>	<b>(456)</b>	<b>(2,312)</b>	<b>(509)</b>
Add opening cash brought forward	7,400	7,229	7,856	7,412	7,939
<b>Closing cash balance</b>	<b>5,074</b>	<b>6,064</b>	<b>7,400</b>	<b>5,100</b>	<b>7,430</b>
<b>Closing balance made up of cash and cash equivalents</b>	<b>7</b>	<b>5,074</b>	<b>7,400</b>	<b>5,100</b>	<b>7,430</b>

Explanations of major variances against budget are provided on page 19

The financial statements should be read in conjunction with the statement of accounting policies and the notes to the accounts.

## Explanations of significant variances between the Council's actual results and the Council's budget for 2016-2017

### Cashflows from 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 to 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.

### Cashflows from 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.

### Cashflows from 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.



# 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
<b>Sources of operating funding</b>					
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
<b>Total operating funding (A)</b>	<b>43,484</b>	<b>43,091</b>	<b>44,436</b>	<b>46,217</b>	<b>1,781</b>
<b>Applications of operating funding</b>					
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	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>33,572</b>	<b>35,064</b>	<b>35,845</b>	<b>37,023</b>	<b>1,178</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>8,912</b>	<b>8,027</b>	<b>8,591</b>	<b>9,194</b>	<b>603</b>
<b>Sources of capital funding</b>					
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	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>20,761</b>	<b>8,852</b>	<b>26,494</b>	<b>16,923</b>	<b>(9,571)</b>
<b>Applications of capital funding</b>					
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
<b>Total applications of capital funding (D)</b>	<b>29,673</b>	<b>16,879</b>	<b>35,085</b>	<b>26,117</b>	<b>(8,968)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(8,912)</b>	<b>(8,027)</b>	<b>(8,591)</b>	<b>(9,194)</b>	<b>(603)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation	11,619	11,536	11,471	14,154	2,683
<b>Loans</b>					
		<b>External</b>			
		<b>\$000</b>			
Loans as at 1/07/2016		65,000			
Raised during year		14,840			
Repaid during year		(2,840)			
<b>Loans as at 30/06/2017</b>		<b>77,000</b>			
Interest expense		3,106			

The financial statements should be read in conjunction with the statement of accounting policies and the notes to the accounts.



# Reconciliation between the Funding Impact Statement for the Whole of Council and the Statement of Comprehensive Revenue and Expense

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
<b>Revenue</b>					
<i>Statement of comprehensive revenue and expense</i>					
<b>Total operating revenue</b>	<b>46,735</b>	<b>46,036</b>	<b>50,593</b>	<b>51,189</b>	<b>596</b>
<b>Summary funding impact statement</b>					
<i>Sources of operating funding</i>					
Total operating funding	42,445	43,091	44,436	46,217	1,781
<i>Add sources of capital funding</i>					
Subsidies and grants for capital expenditure	3,968	2,050	5,854	2,412	(3,442)
Development and financial contributions	-	381	-	488	488
Gain on derivative financial instruments	-	-	-	630	630
Other gains	322	414	303	983	680
Vested assets	-	100	-	459	459
<b>Total revenue</b>	<b>46,735</b>	<b>46,036</b>	<b>50,593</b>	<b>51,189</b>	<b>596</b>
<b>Expenditure</b>					
<i>Statement of comprehensive revenue and expense</i>					
<b>Total operating expenditure</b>	<b>45,139</b>	<b>46,862</b>	<b>47,411</b>	<b>52,131</b>	<b>4,720</b>
<b>Summary funding impact statement</b>					
<b>Total application of operating funding</b>	<b>33,533</b>	<b>33,963</b>	<b>35,845</b>	<b>37,023</b>	<b>1,178</b>
Loss on derivative financial instruments	-	1,101	-	-	-
Other losses	-	147	-	733	733
Increase / (decrease) in landfill provision	(13)	115	95	221	126
Add depreciation and amortisation expense	11,619	11,536	11,471	14,154	2,683
<b>Total expenditure</b>	<b>45,139</b>	<b>46,862</b>	<b>47,411</b>	<b>52,131</b>	<b>4,720</b>

The financial statements should be read in conjunction with the statement of accounting policies and the notes to the accounts.

## Reserve Funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose, and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserve are credited with interest. Council holds 17 reserves, with 5 being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that Council may put the funds towards. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Reserve balances are not separately held in cash, and the funds are managed as part of the Council's treasury management.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial information across the year of the annual report:

2016 RESERVE FUNDS	Opening Balance 1 July 2016 \$000s	Deposits for the period of the year \$000s	Withdrawals For the period of the year \$000s	Closing Balance 30 June 2017 \$000s
<b>Restricted reserves – purpose of the fund</b>				
<b>Foxton Beach Freeholding Fund (Property)</b> Accumulated cash reserves from the Foxton Beach Endowment land sales under the separate Act gifting the land for the benefit of Foxton Beach inhabitants.	3,420	2,209	864	4,765
<b>Reserve Land Reserve (Parks and Recreation)</b> To hold funds derived from the sale of surplus reserve land to be spent on the future development of reserves under the Reserves Act.	173	4	-	177
<b>Road Upgrade Reserve (Roothing Activity)</b> To fund transport network improvements as approved by the Council, from the accumulated funds of the former Horowhenua County Council subdivision contributions to roading.	731	19	-	750
<b>Wairarawa Stream Walkway</b> To hold funds for the construction of a walkway along the Wairarawa stream.	51	1	-	52
<b>Total restricted reserves</b>	<b>4,375</b>	<b>2,233</b>	<b>864</b>	<b>5,744</b>
<b>Financial and Capital contributions for Roothing (Roothing Activity)</b> To fund transport network improvements, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.				
	80	2	-	82
<b>Financial and Capital contributions for Water Supplies (Water Supply Activity)</b> To fund water supply improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.				
	532	13	-	545
<b>Financial and Capital contributions for Wastewater Schemes (Wastewater Activity)</b> To fund Wastewater Scheme improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.				
	131	4	-	135
<b>Financial and Capital contributions for Parks and Reserves (Parks and Recreation Activity)</b> To fund Parks and Reserves improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.				
	614	15	-	629

