



Horowhenua District Council
Annual Report - summary
2014-2015

HOROWHENUA DISTRICT COUNCIL SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

About This Summary

The Council adopted the audited annual report for 2014/15 on 28 October 2015 and authorised it for issue. The Report details Council's achievements against the measures and budgets for the year. The full report received an unqualified audit opinion. Copies are available from the Council on request (refer to page 32 of this report for contact details).

This summary provides the key points extracted from full annual report. As a summary it cannot be expected to provide a complete understanding of the performance of the council for the year. This summary was authorised for release by the Council from 25 November 2015.

INTRODUCTION FROM THE MAYOR AND CHIEF EXECUTIVE

In the financial year ended 30 June 2015 has seen a continuation of Council achievements in providing a range of services within the Horowhenua District. The Annual Report contains considerable financial and non-financial information that indicates a significantly improved financial result for the year and the completion of several major water infrastructure renewal projects.

Financial Performance

Benchmarks

Revenue and expenditure went mostly to budget with minor negative variances in revenue with vested assets less than expected as a result of the slowdown in development activity. Expenditure had a small positive variance due to the amount of depreciation charged as a result of the decreased roading asset valuation last year.

With regard to the statement of position, there was a higher than expected cash balance as a result of some major capital projects being behind schedule and the surplus loans taken out to pay for them were invested. The value of the non-current assets was less as a result of the decrease in the roading asset valuation. Loan balances were also less than budget because of those capital projects that are behind schedule.

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

Lake Accord

The move to restore Lake Horowhenua's environmental health took another significant step forward with the launch of 34 key tasks to be undertaken over the next two years. The Lake Horowhenua Accord Action Plan 2014 – 2016 was launched in August 2014, commemorating the first anniversary since five signatory partners (the Lake Horowhenua Trust, Horowhenua Lake Domain Board, Horowhenua District Council, Horizons Regional Council, and the Department of Conservation) committed to the Accord. The Action Plan identifies the roles and responsibilities of the five partners, provides detail on the eight key issues impacting Lake Horowhenua, as well as the approaches for its restoration. The Accord highlights 34 tasks underpinning the Plan's 15 management actions.

Long Term Plan

Council's 2015-2025 Long Term Plan (LTP), was adopted on 24 June 2015. The LTP is the Council's key strategic planning document. It outlines the Council's financial situation as well as the levels of service Council is committed to for the activities it undertakes and the capital projects work programme for the next ten years, with a focus on the first three years.

In preparing our LTP 2015-2025 Council considered at length the major infrastructure investment that has been identified as being required in our recently reviewed asset management plans and the newly developed Infrastructure Strategy. These projects are required to meet a number of consenting processes, national standards and to respond to demand from within the District. The financial impact of the infrastructure programme is quite significant, both in terms of community priorities, our capacity to undertake the projects, the debt servicing operational and replacement costs and, above all, affordability for the residents within our District.

Council received 267 submissions to its Draft LTP 2015-2025. These were received and deliberated on at a series of meetings during May 2015. Council acknowledges the breadth and quality of submissions that it received to the Plan and takes this opportunity to thank all those who participated in the consultation process either through attendance at public open days, verbal engagement with Councillors and key staff or through formal submissions.

Joint Roading Contract

A collaborative regional approach taken by the Manawatu, Rangitikei, and Horowhenua District Councils to road infrastructure will see significant benefits for the three councils.

As a result of this collaboration the three District Councils invited road maintenance contractors to bid for work in each district or across the combined districts. As a result the Councils have approved a single contractor, Higgins Contractors Ltd, to provide road infrastructure services across their districts. Using a single contractor across the three districts will enable ratepayer contributions to be reinvested in maintaining and improving more of the road networks in each district.

Te Awahou Nieuwe Stroom Funding

The construction of Te Awahou Nieuwe Stroom is now a significant step closer with the project having received grants totalling \$1.25 million from New Zealand Lotteries. The funding comes from a Significant Projects Fund grant of \$750,000 and a Community Facilities Fund grant of \$500,000. This follows Horowhenua District Council adopting recommendations that allowed the Te Awahou Nieuwe Stroom project to move into the detailed design phase and applications to be made for third party funding.

Recreational Services

Horowhenua District Council has awarded its Open Spaces Maintenance contract to a new provider to the District – Recreational Services.

The Open Spaces contract includes both planned and reactive maintenance and minor capital works for Council's parks, playgrounds, sport grounds, cemeteries and gardens.

The awarding of this contract comes after a comprehensive two-stage tender and evaluation process, with seven companies initially submitting for this contract. Awarding the contract to Recreational Services was approved by Council at its meeting on 1 April 2015, and will begin from 1 July 2015, for a period of up to eight years.

Tokomaru Water Treatment plant

The Tokomaru Water Treatment Plant upgrade was officially opened on 1 April 2015, after a more financially-viable option allowed the project to be brought forward from 2025.

Last September Horowhenua District Council approved spending \$350,000 for the upgrade, significantly less expensive than the previously estimated options ranging from \$1.9 million to \$3 million.

Leadership – Good to Great

Horowhenua District Council has started the internal journey of seeing the organisation going from Good to Great. An internal strategy was launched providing the organisation with four pillars of excellence to work towards. These include Customer Service Excellence, Operations Excellence, Product Excellence and People Excellence. Along with the pillars of excellence, staff are now committed to work towards clear goals and objectives in the focus areas of Service Delivery, Financial Sustainability and Affordability, Alliances and Partnerships and Community Engagement.

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



Brendan Duffy, JP
District Mayor



David Clapperton
Chief Executive

SUMMARY OF THE FINANCIAL STATEMENTS

These summary statements cover the Horowhenua District Council (Council) and the Horowhenua District Council Group comprising the Council, Te Horowhenua Trust (formerly Horowhenua Library Trust) and Shannon Community Development Trust (Group), all have been incorporated in New Zealand.

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 and are the first statements presented in accordance with PBE standards.

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 2015. The full annual report was authorised for issue by Council on 28 October 2015 and summary financial statements was authorised for issue on 25 November 2015.