<b>2016 RESERVE FUNDS</b>	<b>Opening Balance 1 July 2016 \$000s</b>	<b>Deposits for the period of the year \$000s</b>	<b>Withdrawals For the period of the year \$000s</b>	<b>Closing Balance 30 June 2017 \$000s</b>
<b>Election Fund (Representation and Governance Activity)</b> To smooth the rating impact of election costs and to fund any by-election.	58	64	50	72
<b>Capital Projects Fund (All Activities)</b> To provide funds for strategic capital projects with the last \$250,000 as a disaster relief working capital fund.	811	21		832
<b>Foxton Citizens Fund (Community Support Activity)</b> To provide a fund for awards in recognition of community service in Foxton.	4	-	-	4
<b>Hockey Turf Replacement Fund (Parks and Recreation - Sports Grounds)</b> To fund the replacement of the water turf at Donnelly Park on behalf of the Turf trust.	194	30	-	224
<b>Esplanade Fund (Parks and Recreation)</b> To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act.	124	3	-	127
<b>Driscoll Reserves Fund (Parks and Reserves)</b> Esplanade Fund (Parks and Recreation) To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act.	-	-	-	-
<b>Shannon Railway Station Fund (Property Activity)</b> Set aside from grants to preserve the historic Shannon Railway Station.	24	1	-	25
<b>Total Council created reserves</b>	<b>2,572</b>	<b>153</b>	<b>50</b>	<b>2,675</b>
<b>Total all reserve funds</b>	<b>6,948</b>	<b>2,386</b>	<b>915</b>	<b>8,419</b>

## Reserve Funds

2016 RESERVE FUNDS	Opening Balance 1 July 2015 \$000s	Deposits for the period of the year \$000s	Withdrawals For the period of the year \$000s	Closing Balance 30 June 2016 \$000s
<b>Restricted reserves – purpose of the fund</b>				
<b>Foxton Beach Freeholding Fund (Property)</b> Accumulated cash reserves from the Foxton Beach Endowment land sales under the separate Act gifting the land for the benefit of Foxton Beach inhabitants.	2,752	1,230	562	3,420
<b>Reserve Land Reserve (Parks and Recreation)</b> To hold funds derived from the sale of surplus reserve land to be spent on the future development of reserves under the Reserves Act.	95	78	-	173
<b>Road Upgrade Reserve (Roothing Activity)</b> To fund transport network improvements as approved by the Council, from the accumulated funds of the former Horowhenua County Council subdivision contributions to roading.	711	20	-	731
<b>Wairarawa Stream Walkway</b> To hold funds for the construction of a walkway along the Wairarawa stream.	50	1	-	51
<b>Total restricted reserves</b>	<b>3,607</b>	<b>1,330</b>	<b>562</b>	<b>4,375</b>
<b>Council created reserves – purpose of the fund</b>				
<b>Financial and Capital contributions for Roothing (Roothing Activity)</b> To fund transport network improvements, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.	187	5	112	80
<b>Financial and Capital contributions for Water Supplies (Water Supply Activity)</b> To fund water supply improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.	516	16	-	532
<b>Financial and Capital contributions for Wastewater Schemes (Wastewater Activity)</b> To fund Wastewater Scheme improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.	128	3	-	131
<b>Financial and Capital contributions for Parks and Reserves (Parks and Recreation Activity)</b> To fund Parks and Reserves improvement projects, from the accumulated funds from financial and capital contributions under the District Plan prior to Development Contributions regime.	596	18	-	614
<b>Election Fund (Representation and Governance Activity)</b> To smooth the rating impact of election costs and to fund any by-election.	17	41	-	58
<b>Capital Projects Fund (All Activities)</b> To provide funds for strategic capital projects with the last \$250,000 as a disaster relief working capital fund.	834	25	48	811
<b>Foxton Citizens Fund (Community Support Activity)</b> To provide a fund for awards in recognition of community service in Foxton.	4	-	-	4

<b>2016 RESERVE FUNDS</b>	<b>Opening Balance 1 July 2015 \$000s</b>	<b>Deposits for the period of the year \$000s</b>	<b>Withdrawals For the period of the year \$000s</b>	<b>Closing Balance 30 June 2016 \$000s</b>
<b>Hockey Turf Replacement Fund (Parks and Recreation - Sports Grounds)</b> To fund the replacement of the water turf at Donnelly Park on behalf of the Turf trust.	164	30	-	194
<b>Esplanade Fund (Parks and Recreation)</b> To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act.	121	3	-	124
<b>Driscoll Reserves Fund (Parks and Reserves)</b> Esplanade Fund (Parks and Recreation) To provide a fund to construct or provide for possible public access ways to esplanade reserves created under the Resource Management Act.	13	-	13	-
<b>Shannon Railway Station Fund (Property Activity)</b> Set aside from grants to preserve the historic Shannon Railway Station.	23	1	-	24
<b>Total Council created reserves</b>	<b>2,602</b>	<b>142</b>	<b>173</b>	<b>2,572</b>
<b>Total all reserve funds</b>	<b>6,210</b>	<b>1,472</b>	<b>735</b>	<b>6,948</b>

# Council's Interest in Other Entities

The Local Government Act 2002, Schedule 10 (28) requires Council to provide information with regard to organisations under the control of the Council.

## Te Horowhenua Trust

The Horowhenua District Council announced in May 2016 that Te Horowhenua Trust would be wound up by 1 July 2016. Effective 1 July 2016, all of Te Horowhenua Trust's assets and liabilities, including all employment and commercial agreements, were transfer to Horowhenua District Council in accordance with the Trust Deed.

## Shannon Community Development Trust

### Nature and scope of activities provided

The Shannon Community Development Trust has been set up for the benefit of residents of the Shannon Township. The purpose of the Trust is, but not limited to, educational activities, including scholarships for educational purposes, the alleviation of hardship, the provision of training and equipment for the protection of the community, and the provision of financial assistance for events recognising the involvement of community members.

### Policies and objectives on ownership and control

The Trust was established on 2 August 2012. The Trust has five Trustees (excluding Advisory Trustees). The current councillor for Miranui Ward will automatically be one of the five.

The Trust is an exempt council controlled organisation, as it has not been established for the purposes of making a profit and is not intended to be a Council Controlled Organisation under the Local Government Act 2002. The Trust is exempt from reporting its performance under the Local Government Act 2002, schedule 10 (7) as approved by Council on the 2 September 2015.

The Council receives the Trust's audited annual report. The annual accounts are included in the Group financials for 30 June 2017.