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The Revenue and Expenses for the Year Ended 30 June 2015

	Council Actual \$000 30 June 2015	Council Budget \$000 30 June 2015	Council Actual \$000 30 June 2014	Group Actual \$000 30 June 2015	Group Actual \$000 30 June 2014
Revenue					
Rates revenue	30,105	30,183	27,494	30,105	27,494
Other revenue	1	12,303	12,739	15,805	12,734
Total income	42,408	42,922	43,299	42,839	43,721
Expenditure					
Finance costs	3,487	3,405	2,751	3,487	2,751
Other expenses	2	41,872	42,327	42,767	42,234
Total expenses	45,359	45,732	45,518	45,721	46,002
Operating surplus / (deficit) before taxation	(2,951)	(2,810)	(2,219)	(2,883)	(2,281)
Income tax expense	-	-	-	-	-
Operating surplus (deficit) after taxation	(2,951)	(2,810)	(2,219)	(2,883)	(2,281)
<i>Surplus/(deficit) attributable to:</i>					
Horowhenua District Council	(2,951)	(2,810)	(2,219)	(2,883)	(2,281)
Other comprehensive revenue					
Loss on infrastructural assets revaluations	-	-	(63,392)	-	(63,392)
Gain on restricted assets revaluation	-	-	1,883	-	1,883
Total comprehensive revenue for the year	(2,951)	(2,810)	(63,728)	(2,883)	(63,789)
<i>Total comprehensive revenue and expense attributable to:</i>					
Horowhenua District Council	(2,951)	(2,810)	(63,728)	(2,883)	(63,789)

SUMMARY STATEMENT OF CHANGES IN RATEPAYERS' EQUITY

The ratepayers' stake in the council's assets for the Year Ended 30 June 2015

	Council Actual \$000 30 June 2015	Council Budget \$000 30 June 2015	Council Actual \$000 30 June 2014	Group Actual \$000 30 June 2015	Group Actual \$000 30 June 2014
Balance at 1 July	421,519	507,727	485,247	422,128	485,917
Total comprehensive revenue and expense for the year	(2,951)	(2,810)	(63,728)	(2,883)	(63,789)
Balance at 30 June	418,568	504,917	421,519	419,245	422,128
<i>Total comprehensive revenue and expense attributable to:</i>					
Horowhenua District Council	(2,951)	(2,810)	(63,728)	(2,883)	(63,789)
Equity is represented by:					
Retained earnings	264,909	266,527	269,134	265,586	269,743
Revaluation reserve	147,449	231,405	147,449	147,449	147,449
Reserves and special funds	6,210	6,985	4,936	6,210	4,936
	418,568	504,917	421,519	419,245	422,128

SUMMARY STATEMENT OF FINANCIAL POSITION

The assets and liabilities as at 30 June 2015

	Council Actual \$000 30 June 2015	Council Budget \$000 30 June 2015	Council Actual \$000 30 June 2014	Group Actual \$000 30 June 2015	Group Actual \$000 30 June 2014
Assets:					
Current	3 14,182	10,824	13,402	14,338	13,482
Non-current	4 478,337	583,347	478,235	478,823	478,712
Total assets	492,519	594,171	491,637	493,161	492,194
Liabilities and ratepayers' equity:					
Current	12,071	12,026	20,595	11,973	20,481
Non-current	5 61,880	77,228	49,523	61,943	49,585
Total liabilities	73,951	89,254	70,118	73,916	70,066
Ratepayers' equity	418,568	504,917	421,519	419,245	422,128
	492,519	594,171	491,637	493,161	492,194

SUMMARY STATEMENT OF CASH FLOWS

The inflows and outflows of cash for the Year Ended 30 June 2015

	Council Actual \$000 30 June 2015	Council Budget \$000 30 June 2015	Council Actual \$000 30 June 2014	Group Actual \$000 30 June 2015	Group Actual \$000 30 June 2014
Net cash flows from:					
- operating activities	6	9,974	8,604	10,275	10,293
- investing activities	7	(10,803)	(29,502)	(16,184)	(11,083)
- financing activities	8	3,250	19,250	4,000	3,250
Net increase in cash and bank		2,421	(1,648)	(1,911)	2,461
Cash and cash equivalents at the beginning of the year		5,435	5,588	7,346	5,479
Cash and cash equivalents at the end of the year		7,856	3,940	5,435	7,940

Funding impact statement for the year ended 30 June 2015 (whole of council)

	Annual Report 2014 \$000	Annual Plan Forecast 2014 \$000	LTP Forecast 2015 \$000	Annual Plan Forecast 2015 \$000	Actual 2015 \$000	Variance 2015 \$000
Sources of Operating Funding						
General rates, uniform annual general charges, rates penalties	7,742	7,655	7,619	8,394	8,310	(84)
Targeted rates (other than a targeted rate for water by meter supply)	19,752	19,779	22,637	21,789	21,795	6
Subsidies and grants for operating purposes	1,245	1,004	1,017	947	1,174	227
Fees, charges and targeted rates for water by meter supply	6,007	6,089	6,155	5,966	5,720	(246)
Interest and dividends from investments	175	99	102	96	222	126
Local authorities fuel tax, fines, infringement fees, and other receipts	2,947	2,737	2,534	2,791	2,802	11
Total Operating Funding (A)	37,868	37,363	40,064	39,983	40,023	40
Applications of Operating Funding						
Payments to staff and suppliers	28,463	29,084	29,647	29,708	29,996	288
Finance Costs	2,751	2,901	3,234	3,405	3,487	82
Total applications of operating funding (B)	31,214	31,985	32,881	33,113	33,483	370
Surplus (deficit) of operating funding (A - B)	6,654	5,378	7,183	6,870	6,540	(330)
Sources of capital funding						
Subsidies and grants for capital expenditure	4,191	2,409	1,087	1,088	1,059	(29)
Development and financial contributions	516	1,366	1,461	646	344	(302)
increase (decrease) in debt	4,000	14,000	8,446	20,898	3,250	(17,648)
Gross proceeds from sale of assets	1,403	1,274	1,349	474	1,909	1,435
Total sources of capital funding (C)	10,110	19,049	12,343	23,106	6,562	(16,544)
Applications of capital funding						
Capital expenditure						
- to meet additional demand	1,051	1,714	2,860	3,568	471	(3,097)
- to improve the level of service	7,756	11,966	10,460	16,861	5,122	(11,739)
- to replace existing assets	7,645	10,886	6,925	9,285	6,460	(2,825)
Increase (decrease) in reserves	(222)	(513)	-	-	910	910
Increase (decrease) of investments	533	374	(719)	262	139	(123)
Total applications of capital funding (D)	16,764	24,427	19,526	29,976	13,102	(16,874)
Surplus (deficit) of capital funding (C - D)	(6,654)	(5,378)	(7,183)	(6,870)	(6,540)	330
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-
Depreciation	10,708	11,575	13,177	12,518	11,483	(1,035)
Loans						
			External			
			\$000			
Loans as at 1/07/2014			56,750			
Raised during year			14,000			
Repaid During Year			(10,750)			
Loans as at 30/06/2015			60,000			
Interest Expense			3,487			

EXPLANATIONS FOR VARIANCES BETWEEN THE COUNCIL'S ACTUAL RESULTS AND THE COUNCIL'S BUDGET FOR 2014-15.

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.

Interest revenue – This is above budget due to the investment of surplus loans borrowed for budgeted capital works that were not completed in the current year.

Grants and subsidies – This is higher than budget due to more subsidised work done than budget.

Vested assets – This was less than anticipated due to little subdivision activity in the year.

Development contributions – Lower than budgeted due to little subdivision activity in the year.

Gain in fair value (forestry) – The gain on forestry assets was higher than expected due to better log prices in the world market.