## Manawatu-Wanganui Local Authority Shared Services Limited (MWLASS)

### Nature and scope of activities provided

MW LASS Ltd was formed in October 2008 by seven local councils to provide an 'umbrella vehicle' for the councils of the Manawatu-Wanganui region to investigate, procure, develop and deliver shared services.

### Policies and objectives on ownership and control

The company comprises of a Board of eight directors, seven CEOs of the shareholding Councils and one independent Director. The Board oversees the governance of MWLASS Ltd.

To date there has been one call on share capital and is now trading. Horowhenua District Council owns one seventh or 14% of this company and has a \$16,000 share capital.

The company is exempt from reporting its performance under the Local Government Act 2002, schedule 10 (7) to 30 June 2017.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017

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1. RATES REVENUE	Council and Group Actual \$ 30 June 2017 \$000	Council and Group Budget \$ 30 June 2017 \$000	Council and Group Actual \$ 30 June 2016 \$000
<b>Gross rates</b>			
<b>General rates</b>			
Uniform annual general charge			-
Differential general rates	8,662	8,644	8,244
Penalties	453	615	679
<b>Total general-purpose rates</b>	<b>9,115</b>	<b>9,259</b>	<b>8,923</b>
<b>Targeted rates</b>			
Solid waste rates	461	458	320
Roading rate	3,779	3,760	3,579
Library rate	3,447	3,433	3,189
Representation and governance rate	3,049	3,036	2,834
Swimming pool rate	2,071	2,062	2,167
Stormwater rate	987	982	923
Sewer rate	6,435	6,396	6,122
<b>Total targeted rates excluding water rates</b>	<b>20,229</b>	<b>20,127</b>	<b>19,134</b>
<b>Water rates</b>			
District wide	4,134	4,120	3,826
Foxton Beach	395	386	391
Metered water supply	1,048	1,188	1,195
<b>Total targeted water rates</b>	<b>5,577</b>	<b>5,694</b>	<b>5,412</b>
<b>Total rates revenue (gross of remissions)</b>	<b>34,921</b>	<b>35,080</b>	<b>33,469</b>
<b>Net rates</b>			
Total rates revenue (gross)	34,921	35,080	33,469
<b>Rates remissions:</b>			
Remissions under the Council remission policy	(284)	(190)	(192)
Penalty remissions	(139)	-	(58)
<b>Total rate remissions</b>	<b>(423)</b>	<b>(190)</b>	<b>(250)</b>
<b>Total rates revenue net of remissions</b>	<b>34,498</b>	<b>34,890</b>	<b>33,219</b>
Exchange transaction	-	-	-
Non exchange transaction	34,498		33,219
<b>Total transactions</b>	<b>34,498</b>		<b>33,219</b>

Total rates revenue include \$463,534 (2016 \$451,505) for rates paid by HDC on properties owned by Council

Rateable properties	30 June 2017	30 June 2016
Total properties	17,959	17,933
Total land value	\$3,316,552,250	\$3,054,619,100
Total capital value	\$6,618,165,250	\$5,925,058,750

Horowhenua District Council's rates remissions policies allow Horowhenua District Council to remit rates on community groups, voluntary protected land, penalties, excessive water charges, remnant land, rating units in industrial and commercial areas used for residential purposes, small rate balances, targeted rates on non-rateable land, properties affected by disasters, unsold subdivision lots, bare land, contiguous rating units not in common ownership and Māori land.

In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These include schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute remission under Horowhenua District Council's Rates Remission Policy.



<b>2. FINANCE REVENUE AND OTHER REVENUE</b>	<b>Council Actual \$ 30 June 2017 \$000</b>	<b>Council Actual \$ 30 June 2016 \$000</b>	<b>Group Actual \$ 30 June 2017 \$000</b>	<b>Group Actual \$ 30 June 2016 \$000</b>
<b>2a. Finance revenue</b>				
Interest revenue for financial assets not at fair value through profit and loss				
Bank deposits	21	97	33	116
Borrower notes	32	30	32	30
<b>Total finance revenue</b>	<b>53</b>	<b>127</b>	<b>65</b>	<b>146</b>
Exchange transactions	53	127	65	146
Non exchange transactions	-	-	-	-
<b>Total finance revenue transactions</b>	<b>53</b>	<b>127</b>	<b>65</b>	<b>146</b>
<b>2b. Subsidies and grants</b>				
NZTA Government grants	2,873	3,162	2,873	3,162
Water Government grant	-	-	-	-
Private sector grants	72	-	72	-
Other Government grants	955	416	955	416
<b>Total subsidies and grants</b>	<b>3,900</b>	<b>3,578</b>	<b>3,900</b>	<b>3,578</b>
Exchange transactions	-	-	-	-
Non exchange transactions	3,900	3,578	3,900	3,578
<b>Total subsidies and grants transactions</b>	<b>3,900</b>	<b>3,578</b>	<b>3,900</b>	<b>3,578</b>
<b>2c. Fees and charges</b>				
User charges	5,700	4,686	5,700	5,098
Rental revenue from commercial properties	621	604	621	604
<b>Total fees and charges</b>	<b>6,321</b>	<b>5,290</b>	<b>6,321</b>	<b>5,702</b>
Exchange transactions	685	683	685	986
Non exchange transactions	5,636	4,607	5,636	4,716
<b>Total fees and charges transactions</b>	<b>6,321</b>	<b>5,290</b>	<b>6,321</b>	<b>5,702</b>
<b>2d. Other revenue</b>				
Infringements and fines	831	67	831	67
Rendering of services	691	746	691	746
Petrol tax	221	209	221	209
Dividend revenue	6	6	6	6
Insurance recoveries:				
- buildings	-	2	-	2
Regulatory revenue	2,104	1,894	2,104	1,894
Donations	4	3	4	3
Capital grants	-	-	-	-
<b>Total other revenue</b>	<b>3,857</b>	<b>2,927</b>	<b>3,857</b>	<b>2,927</b>
Exchange transactions	267	350	267	350
Non exchange transactions	3,589	2,577	3,589	2,577
<b>Total other revenue transactions</b>	<b>3,857</b>	<b>2,927</b>	<b>3,857</b>	<b>2,927</b>

2. FINANCE REVENUE AND OTHER REVENUE (cont.)	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
2e. Vested assets	459	100	459	100
2f. Development contributions	488	381	488	381
<b>Total vested assets and development contributions</b>	<b>947</b>	<b>481</b>	<b>947</b>	<b>481</b>
Exchange transactions	-	-	-	-
Non exchange transactions	947	481	947	481
<b>Total vested assets and development contributions transactions</b>	<b>947</b>	<b>481</b>	<b>947</b>	<b>481</b>

There are no unfulfilled conditions and other contingencies attached to government grants recognised other than that relating to the government grant for housing discussed in Note 23.