Gain on disposal of assets – This was above budget due to the gain on sale of the Foxton Beach Holiday Park.

2. Other expenditure

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.

Employee benefit expenses – These are higher than budget because additional staff were recruited to provide in-house professional services instead of using external consultants.

Depreciation and amortisation – Depreciation was \$1.04M under budget as a result of the 2014 roading valuation which reduced the value of roading assets by \$70.8M after the budget was set.

Loss on disposal of assets – The unbudgeted loss on sale was largely due to the sale of the two show homes on the Forbes Road subdivision.

Statement of financial position

3. Current assets

Cash and cash equivalents – Cash and cash equivalents are above budget because there are more funds on deposit due to surplus loans borrowed for budgeted capital works that were not completed in the current year.

Debtors and other receivables – Debtors and other receivables are below budget because the budget was based on last years' balance that included a \$927k receivable from the Ministry of Health for a subsidy for the Shannon water treatment plant upgrade that has since been paid.

Other financial assets – Other financial assets are above budget as the budget does not include the \$350k deposit held for the Shannon Community Trust and \$120k community loan that was repaid after balance date.

4. Non-current assets

Non-current assets held for sale – This reflects the expected sale of six (6) Forbes Road subdivision sections in the next year. The expected sale price is less than when the budget was set.

Non-current assets – The budget does not include the Roothing assets revaluation loss of \$70m from last year. In addition some budgeted capital work was not completed in the current year.

5. Non-current liabilities

Borrowings – These are below budget by \$16M due to lower capital expenditure due to delays in a number of projects.

Other non-current liabilities – These are above budget due to the increased swap valuation as a result of the low interest rate environment.

6. Equity

Revaluation reserves – These are lower than budget due to the lower 2014 roading valuation (\$70m reduction) which was received after the budget was set.

Statement of cash flows

7. Operating activities

Rates revenues – Rate penalties were less than anticipated due to considerable work being undertaken to reduce outstanding rates arrears.

Other revenues – They were higher because of the timing of the Shannon water treatment plant upgrade subsidy from the Ministry of Health.

Interest received – This is higher due to the investment of surplus funds due to lower capital spending in the current year.

Payment to suppliers, services and employees – This was higher than budgeted due to the increase in staffing numbers.

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

8. Cashflows from investment activities

Proceeds from assets sales – This was above budget due to the sale of Foxton Beach Holiday Park.

Purchase of assets – Lower expenditure on infrastructural projects, in particular Wastewater as a result of delays.

9. 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.

KEY PERFORMANCE MEASURES

Environmental Services

District Planning

- A total of 125 applications have been accepted being 23 subdivision consents, 93 land use consents and 9 other RMA applications and all (100%) have been processed within statutory timeframes. A total of 71 monitored consents, in which 49 complied, 21 enforcement warnings were issued and 1 abatement notice was issued.
- A total of 48 complaints of non-compliance with the District Plan received, 45 were responded to within two working days and 3 responded to after 2 working days. These three complaints were received during the Christmas period.
- The Environmental Monitoring Strategy was to be developed after the Proposed District Plan had been made operative. The Proposed Plan was made operative 1 July 2015. The Environmental Monitoring Strategy will therefore now be prepared and finalised in 2015/16 financial year.

Liquor, Food Safety and Health and Safety Licensing

- All licensed premises are monitored to ensure full compliance with the Sale of Liquor Act and License conditions. As at 30 June 2015 there were 71 licensed premises. All premises have been inspected.
- A Controlled Purchase Operation (CPO) in conjunction with Police and Public Health partner agencies was conducted in September with one enforcement action for selling to a minor and a second CPO in December with one enforcement action for selling to a minor.
- Compliance with Food Safety legislation is monitored and enforced in all relevant premises. Monitoring is undertaken by an inspection and/or audit process of 158 registered premises. As at 30 June 2015, 160 inspections have been conducted; however 1 premise was not audited/inspected for the 2014/15 year as it delayed its audit at their request pending resolution of issues with regard to the future of the organisation. There are often more inspections in the year than registered premises if premises have opened or closed or changes hands during the year.
- All food premises are graded annually – 134 A Grade, 11 B Grade, 1 Ungraded, 11 New, 1 grade not required.
- A noise complaint service has been provided 24 hours a day, seven days a week. As at 30 June 2015, there have been 1,961 complaints, resulting in 261 verbal directions being given, 237 Noise Abatement Notices being issued, and 11 equipment seizures. Police assistance has been required on 19 occasions and no Infringements were issued.

Building Control

- Council is an accredited Building Consent Authority (BCA). The latest assessment was held on 28-30 April 2015 and the BCA received re-accreditation without receiving any Corrective Action Requirements. The next assessment is scheduled for 2017.
- There were 413 Code Completion Certificates applications received, with all issued within 20 working days
- Currently there are 230 Pools on the Register with 77 (33.35%) inspections carried out in the year.
- 300 properties are on the Building warrant of Fitness Register. 232 renewed at 30 June 2015.
- 128 Earthquake-Prone Buildings are on the Register as potentially earthquake-prone or earthquake risk.

Animal Control

- As at 30 June 2015, there are 6,440 dogs which have been registered and 85 that were unregistered.
- Dog classifications: Dangerous = 19, Menacing by Breed = 188, Menacing by Deed = 65
- Owners of known errant dogs will be prosecuted where appropriate. There is currently one disqualified dog owner and one prosecution pending. There were 29 stock impoundings and 529 dog impoundings.

Parking Enforcement

- Parking enforcement was conducted each working day.

Sports Grounds

- As at 30 June 2015, all sports fields were available for 100% of the time for planned/normal use.

Aquatics

- Number of participants in learn to swim classes per school term exceeded 400 with 440 participants for Term 2 2015.
- The Annual Customer Satisfaction Survey resulted in 99.1% customer satisfaction. The target was 85%.
- The Levin and Foxton pool are 100% compliant. Both pools have received Pool Safe Accreditation for March 2015 to April 2016.

Cemeteries

- All arrangements and interments were carried out in a timely manner. There have been no justified complaints in the year.

Roads

- 87% of urban roads were smooth to travel on (target for 2014/15 was 91%).
- 96% of rural roads were smooth to travel on (target for 2014/15 was 91%).
- Amount of defects per 100m in sealed surface with a target of 99% for urban and rural roads measured by RAMM condition index. This relates to the networks surface condition. In 2014/15 percentages achieved were 99.2% for urban roads and 98.1% for rural roads.
- Integrity of pavement target of 99% of RAMM condition index for urban and rural roads. This relates to condition of the pavement. In 2014/15 percentages achieved were 95.4% urban roads and 92.4% rural roads. This target was not achieved. The survey was performed by Briken Ltd in January 2015 and covered half of the district.
- 100% of calls relating to weather events were responded to within 30 minutes with referral to the contractor.
- 27.9km of roading resealing was completed in the year. The target was at least 21km.
- The Annual Customer Satisfaction Survey showed that only 70.78% were satisfied. The target was 95%.
- All customer requests for service were attended to within the agreed timeframes.

Stormwater

- A Stormwater Management Strategy was to be developed and adopted, but this is still currently being developed.
- 100% compliance with the Regional Council's resource consents but Council only has one stormwater consent that is currently not used or monitored.
- There were no flooding events as a result of Council's stormwater network.
- As at 30 June 2015, there have been 120 complaints received regarding the performance of Council Stormwater systems. This makes a total of 9.83 complaints per 1,000 connections. The target was less than 10 complaints per 1,000 connections.
- The Stormwater Asset Management Plan 2015 formed part of the Infrastructure Strategy which was adopted by Council.
- The Infrastructure Strategy was adopted at the Council meeting on the 18th February 2015.

Water Supply

- Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria. The target 99% was achieved regarding compliance and all water supplies complied fully with the LTP target and all practicable measures were taken to ensure compliance with Drinking Water Standards New Zealand as assessed by the Drinking Water Assessor.
- Compliance with appropriate Drink Water Standards for New Zealand 2005 (revised 2008) Protozoa compliance criteria. Foxton Beach, Shannon and Foxton were fully compliant for the year. There were no protozoa treatment processes in place for both Levin and Tokomaru in 2014/15. Treatment process in Tokomaru will be in place for 2015/16 and in Levin for 2016/17.
- The actual results for the performance measure of all urban fire district fire hydrants tested will provide flows in accordance with the NZ Fire Service Fire Fighting Water Supplies Code of Practice SNZ 4509.2003. In the 2014-15 Annual Plan the code is 4509.2008. Tests have been carried out on 1,006 fire hydrants, of which 97% of fire hydrants tested met the target. 3% are on rural 50mm mains and are mainly used for flushing purposes and for fire trucks during fire-fighting in the rural areas
- As at 30 June 2015, 100% of all properties assessed exceeded 250kPa supply pressure at the property boundary for on demand connections.
- As at 30 June 2015, 100% of water takes complied with consent limits. There are 12 water take consents. This does not include consents for park bores as this is not under Water activity.
- There were only 2 shutdowns that affected more than 2 properties. There were a total of 20 shutdowns in the period with the maximum shutdown being 7.5 hours and an average shutdown time of 3 hours. The main reason for shutdowns, were burst mains.
 - Levin – 15 shutdowns
 - Shannon – 4 shutdowns
 - Tokomaru – 1 shutdown
- As at 30 June 2015, all five water supplies have a Public Health Risk Management plans approved by the Department of Health.
- The percentage of real water loss from the local authority's networked reticulation system as estimated by minimum night flow measurement was not measured. The method to be used for this measurement is the international benchmarking method Infrastructure Leakage Index (ILI). Calculations are being undertaken using Water NZ's Benchloss template. The calculations are still being developed.
- Council received 5 complaints per 1000 connections regarding drinking water clarity.
- Council received 0.6 complaints per 1000 connections regarding drinking water taste.
- Council received complaints regarding drinking water pressure or flow were not measured but Council will ensure it is in 2015/16.
- Council received 5 complaints per 1000 connections regarding continuity of supply.
- Complaints received regarding Council's response to drinking water clarity, taste, water pressure or flow, or continuity of supply was not measured but will ensure it is in 2015/16.
- Council's response times to attend and resolve an urgent or non-urgent call-out with regards to a fault or unplanned interruption to its networked reticulation system was not measured but Council will ensure it is in 2015/16.
- The average consumption of drinking per day per resident for the entire district was 342 liters/day/person.

Wastewater Disposal

- The performance measure of 99.5% of connected properties being protected from system related overflows during the year was achieved. Of the 11,680 properties connected, 52 properties were affected by overflow. This gives a percentage of 99.5% of properties were unaffected. The types of blockages reported were commonly fat and other materials, roots, sand, collapsed pipe and unknown causes of overflow.
- Council's response times to attend and resolve a call-out resulting from a blockage or other fault in its sewage system was not measured but Council will ensure it is in 2015/16.

- Resource consent conditions assessed by Horizons Regional Council at the following treatment plants were compliant:
 - Tokomaru
 - Foxton Beach
 - Shannon
- Resource consent conditions assessed by Horizons Regional Council at the following treatment plants were non-compliant:
 - Waitarere – Due to late filing of report which was sent on time but not filed in time by Horizons.
 - Foxton – Significant non-compliance due to effluent discharge exceeding 2,000m³/day on 10 January 2015. Significant non-compliance due to E.coli levels in test sample exceeding limit on 8 occasions and non-compliance due to ammonia cal nitrogen levels exceeding limit on one occasion.
 - Levin – Non-compliance due to plant assessment report not submitted on time and non-compliance due to sample test results data not submitted on time.
- There was 100% compliance with the territorial authority's resource consents for discharge from its sewerage system.
- Council received 1 complaint per 1000 connections regarding sewage odour.
- Council received 7 complaints per 1000 connections regarding sewage system faults.
- Complaints received regarding sewage system blockages was not measured but will ensure it is in 2015/16.
- Complaints received regarding its response to issues with its sewerage system was not measured but will ensure it is in 2015/16.
- The Annual Customer Satisfaction Survey showed that only 61% were satisfied with their wastewater services. The target was 95%.
- The Asset Management Plan review for Wastewater has been completed and the proposed programmes incorporated into the Horowhenua District Council Infrastructure Strategy 2015-2045
- The Infrastructure Strategy was adopted by Council on 18 February 2015
- Although not measured in accordance with DIA guidelines, there were 20 properties affected by dry weather overflows. This equates to 1.6 overflows per 1,000 connections.

Solid Waste Management

Landfill

- As per the annual consent inspection report:
 - Consent 6009 discharge solid waste to land. Comply – full.
 - Consent 6010 discharge leachate to land. Comply – full.
 - Consent 6011 discharge landfill gas, odour and dust to air. Comply – at risk.
 - Consent 6012 divert stormwater. Comply – full.
 - Consent 102259 discharge to land. Comply – full.
 - Consent 106798 flaring of landfill gas. Comply – full.

Recycling

- The 1,907 tonnes of recycling material received for the year did not meet the target of 2,000 tonnes.
- Kerbside Recycling service is offered to 95.3% of survivable household in the district.

Roadside Collection

- Council received 20 complaints on rubbish bags which averages 1.67 per month. The target was less than 15 justified calls per month.

All Solid Waste

- As at 30 June 2015, the average person diverted 64kg of recycling and the average person disposed of 439kg of rubbish.
- Waste Education being carried out in Schools throughout the District.

Community Support

Emergency Management and Rural Fires

- In excess of five media messages promoting preparedness for an emergency were made to residents and ratepayers during the year.

Libraries

- Key performance measures for Te Takere and other library services have been received by the Te Horowhenua Trust and considered by Council.