3. OTHER GAINS/(LOSSES)	Note	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
<b>Non-financial instruments</b>					
Gain/(loss) on changes in fair value of forestry assets	13	109	42	109	42
Gain/(loss) on changes in fair value of carbon credits		240	-	240	-
Gain/(loss) on disposal of property, plant and equipment		411	156	411	156
Gain/(loss) on disposal of property, plant and equipment		(476)	(147)	(476)	(147)
Gain/(loss) on acquisition of CCO		223	-	-	-
Gain/(loss) on changes in fair value of investment property	14	(257)	216	(257)	216
<b>Total non-financial instruments</b>		<b>250</b>	<b>267</b>	<b>27</b>	<b>267</b>
<b>Financial instruments</b>					
Gain/(loss) on revaluation of financial liabilities		-	-	-	-
Gain/(loss) on revaluation of financial assets		-	-	-	-
<b>Total financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total gains/(losses)</b>		<b>250</b>	<b>267</b>	<b>27</b>	<b>267</b>

4. EMPLOYEE BENEFIT EXPENSES	Note	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Salaries and wages		11,479	8,977	11,479	10,666
Increase/(decrease) in employee entitlements		125	43	125	(16)
Other employee benefit expenses		343	326	343	338
Employer contributions to superannuation schemes		287	186	287	228
<b>Total employee benefit expenses</b>		<b>12,234</b>	<b>9,532</b>	<b>12,234</b>	<b>11,216</b>

5. OTHER OPERATING EXPENSES	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Note				
<b>Fees to principal auditor</b>				
Audit fees for financial statement audit	149	141	149	158
Audit fees for other services*	4	25	4	25
<b>Total fees to principal auditor</b>	<b>153</b>	<b>166</b>	<b>153</b>	<b>183</b>
Donations	-	-	-	-
Debtors written off	2,298	-	2,298	-
Impairment of receivables	(1,625)	421	(1,625)	421
Impairment of property, plant and equipment	-	-	-	-
Minimum lease payments under operating leases	316	367	316	367
Professional services	4,033	3,066	4,033	3,086
Asset maintenance contract expenditure	10,643	11,194	10,643	11,194
General grants	403	2,354	403	504
Expenditure on utilities	975	862	975	862
Other	4,487	3,015	4,510	3,470
<b>Total other operating expenses</b>	<b>21,683</b>	<b>21,445</b>	<b>21,706</b>	<b>20,087</b>

\* The audit fees paid to Audit NZ for other services in the year ended 30 June 2017 was for the audit of the Debenture Trustee disclosure. (2016 was for the audit of the LTP amendment consultation document and amended LTP).

6 FINANCE COSTS	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Note				
Interest on borrowings	3,030	2,783	3,030	2,783
Interest rate swaps (presented net)	76	203	76	203
<b>Total finance costs</b>	<b>3,106</b>	<b>2,986</b>	<b>3,106</b>	<b>2,986</b>

7. CASH AND CASH EQUIVALENTS	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Note				
Cash at bank and in hand	5,074	7,400	5,100	7,430
Term deposits with maturities less than three months at acquisition	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>5,074</b>	<b>7,400</b>	<b>5,100</b>	<b>7,430</b>
<b>Cash and cash equivalents for the purpose of the statement of cash flows</b>				
Cash at bank and in hand	5,074	7,400	5,100	7,430
Term deposits with maturities less than three months at acquisition	-	-	-	-
Bank overdrafts	-	-	-	-
<b>Total cash and cash equivalents for the purpose of the statement of cash flows</b>	<b>5,074</b>	<b>7,400</b>	<b>5,100</b>	<b>7,430</b>

The carrying value of cash at bank and short-term deposits with maturities less than three months approximates their fair value.

There are no financial assets recognised in a non-exchange transaction that are subject to restrictions.

8. DEBTORS AND OTHER RECEIVABLES	Note	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
<b>Gross debtors and other receivables</b>					
Rates receivables		3,670	2,662	3,670	2,662
Related party receivables	24	-	12	-	-
Prepayments		735	245	735	245
GST receivable		618	937	618	
Other receivables		2,952	4,914	2,957	5,947
<b>Total gross debtors and other receivables</b>		<b>7,975</b>	<b>8,770</b>	<b>7,980</b>	<b>8,854</b>
Less provision for impairment of receivables		(1,185)	(2,810)	(1,185)	(2,810)
<b>Net debtors and other receivables</b>		<b>6,790</b>	<b>5,960</b>	<b>6,795</b>	<b>6,044</b>
Less non-current portion:			-		-
<b>Total current portion debtors and other receivables</b>		<b>6,790</b>	<b>5,960</b>	<b>6,795</b>	<b>6,044</b>
Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges for activities that are partly subsidised by rates.		6,689	5,890	6,694	5,906
Receivables from exchange transactions – this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.		101	70	101	138
<b>Total debtors and other receivables transactions</b>		<b>6,790</b>	<b>5,960</b>	<b>6,795</b>	<b>6,044</b>

#### Fair value

The carrying value of debtors and other receivables approximates their fair value.

#### Impairment

There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers.

Horowhenua District Council does not provide for any impairment on rates receivable other than those likely to qualify under Horowhenua District Council's Rates Remissions Policy as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow Horowhenua District Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the court's judgment, then Horowhenua District Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

No receivables that would otherwise be past due or impaired and whose terms have been renegotiated.

As of 30 June 2017 and 2016 all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. Horowhenua District Council holds no collateral as security or other enhancements over receivables that are either past due or impaired.