Marketing

- The target of eleven monthly Council newsletters to be published each year was achieved. 11 Community Connections were published and distributed to 23,000 ratepayers and residents.
- The target of 4 quarterly 'ElderBerries' newsletters to be published each year was achieved.

Community Development

- 100% of requests for information and advice will be responded to within 48 hours.
- The Community Directory is current.

Grants

- Round one of grants for 2014/2015 were ratified by Council on 1 October 2014 and successful recipients have completed their projects and Round two of grants for 2014/2015 were ratified by Council in April, and successful recipients have uplifted all funds for projects during the remainder of 2015.

Tourism and Economic Development

- The Economic Development Strategy has commenced. Portfolio based initiatives have been developed, and wide ranging actions are currently being implemented. Quarterly update results from Infometrics show that economic conditions in Horowhenua are improving across many key areas.

Properties

Halls

- The Levin Memorial Hall was used 206 times during the period, equating to 3.96 times per week. The target of 8 times per week was not achieved.
- Foxton Memorial Hall was used 103 times during the period, equating to 3.96 times per fortnight, and Shannon Memorial Hall used 199 times, equating to 7.65 times per fortnight. This exceeded the target of at least 3 times per fortnight.

Residential Housing

- There has been 95.67% occupancy during the period of available pensioner accommodation.

Endowment Property

- As at 30 June 2015, there are currently 36 sections available for sale as part of the Forbes Road Subdivision. This excludes the five sections exchanged for Seabury Avenue Land. Of the 36 sections six sections are due for settlement (all six are unconditional).

All Property

- All HDC owned buildings with Compliance Schedules have current Building Warrant of Fitness. This means all specified systems including fire alarms have been maintained and inspected in accordance with the compliance schedule. This meets the requirement of the Building Act 2004.

Representation and Governance

- Legislative compliant local body elections were held in October 2013.
- The 2015-2025 Long Term Plan was adopted by Council on 24 June 2015
- An unqualified 2013/14 Annual Report adopted by Council on 29 October 2014.

Selected Notes to the Financial Statements

Events after Balance Sheet date

There were no events after the balance sheet date

CAPITAL COMMITMENTS AND OPERATING LEASES

Capital expenditure contracted at balance date for (but not yet incurred for) property, plant and equipment:

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000	Group Actual \$ 30 June 2015 \$000	Group Actual \$ 30 June 2014 \$000
Capital commitments				
Wastewater Treatment	279	-	279	-
Water Treatment	1,588	933	1,588	933
Wastewater Other	1,795	776	1,795	776
Water Other	154	111	154	111
Total	3,816	1,820	3,816	1,820

Refer to Note 14 in the full annual report for capital commitments for investment properties.

Operating leases as lessee

Horowhenua District Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000	Group Actual \$ 30 June 2015 \$000	Group Actual \$ 30 June 2014 \$000
Non-cancellable operating leases as lessee				
Less than one year	200	333	200	340
Later than one year but not more than five years	68	152	68	152
Later than five years	-	-	-	-
Total non-cancellable operating leases	267	485	267	492

Leases can be renewed at Horowhenua District Council's option, with rents set by reference to current market rates of equivalent age and condition. Horowhenua District Council does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Horowhenua District Council by any of the leasing arrangements.

Operating leases as lessor

Horowhenua District Council leases its investment properties, Foxton Beach endowment land and other property under operating leases. The majority of the investment and endowment property leases are leases in perpetuity and therefore non-cancellable; the majority of the other leases are cancellable. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000	Group Actual \$ 30 June 2015 \$000	Group Actual \$ 30 June 2014 \$000
Non-cancellable operating leases as lessor				
Less than one year	651	961	651	961
Later than one year but not more than five years	1,108	1,892	1,108	1,892
Later than five years	1,332	1,483	1,332	1,483
Total non-cancellable operating leases	3,091	4,336	3,091	4,336

Figures for later than five years are impracticable because most of the leases are in perpetuity. The total annual lease amounts are expected to be at least those indicated above.

No contingent rents have been recognised in the statement of financial performance during the period.

CONTINGENCIES

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000	Group Actual \$ 30 June 2015 \$000	Group Actual \$ 30 June 2014 \$000
Guarantees	32	37	32	37
Government grant	5,219	5,219	5,219	5,219

Guarantees

The value of guarantees disclosed as contingent liabilities reflects Horowhenua District Council's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position. See Note 17 in the full annual report for information on recognised financial guarantees. The maximum financial exposure the Council is open to is \$65,000.

Government grants

The value of Government grants disclosed as a contingent liability is the sum of what is notionally an interest-free, suspensory loan from Housing NZ, but is for all practical intents and purposes a grant. The sum advanced is part of a \$10M programme for the construction and modernisation of Horowhenua District Council's residential housing. The sums advanced are repayable, with interest, primarily in the event of Horowhenua District Council selling the flats within 20 years and are registered as mortgages over the relevant properties. Currently Horowhenua District Council has no intention of selling the residential housing.

Contingent liability

Horowhenua District Council obtained public liability and professional indemnity insurance cover from New Zealand Mutual Liability Risk Pool. The Council has now withdrawn from the Risk Pool but still has insurance cover via an insurance broker. Risk Pool operates as a mutual fund where each member makes an annual contribution to obtain cover; however should claims exceed contributions then calls can be made on the members of that fund year for the shortfall amount. Risk Pool have advised that further calls may be made to the Council for past pool periods. Horowhenua District Council has budgeted monies in its current LTP to cover these calls.

The site of the Foxton Mitre 10 building is included in the designs for the new Te Awahou Nieuwe Stroom facility. The Mitre 10 building is partly constructed on land owned by neither Mitre 10 nor Horowhenua District Council. Horowhenua District Council has applied to the Māori Land Court for relief from this encroachment. The owners remain committed to reaching a negotiated outcome to this matter. The maximum potential liability for Horowhenua District Council is \$20,000 and a piece of land, being a purchase negotiated with the owners.

Horowhenua District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council has several ongoing legal proceedings. The outcome of these remains uncertain at the end of the reporting period. The maximum financial exposure anticipated to be less than \$300,000.

Horowhenua District Council is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$100K. When aggregated with the uncalled capital of other shareholders, \$20M is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Horowhenua District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2015, NZLGFA had borrowings totalling \$5,274M (2014: \$3,825M).

Financial reporting standards require Horowhenua District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Building Act claims

The Building Act of 2004 imposes certain obligation and liabilities on local authorities in respect to the issue of building consents and inspections of work done.

Horowhenua District Council has one claim with the Weathertight Homes Resolution Service (WHRS claim 07477). This claim has been accepted as valid and will be liable for 25% of the value of repairs. This this stage value of the repairs is not known. Horowhenua District Council is not expected to be covered under its insurance policies. Horowhenua District Council is also exposed to potential claims which have not been advised. The amount of these claims and any potential liability are not able to be reliably measured and are therefore not quantifiable.

Contingent assets

Third parties including sports clubs and community groups are able to construct facilities (e.g. club rooms) on Horowhenua District Council owned land. The third parties control the use of these facilities and Horowhenua District Council will only gain control of the asset if the third party vacates the facility. Unless, and until, such event occurs these assets are not recognised as assets in the statement of financial position. As at 30 June 2015 there were 24 facilities having an approximate value of \$8.02M (2014: 24 facilities, \$8.02M). This estimate has been based on district rating valuations.

Horowhenua District Council also has a contingent asset in the land sold to the Foxton Medical Trust, which, should the Foxton Medical Trust sell the land, Council will receive the market value at the time of transfer.

RELATED PARTY TRANSACTIONS

Te Horowhenua Trust

In 1996 Council set up the Horowhenua Library Trust (HLT) and then on 4 of March 2011 changed its name to Te Horowhenua Trust (THT).

The primary objective of THT is the delivery of library services on behalf of the Council.

THT is considered to be a council controlled organisation under the Local Government Act 2002.

A description of the library activities and comparisons between the actual performance and the key performance measures set out in the LTP 2012-2022 is contained in Section 1 under the Community Support Group of Services.

The following transactions were carried out with related parties were within normal supplier or client/recipient relationship on normal terms and conditions:

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000
Te Horowhenua Trust		
Grant received from Council	1,698	1,500
Contract revenue provided by HDC to Te Horowhenua Trust	115	214
Other grants and revenue received by Te Horowhenua Trust from HDC	18	68
Other services to Te Horowhenua Trust from HDC	123	77
Payment for services provided by HDC	-	79
Accounts payable to Te Horowhenua Trust	2	1
Accounts receivable by HDC	14	7

The Council does not receive rental payments from Te Horowhenua Trust for the building Te Takere occupies and the Council owns.

Manawatu/Wanganui Local Authorities Shared Services Limited

This company was set up in 2008 by seven local councils to investigate the possibilities of economies of scale by joint procurement.

To date there has been one call on share capital and the company is now trading. Horowhenua District Council owns one seventh or 14% of this company and has a \$1,000 share capital.

The Company is considered to be a council controlled organisation under the Local Government Act 2002 but the member councils have resolved that it is exempt for the purposes of Section 6(4)(i) of that Act for 2010/11, 2012/12, 2012/13, 2013/14 and 2014/15.

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000
Manawatu/Wanganui Local Authorities Shared Services Limited		
E-Road hardware	7	9
Regional archives project	54	59
Benchmarking project	-	4
Valuation services and share of fixed charges	12	5
Consultant expenses share	-	6
Debt Collection Process	26	-
Insurance Review	3	-
Online Economic Profiles Subscription	13	-

Shannon Community Development Trust

The Council holds \$350,000 on deposit on behalf of the Shannon Community Development Trust.

Key management Personnel

During the year key management personnel (the Mayor, Councillors and senior managers) were involved in minor transactions with Horowhenua District Council (e.g. payment of rates, purchase of rubbish bags, and registration of dogs) as part of a normal customer relationship. In addition the following transactions were conducted with key management personnel:

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000
Canvasland Holdings Ltd (in which Mayor B Duffy is a shareholder) purchase of goods or services.	2	11
Canvasland Sunshades Ltd (in which Mayor B Duffy is a shareholder) purchase of goods or services.	5	1

No provision has been required, nor any expense recognised, for impairment of receivables for any related party (2014: \$Nil).

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000
Key management personnel compensation		
Councillors		
<i>Remuneration</i>	342	320
Full-time equivalent members*	11	11
Senior Management Team, including the Chief Executive		
<i>Remuneration</i>	987	1,125
Full-time equivalent members	7	7

*Due to the difficulty in determining the full-time equivalent for councillors, the fulltime equivalent figure is taken as the number of councillors

Council employees	Council Actual 30 June 2015	Council Actual 30 June 2014
Total annual remuneration by band		
<60,000	86	80
\$60,000 - \$79,999	31	23
\$80,000 - \$99,999	12	11
\$100,000 - \$119,999	6	6
\$120,000 - \$240,000	7	5
Total employees	142	125

At balance date, the Council employed 106 (2014: 86) full-time employees, with the balance of staff representing 11 (2014: 21) full-time equivalent employees. A full-time employee is determined on the bases of a 40-hour working week.

INSURANCE OF ASSETS

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000
Total value of assets covered by insurance contracts	95,497	92,402
Maximum amount of insurance	183,130	166,033
Total value of assets covered by financial risk sharing arrangements	126,711	126,993
Maximum amount available under those arrangements	117,929	118,481
Total value of assets that are self-insured	254,814	258,258
The value of funds maintained for that purpose	-	-

It is anticipated (but cannot be guaranteed) that under the terms contained in the Guide to the Civil Defence Emergency Plan, central government may fund 60% of the qualifying cost of reinstating essential infrastructure assets in the event of a major disaster.

REPLACEMENT COST OF CORE INFRASTRUCTURAL ASSETS

	Council Actual \$ 30 June 2015 \$000	Council Actual \$ 30 June 2014 \$000
Waste water treatment plant and facilities	36,424	34,085
Water other	81,367	80,231
Water treatment plant and facilities	28,787	27,082
Wastewater other	114,296	112,649
Stormwater	45,397	45,113
Solid waste	7,884	7,670
Roading and footpaths	303,977	300,973
	618,132	607,803

Benchmarks Disclosure Statement

FOR THE YEAR ENDED 30 JUNE 2015

The purpose of this statement is to disclose the Council's financial performance in relations to rates affordability, debt affordability, balanced budget, essential services, debt servicing, debt control, and operations control.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