The status of receivables as at 30 June 2017 and 2016 are detailed below:

	2017			2016		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	4,458	-	3,977	4,130	-	4,130
Past due < 1 year	1,998	944	1,054	1,804	1,383	421
Past due > 1 year	1,519	241	1,278	2,836	1,427	1,409
<b>Total</b>	<b>7,975</b>	<b>1,185</b>	<b>6,309</b>	<b>8,770</b>	<b>2,810</b>	<b>5,960</b>
<b>Group</b>						
Not past due	4,463	-	3,982	4,209	-	4,209
Past due < 1 year	1,998	944	1,054	1,809	1,383	426
Past due > 1 year	1,519	241	1,278	2,836	1,427	1,409
<b>Total</b>	<b>7,980</b>	<b>1,185</b>	<b>6,314</b>	<b>8,854</b>	<b>2,810</b>	<b>6,044</b>

The impairment provision has been calculated based on expected losses for Horowhenua District Council's pool of debtors. Expected losses have been determined based on an analysis of Horowhenua District Council's losses in previous periods, and review of specific debtors as detailed below:

IMPAIRMENT PROVISION	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
	Individual impairment	1,185	1,016	1,185
Collective impairment	-	1,794	2,298	1,794
<b>Total provision for impairment</b>	<b>1,185</b>	<b>2,810</b>	<b>3,483</b>	<b>2,810</b>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

<b>Individual impairment</b>				
Past due < 1 year	266	27	266	27
Past due > 1 year	919	989	919	989
<b>Total individual impairment</b>	<b>1,185</b>	<b>1,016</b>	<b>1,185</b>	<b>1,016</b>

Movements in the provision for impairment of receivables are as follows:

At 1 July	2,810	2,389	2,810	2,389
Additional provisions made during the year	169	27	169	27
Debtors written off during period	(2,298)	-	(2,298)	-
Increase in infringement provision	504	394	504	394
<b>At 30 June</b>	<b>1,185</b>	<b>2,810</b>	<b>1,185</b>	<b>2,810</b>

9. OTHER FINANCIAL ASSETS	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
<b>Current portion</b>				
Inventories	15	-	15	8
<b>Loans and receivables:</b>				
Short-term deposits with maturities of 4-12 months	350	350	350	350
<b>Total loans and receivables</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
<b>Total current portion</b>	<b>365</b>	<b>350</b>	<b>365</b>	<b>358</b>
<b>Non-current portion</b>				
<b>Investment in CCO's and similar entities:</b>				
Investment in Te Horowhenua Trust	-	783	-	-
Unlisted shares in NZLGIC Limited	104	104	104	104
Unlisted shares in MWLASS	16	16	16	16
Unlisted shares in LGFA	100	100	100	100
<b>Total investment in CCO's and similar entities</b>	<b>220</b>	<b>1,003</b>	<b>220</b>	<b>220</b>
<b>Other:</b>				
LGFA borrowers notes	1,121	833	1,121	833
Deposits with maturities of over 12 months	-	-	-	-
Investments carried at cost:	-	-	-	-
<b>Total non-current portion</b>	<b>1,341</b>	<b>1,836</b>	<b>1,341</b>	<b>1,053</b>
<b>Total other financial assets</b>	<b>1,706</b>	<b>2,186</b>	<b>1,706</b>	<b>1,411</b>

#### Fair value

All unlisted shares have been valued at cost and not fair value. The carrying amount of term deposits and LGFA borrower notes approximates their fair value.

Maturity analysis and effective interest rates:	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Short-term deposits with maturities 3 months or less	-	-	-	-
Average maturity	-	-	-	-
Weighted average effective interest rate	-	-	-	-
Short-term deposits with maturities of 4-12 months	350	350	350	350
Average maturity	242 Days	180 days	242 Days	180 days
Weighted average effective interest rate	3.63%	4.45%	3.63%	4.45%

#### Impairment

There were no impairment provisions for other financial assets. None of the financial assets are past due date or impaired.

10. NON-CURRENT ASSETS HELD FOR SALE	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Forbes Road sub-division	396	285	396	285
Residential housing	7,112	-	7,112	-
<b>Total assets held for sale</b>	<b>7,508</b>	<b>285</b>	<b>7,508</b>	<b>285</b>

### Forbes Road sections

The Forbes Road lands form part of the endowment lands endowed to Council in the late 1800's, the revenue from which fund the Foxton Beach Freeholding Fund. The whole intent of the subdivision section sales is to generate revenue for the fund. Section sales will continue as they arise. It is expected that eight of the 10 sections remaining in the Forbes Road subdivision will be sold in the next 12 months.

### Residential housing

Council's residential housing portfolio includes 115 units at eight complexes in Levin, Foxton, Shannon and 1.1 hectare of land in Waimarie Park in Levin. The sale of the portfolio to Compassion Housing Ltd as part of the Sisters of Compassion is expected to take place after balance date. As at 30 June 2017 no sales and purchase agreement has been signed.