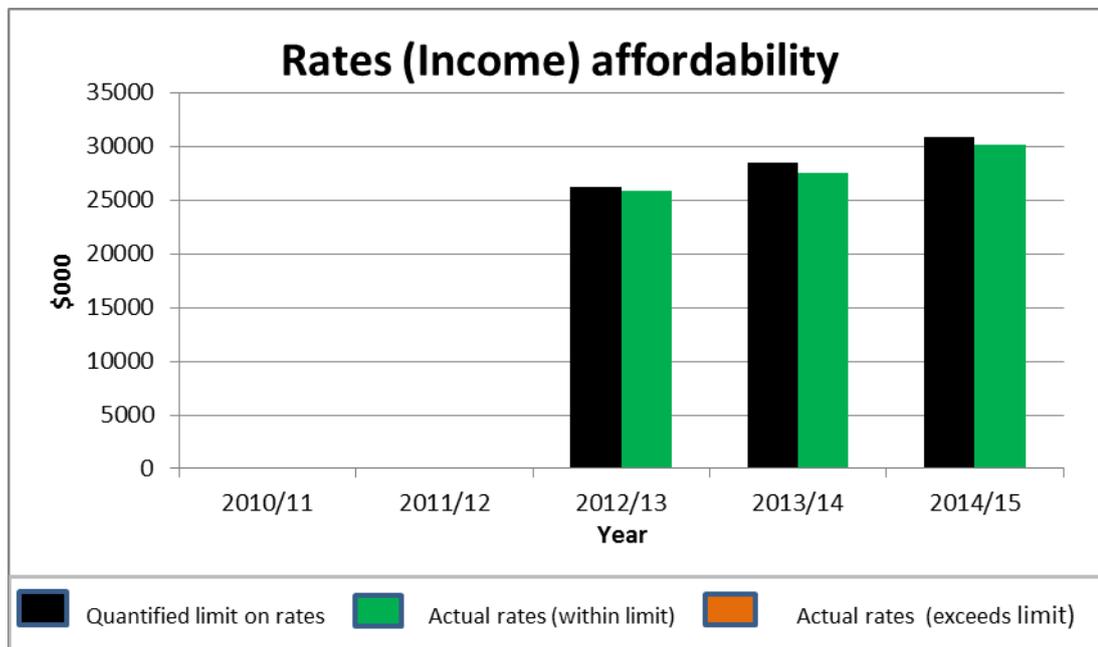
Rates affordability benchmarks

The Council meets the rates affordability benchmark if its:

- Actual or planned rates income for the year equals or is less than each qualified limit on rates; and
- Actual or planned rates increases for the year equal or are less than each qualified limit on rates increases.

Rates (income) affordability

The following graph compares the Council's actual rates income for 2012/13, 2013/14 and 2014/15 years with a quantified limit on rates contained in the financial strategy included in the Council's Long-Term Plan 2012-2022. All limits are based on the previous years' actual rates income adjusted for the projected maximum rates increase noted in rates increases affordability benchmark. The quantified limit in the 2012-2022 Long-Term Plan is \$26,216,000 (2012/13), \$28,465,000 (2013/14) and \$30,848,000 (2014/15). The financial strategy was adopted in the Long Term Plan 2012-2012 therefore no comparatives are available for 2011/12 and 2010/11.

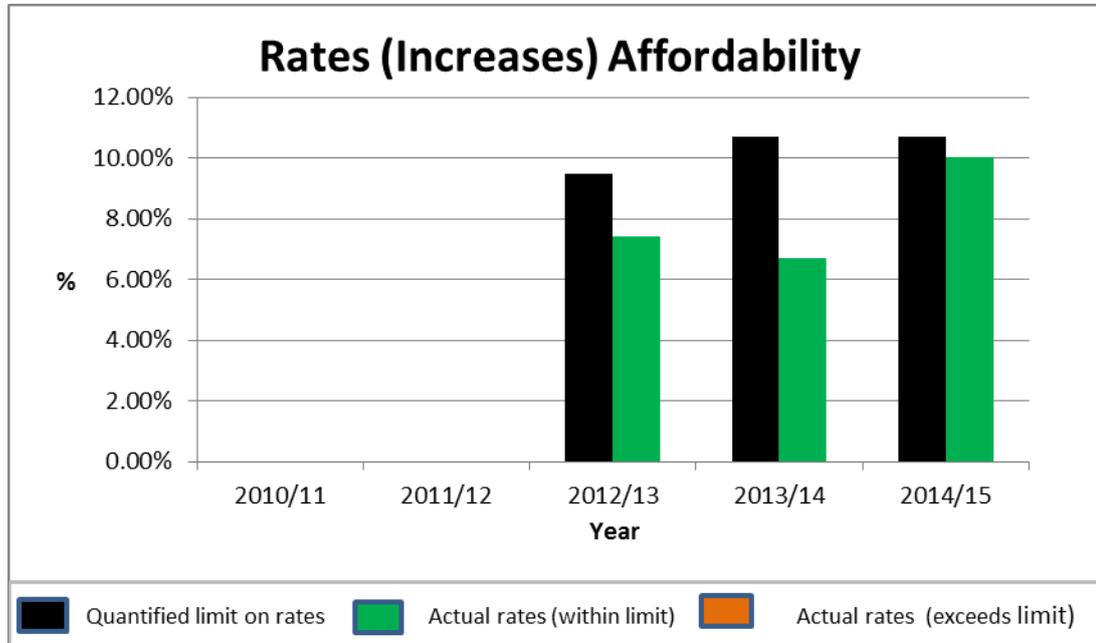


Rates (increases) affordability

The following graph compares the Council's actual rate increase for the 2012/13, 2013/14 and 2014/15 years with a quantified limit on rates increases contained in the financial strategy included on the Council's Long Term Plan 2012-2022. The financial strategy was adopted in the Long Term Plan 2012-2012 therefore no comparatives are available for 2011/12 and 2010/11.

The quantified limits are as follows:

- 2012/13 9.50%
- 2013/14 10.70%
- 2014/15 10.50%



Debt affordability benchmark

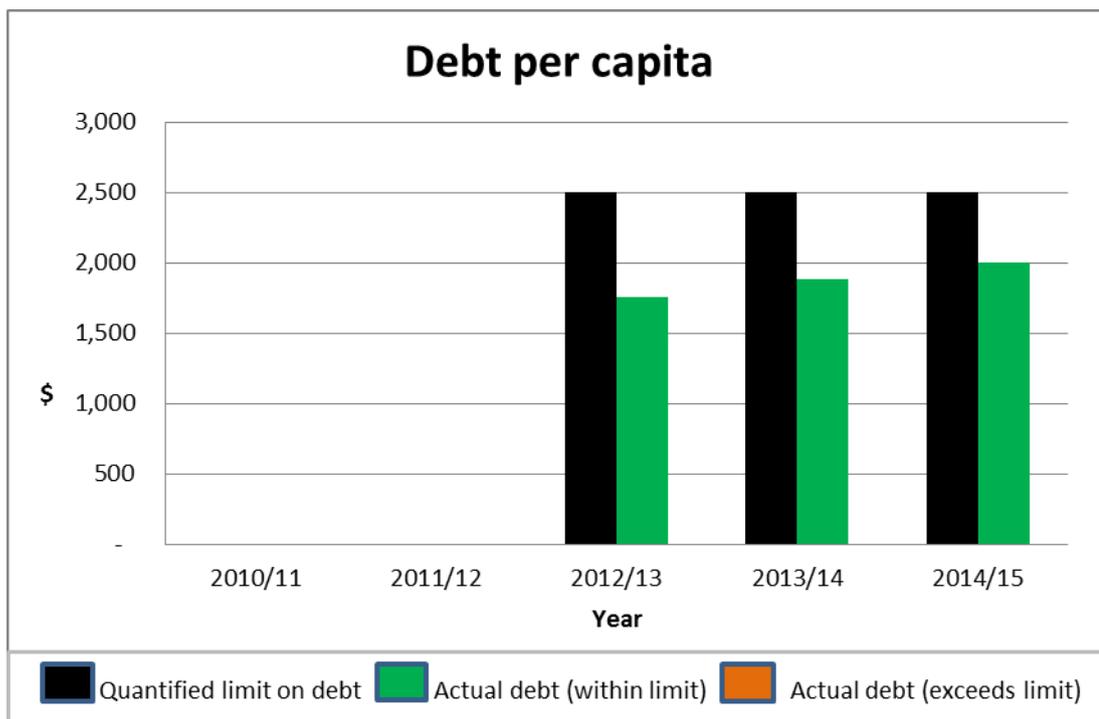
The Council meets the debt affordability benchmark for a year if actual or planned borrowing for the year is within each quantified limit on borrowing.