## 11. PROPERTY, PLANT AND EQUIPMENT (PPE) 2017

2017	Cost / revaluation 1-Jul-16	Accumulated depreciation and impairment charges 1-Jul-16	Carrying amount 1-Jul-16	Additions 2016/17	Vested assets 2016/17	Disposals at cost 2016/17	Depreciation on disposals 2016/17	Depreciation 2016/17	Reversal of accumulated depreciation 2016/17	Revaluation 2016/17	Transfers 2016/17	Cost / revaluation 30-Jun-17	Accumulated depreciation and impairment charges 30-Jun-17	Carrying amount 30-Jun-17
<b>Council operational assets</b>														
Land	14,430	-	14,430	-	-	(80)	-	-	-	3,243	(1,910)	15,683	-	15,683
Buildings	28,134	(947)	27,187	6,189	-	(310)	1	(479)	1,426	6,139	(5,201)	33,526	-	33,526
Library books and other lending stock	-	-	-	982	-	(50)	-	(113)	113	-	-	819	-	819
Plant and equipment	3,643	(1,863)	1,780	736	-	(101)	57	(490)	-	-	(2)	4,333	(2,353)	1,980
<b>Total operational assets</b>	<b>46,207</b>	<b>(2,810)</b>	<b>43,397</b>	<b>7,907</b>	<b>-</b>	<b>(541)</b>	<b>58</b>	<b>(1,082)</b>	<b>1,539</b>	<b>9,382</b>	<b>(7,113)</b>	<b>54,361</b>	<b>(2,353)</b>	<b>52,008</b>
<b>Council infrastructural assets</b>														
Wastewater treatment	32,218	(1,471)	30,747	3,326	-	-	-	(1,001)	1,522	742	54	34,818	(950)	33,868
Wastewater other	57,095	(3,251)	53,844	1,121	234	-	-	(1,896)	3,251	7,067	(54)	62,212	(1,896)	60,316
Water supply treatment	20,540	(1,216)	19,324	3,987	-	-	-	(766)	1,262	609	-	23,874	(720)	23,154
Water supply other	44,907	(2,728)	42,179	926	129	-	-	(1,620)	2,727	4,541	-	47,776	(1,621)	46,155
Stormwater drainage	32,264	(988)	31,276	2,080	96	-	-	(571)	945	5,007	-	38,502	(614)	37,888
Solid waste	5,472	(456)	5,016	328	-	-	-	(257)	708	(73)	-	5,019	(5)	5,014
Roads	155,595	(7,617)	147,978	2,853	-	-	-	(4,959)	7,612	12,531	(230)	163,137	(4,974)	158,163
Footpaths	41,863	(1,799)	40,064	996	-	-	-	(935)	1,799	(1,152)	230	40,138	(935)	39,203
Land under roads	24,285	-	24,285	-	-	-	-	-	-	-	-	24,285	-	24,285
<b>Total infrastructural assets</b>	<b>414,239</b>	<b>(19,526)</b>	<b>394,713</b>	<b>15,617</b>	<b>459</b>	<b>-</b>	<b>-</b>	<b>(12,015)</b>	<b>19,826</b>	<b>29,272</b>	<b>-</b>	<b>439,761</b>	<b>(11,715)</b>	<b>428,046</b>
<b>Council restricted assets</b>														
Cemeteries	1,015	(110)	905	130	-	-	-	(10)	120	121	-	1,146	-	1,146
Parks and reserves	32,757	(1,311)	31,446	2,528	-	-	-	(730)	2,038	4,482	-	37,729	(3)	37,726
Endowment properties	6,341	(28)	6,313	38	-	(1,606)	-	(15)	43	1,488	(111)	6,107	-	6,107
<b>Total restricted assets</b>	<b>40,113</b>	<b>(1,449)</b>	<b>38,664</b>	<b>2,696</b>	<b>-</b>	<b>(1,606)</b>	<b>-</b>	<b>(755)</b>	<b>2,201</b>	<b>6,091</b>	<b>(111)</b>	<b>44,982</b>	<b>(3)</b>	<b>44,979</b>
<b>Total council PPE</b>	<b>500,559</b>	<b>(23,785)</b>	<b>476,774</b>	<b>26,220</b>	<b>459</b>	<b>(2,147)</b>	<b>58</b>	<b>(13,852)</b>	<b>23,566</b>	<b>44,745</b>	<b>(7,224)</b>	<b>539,104</b>	<b>(14,071)</b>	<b>525,033</b>
<b>Subsidiary plant, property and equipment</b>														
Kete equipment	5	(5)	-	-	-	(5)	5	-	-	-	-	-	-	-
Furniture and fittings	624	(221)	403	-	-	(624)	221	-	-	-	-	-	-	-
IT equipment	38	(31)	7	-	-	(38)	31	-	-	-	-	-	-	-
Motor vehicle	16	(8)	8	-	-	(16)	8	-	-	-	-	-	-	-
Books	1,335	(590)	745	-	-	(1,335)	590	-	-	-	-	-	-	-
Other lending stock	137	(103)	34	-	-	(137)	103	-	-	-	-	-	-	-
<b>Total subsidiary PPE</b>	<b>2,155</b>	<b>(958)</b>	<b>1,197</b>	<b>-</b>	<b>-</b>	<b>(2,155)</b>	<b>958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total group PPE</b>	<b>502,714</b>	<b>(24,743)</b>	<b>477,971</b>	<b>26,212</b>	<b>459</b>	<b>(4,302)</b>	<b>1,016</b>	<b>(13,852)</b>	<b>23,566</b>	<b>44,745</b>	<b>(7,224)</b>	<b>539,104</b>	<b>(14,071)</b>	<b>525,033</b>

### Work in progress

Work in progress at 30 June 2017 was \$7,942,326 in buildings (2016: \$1,967,863), \$3,702,103 in wastewater (2016: \$3,589,880), \$636,576 in water (2016: \$1,145,081), \$103,082 in parks (2016: \$476,715), \$98,804 in plant and equipment (2016: \$272,878), \$95,561 in solid waste (2016: \$190,874) and \$4,238,024 in stormwater (2016: \$555,395). They are included in the above assets.

### Restrictions on title

There are no pledges or restrictions on titles for any properties, plant or equipment as per the accounting policies for restricted assets. No items of any properties, plant or equipment were impaired, lost or given up.



## 11. PROPERTY, PLANT AND EQUIPMENT (PPE) 2016

2016	Accumulated depreciation and impairment charges		Carrying amount	Additions	Vested assets	Disposals at cost	Depreciation on disposals	Depreciation	Reversal of accumulated depreciation		Transfers	Accumulated depreciation and impairment charges		Carrying amount
	Cost / revaluation	1-Jul-15							1-Jul-15	1-Jul-15		2015/16	2015/16	
<b>Council operational assets</b>														
Land	14,436	-	14,436	280	-	(291)	-	-	-	-	5	14,430	-	14,430
Buildings	26,973	(473)	26,500	1,166	-	(5)	-	(474)	-	-	-	28,134	(947)	27,187
Plant and equipment	3,287	(1,731)	1,556	602	-	(246)	131	(263)	-	-	-	3,643	(1,863)	1,780
<b>Total operational assets</b>	<b>44,696</b>	<b>(2,204)</b>	<b>42,492</b>	<b>2,048</b>	<b>-</b>	<b>(542)</b>	<b>131</b>	<b>(737)</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>46,207</b>	<b>(2,810)</b>	<b>43,397</b>
<b>Council infrastructural assets</b>														
Wastewater treatment	26,490	(851)	25,639	5,531	-	-	-	(620)	-	-	197	32,218	(1,471)	30,747
Wastewater other	55,103	(1,608)	53,495	2,146	43	-	-	(1,643)	-	-	(197)	57,095	(3,251)	53,844
Water supply treatment	16,869	(592)	16,277	3,671	-	-	-	(624)	-	-	-	20,540	(1,216)	19,324
Water supply other	43,424	(1,349)	42,075	1,426	57	-	-	(1,379)	-	-	-	44,907	(2,728)	42,179
Stormwater drainage	31,629	(488)	31,141	635	-	-	-	(500)	-	-	-	32,264	(988)	31,276
Solid waste	5,047	(218)	4,829	425	-	-	-	(238)	-	-	-	5,472	(456)	5,016
Roads	151,876	(3,751)	148,125	3,719	-	-	-	(3,866)	-	-	-	155,595	(7,617)	147,978
Footpaths	41,481	(882)	40,599	382	-	-	-	(917)	-	-	-	41,863	(1,799)	40,064
Land under roads	24,285	-	24,285	-	-	-	-	-	-	-	-	24,285	-	24,285
<b>Total infrastructural assets</b>	<b>396,204</b>	<b>(9,739)</b>	<b>386,465</b>	<b>17,935</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>(9,787)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>414,239</b>	<b>(19,526)</b>	<b>394,713</b>
<b>Council restricted assets</b>														
Cemeteries	1,014	(55)	959	1	-	-	-	(55)	-	-	-	1,015	(110)	905
Parks and reserves	31,880	(622)	31,258	928	-	(51)	-	(689)	-	-	-	32,757	(1,311)	31,446
Endowment properties	7,090	(14)	7,076	14	-	(763)	-	(14)	-	-	-	6,341	(28)	6,313
<b>Total restricted assets</b>	<b>39,984</b>	<b>(691)</b>	<b>39,293</b>	<b>943</b>	<b>-</b>	<b>(814)</b>	<b>-</b>	<b>(758)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,113</b>	<b>(1,449)</b>	<b>38,664</b>
<b>Total council PPE</b>	<b>480,884</b>	<b>(12,634)</b>	<b>468,250</b>	<b>20,926</b>	<b>100</b>	<b>(1,356)</b>	<b>131</b>	<b>(11,282)</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>500,559</b>	<b>(23,785)</b>	<b>476,774</b>
<b>Subsidiary plant, property and equipment</b>														
Kete equipment	5	(5)	-	-	-	-	-	-	-	-	-	5	(5)	-
Furniture and fittings	617	(163)	454	7	-	-	-	(58)	-	-	-	624	(221)	403
IT equipment	36	(25)	11	2	-	-	-	(6)	-	-	-	38	(31)	7
Motor vehicle	16	(4)	12	-	-	-	-	(4)	-	-	-	16	(8)	8
Books	1,311	(573)	738	163	-	(139)	66	(83)	-	-	-	1,335	(590)	745
Other lending stock	132	(92)	40	22	-	(17)	15	(26)	-	-	-	137	(103)	34
<b>Total subsidiary PPE</b>	<b>2,117</b>	<b>(862)</b>	<b>1,255</b>	<b>194</b>	<b>-</b>	<b>(156)</b>	<b>81</b>	<b>(177)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,155</b>	<b>(958)</b>	<b>1,197</b>
<b>Total group PPE</b>	<b>483,001</b>	<b>(13,496)</b>	<b>469,505</b>	<b>21,120</b>	<b>100</b>	<b>(1,512)</b>	<b>212</b>	<b>(11,459)</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>502,714</b>	<b>(24,743)</b>	<b>477,971</b>

### Work in progress

Work in progress at 30 June 2016 was \$1,967,863 in buildings (2015: \$1,885,568), \$3,589,880 in wastewater (2015: \$4,828,789), \$1,145,081 in water (2015: \$1,207,669), \$476,715 in parks (2015: \$76,845), \$272,878 in plant and equipment (2015: \$0), \$190,874 in solid waste (2015: \$216,080) and \$555,395 in stormwater (2015 \$134,873). They are included in the above assets.

12. INTANGIBLE ASSETS													
2017	Cost / revaluation 1-Jul-16	Accumulated amortisation and impairment charges 1-Jul-16	Carrying amount 1-Jul-16	Additions 2016/17	Vested Assets 2016/17	Disposals at Cost 2016/17	Amortisation on Disposals 2016/17	Amortisation 2016/17	Revaluation 2016/17	Transfers 2016/17	Cost / revaluation 30-Jun-17	Accumulated amortisation and impairment charges 30-Jun-17	Carrying amount 30-Jun-17
<b>Council intangible assets</b>													
Easements	235	-	235	-	-	0	-	-	-	-	235	-	235
Carbon credits	-	-	-	240	-	-	-	-	-	-	240	-	240
Computer software	3,740	(2,257)	1,483	200	-	-	-	(303)	-	-	3,940	(2,560)	1,380
<b>Total council intangible assets</b>	<b>3,975</b>	<b>(2,257)</b>	<b>1,718</b>	<b>440</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(303)</b>	<b>-</b>	<b>-</b>	<b>4,416</b>	<b>(2,560)</b>	<b>1,856</b>
<b>Subsidiary intangible assets</b>													
Computer software	365	(356)	9	-	-	-	-	-	-	-	-	-	-
<b>Total subsidiary intangible assets</b>	<b>365</b>	<b>(356)</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>(365)</b>	<b>356</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total group intangible assets</b>	<b>4,340</b>	<b>(2,613)</b>	<b>1,727</b>	<b>440</b>	<b>-</b>	<b>(365)</b>	<b>356</b>	<b>(303)</b>	<b>-</b>	<b>-</b>	<b>4,416</b>	<b>(2,560)</b>	<b>1,856</b>

12. INTANGIBLE ASSETS													
2016	Cost / revaluation 1-Jul-15	Accumulated amortisation and impairment charges 1-Jul-15	Carrying amount 1-Jul-15	Additions 2015/16	Vested Assets 2015/16	Disposals at Cost 2015/16	Amortisation on Disposals 2015/16	Amortisation 2015/16	Revaluation 2015/16	Transfers 2015/16	Cost / revaluation 30-Jun-16	Accumulated amortisation and impairment charges 30-Jun-16	Carrying amount 30-Jun-16
<b>Council intangible assets</b>													
Easements	235	-	235	-	-	-	-	-	-	-	235	-	235
Computer software	3,448	(2,003)	1,445	292	-	-	-	(254)	-	-	3,740	(2,257)	1,483
<b>Total council intangible assets</b>	<b>3,683</b>	<b>(2,003)</b>	<b>1,680</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(254)</b>	<b>-</b>	<b>-</b>	<b>3,975</b>	<b>(2,257)</b>	<b>1,718</b>
<b>Subsidiary intangible assets</b>													
Computer software	365	(352)	13	-	-	-	-	(4)	-	-	365	(356)	9
<b>Total subsidiary intangible assets</b>	<b>365</b>	<b>(352)</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>365</b>	<b>(356)</b>	<b>9</b>
<b>Total group intangible assets</b>	<b>4,048</b>	<b>(2,355)</b>	<b>1,693</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(258)</b>	<b>-</b>	<b>-</b>	<b>4,340</b>	<b>(2,613)</b>	<b>1,727</b>

### Impairment of easements

Easements are not cash generating in nature, instead they give Horowhenua District Council the right to access private property where infrastructural assets are located. As such impairment of easements is determined by considering the future service potential of the easement and its assessed replacement.

### Life of easements

Easements have been assessed as having an indefinite useful life because they provide Horowhenua District Council with access to infrastructural assets for an indefinite time period.

<b>13. FORESTRY ASSETS</b>	<b>Note</b>	<b>Council and Group Actual \$ 30 June 2017 \$000</b>	<b>Council and Group Actual \$ 30 June 2016 \$000</b>
Balance at 1 July		952	911
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to price changes	3	240	41
Purchase of trees at the POT		308	-
<b>Total forestry assets</b>		<b>1,500</b>	<b>952</b>

Council owns 110.3 hectares of pinus radiata forest and other harvestable trees, which are at varying stages of maturity ranging from 4 to 30 years. This consists of the Ferry Reserve 13.6 ha, Purcell St transfer station 3.9 ha, Hokio Landfill 38.2 ha, The POT Forest 30.1 ha (commercially viability 25.1 ha) and Target Reserve 24.5 ha.

Independent registered valuers, Forme Consulting Ltd, have valued the forestry assets as at 30 June 2017. Valuation assumptions adopted in determining the fair value of the forestry assets include:

- \* a pre-tax discount rate of 8% (2016: 9%) has been used in discounting the present value of expected cash returns;
- \* the value of the land and the cost of owning the land are not allowed for in the valuation;
- \* the estimated net stocked forest area is based on aerial mapping records;
- \* trend log prices are based on an average of the last six quarters; and
- \* costs are current average costs.

#### Financial risk management strategies

Horowhenua District Council is exposed to financial risks arising from changes in timber prices. Horowhenua District Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. Horowhenua District Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

There are no restrictions on titles and liabilities for forestry.

<b>14. INVESTMENT PROPERTY</b>	<b>Note</b>	<b>Council and Group Actual \$ 30 June 2017 \$000</b>	<b>Council and Group Actual \$ 30 June 2016 \$000</b>
Balance at 1 July		5,926	5,706
Additions from acquisitions		-	-
Additions from subsequent expenditure		211	4
Transfer from/(to) operational assets		-	-
Disposals		-	-
Fair value gains/(losses) on valuation	3	(257)	216
<b>Total investment property</b>		<b>5,879</b>	<b>5,926</b>

Horowhenua District Council's investment properties are valued annually at fair value effective 30 June 2017. All investment properties were valued based on open market evidence. The valuation was performed by Bruce Lavender ANZIV, an independent valuer from Blackmore Associates, experienced valuers with extensive market knowledge in the types of investment properties owned by Horowhenua District Council.

The market value at 30 June 2017 was \$5,928,000 which has taken into account all the improvements made to that time. Assumptions vary depending on the item being valued. Land is based on current sales; leasehold land is based on recent market sales evidence and commercial properties are determined by rental achieved or achievable with appropriate capitalisation return indicating property worth. The anticipated rental assumptions range from \$40 to \$150 per square meter for office space (2016: \$90 to \$150), \$80 to \$180 per square meter for retail space (2016: \$120 to \$160) and \$20 to \$70 per square meter for industrial space (2016: \$25 to \$60). Capitalisation returns range from 7% to 12% (2016: 7.5% to 12%).

There are no restrictions on titles and liabilities for investment property.

Rental revenue	554	514
Direct operating expenses from investment property generating revenue	177	132
Direct operating expenses from investment property not generating revenue	-	-
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	-	-

15. INVESTMENTS IN SUBSIDIARIES	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000
Te Horowhenua Trust (100% owned)	-	783
<b>Total investment in subsidiaries</b>	<b>-</b>	<b>783</b>

16. PAYABLES AND DEFERRED REVENUE	Note	Council Actual \$ 30 June 2017 \$000	Council Actual \$ 30 June 2016 \$000	Group Actual \$ 30 June 2017 \$000	Group Actual \$ 30 June 2016 \$000
Trade payables		6,981	7,526	6,995	7,752
Amounts due to related parties	24	-	5	-	-
Deposits and bonds		876	757	876	757
Accrued expenses		1,264	1,696	1,264	1,696
Rates and other revenue in advance		828	871	828	871
Rates instalment		-	-	-	-
Other		280	574	280	574
Term deposit held for Shannon Community Trust		350	350	-	-
<b>Total payables and deferred revenue</b>		<b>10,579</b>	<b>11,779</b>	<b>10,243</b>	<b>11,650</b>
Exchange transactions		8,964	10,219	8,628	10,090
Non exchange transactions		1,615	1,560	1,615	1,560
<b>Total payables and deferred revenue transactions</b>		<b>10,579</b>	<b>11,779</b>	<b>10,243</b>	<b>11,650</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

17. PROVISIONS	Council and Group Actual \$ 30 June 2017 \$000	Council and Group Actual \$ 30 June 2016 \$000
<b>Current provisions are represented by:</b>		
Landfill aftercare	1,129	940
<b>Total current provisions</b>	<b>1,129</b>	<b>940</b>
<b>Non-current provisions are represented by:</b>		
Landfill aftercare	2,272	2,240
<b>Total non-current provisions</b>	<b>2,272</b>	<b>2,240</b>
<b>Total provisions</b>	<b>3,401</b>	<b>3,180</b>
<b>Landfill aftercare</b>		
Opening balance	3,180	3,065
Additional provisions made during the year	221	115
Unwinding of discount	-	-
Amounts used during the year	-	-
<b>Closing landfill aftercare balance</b>	<b>3,401</b>	<b>3,180</b>

#### Provision for financial guarantee

Horowhenua District Council is listed as sole guarantor to a community organisation's bank loan. Under this guarantee Horowhenua District Council is obligated to make loan payments in the event the organisation defaults on a loan arrangement. The exercising of guarantees will be dependent upon the financial stability of the community organisation, which will vary over time; it is not considered to be necessary to make any provision as at 30 June 2017 (30 June 2016: \$Nil). Refer to Note 23.