The Council quantified limits on borrowing are found in the liability management policy in the Long Term Plan 2012-2022 for 2012/13, 2013/14 and 2014/15. The two previous year limits are found in the liability management policy in the Long Term Council Community Plan 2009-2019. These limits are decided on by Council. Where previous years are not shown, it indicated a quantified limit had not been set at that time.

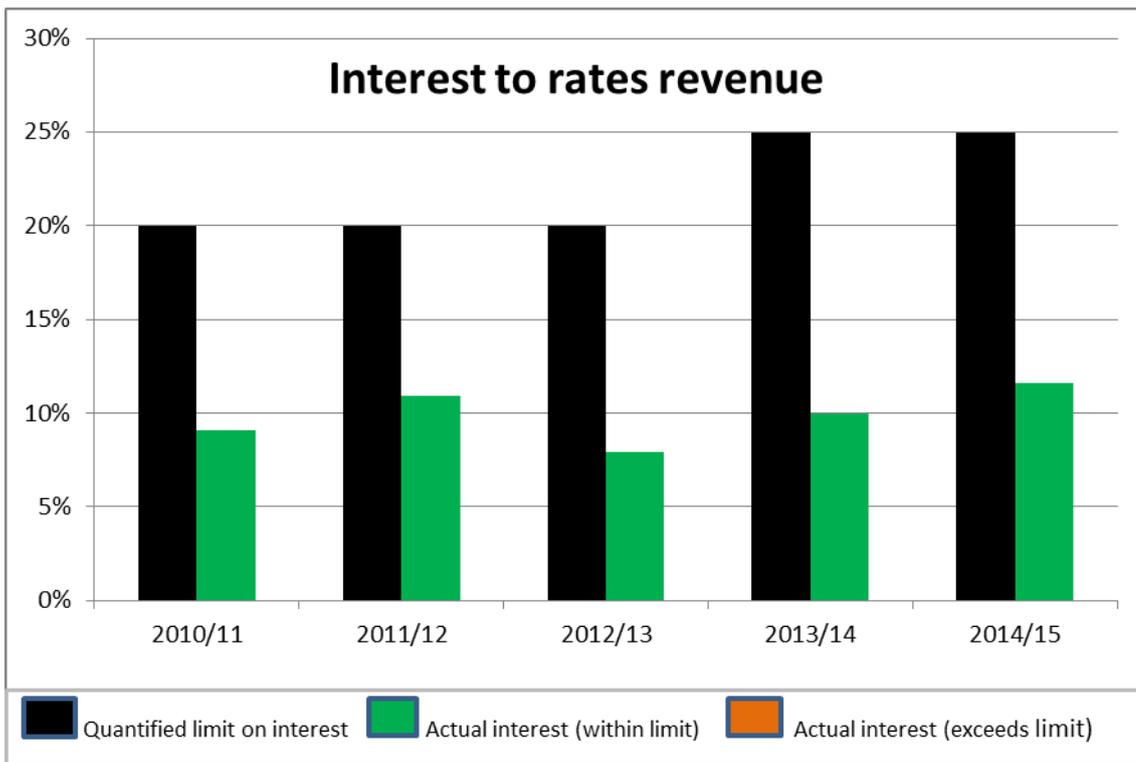
The limits are as follows:

- Debt per capita shall not exceed \$2,500.00
- Gross annual interest costs debt will not exceed 25% of total rates revenue
- Total debt as a percentage of total assets will not exceed 15%

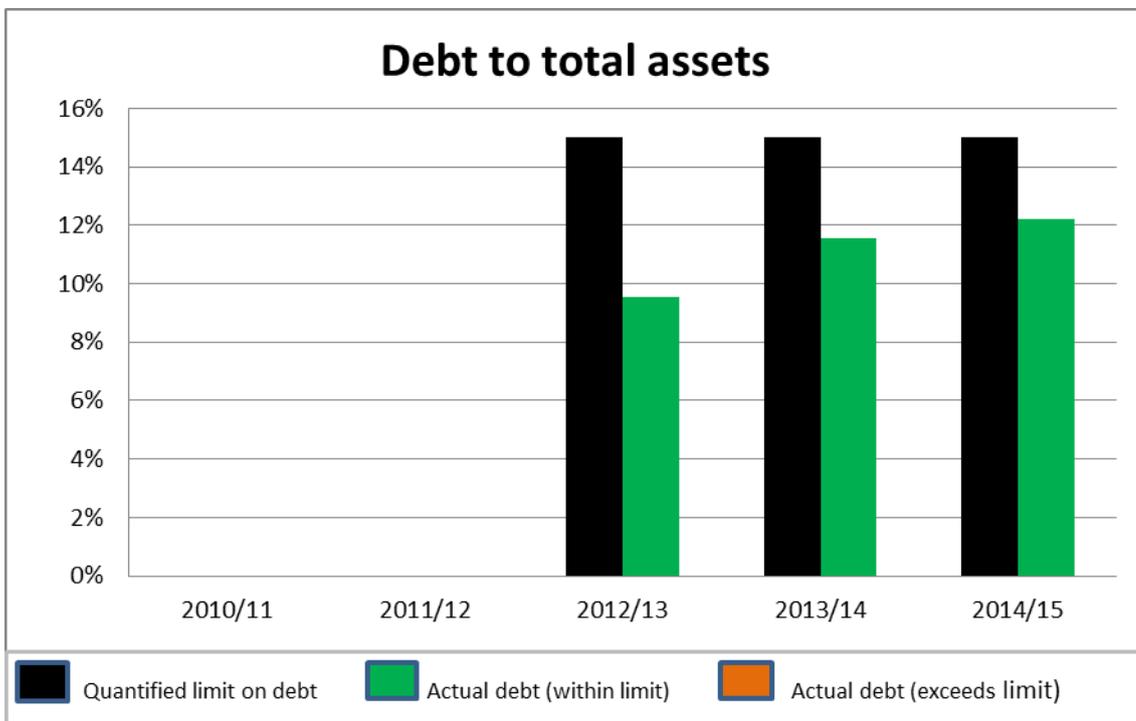
The following graph compares the Council's gross debt divided by the total population of the district to provide a per capita outcome.



The following graph compares the Council's gross annual interest cost as a proportion of annual rates income.



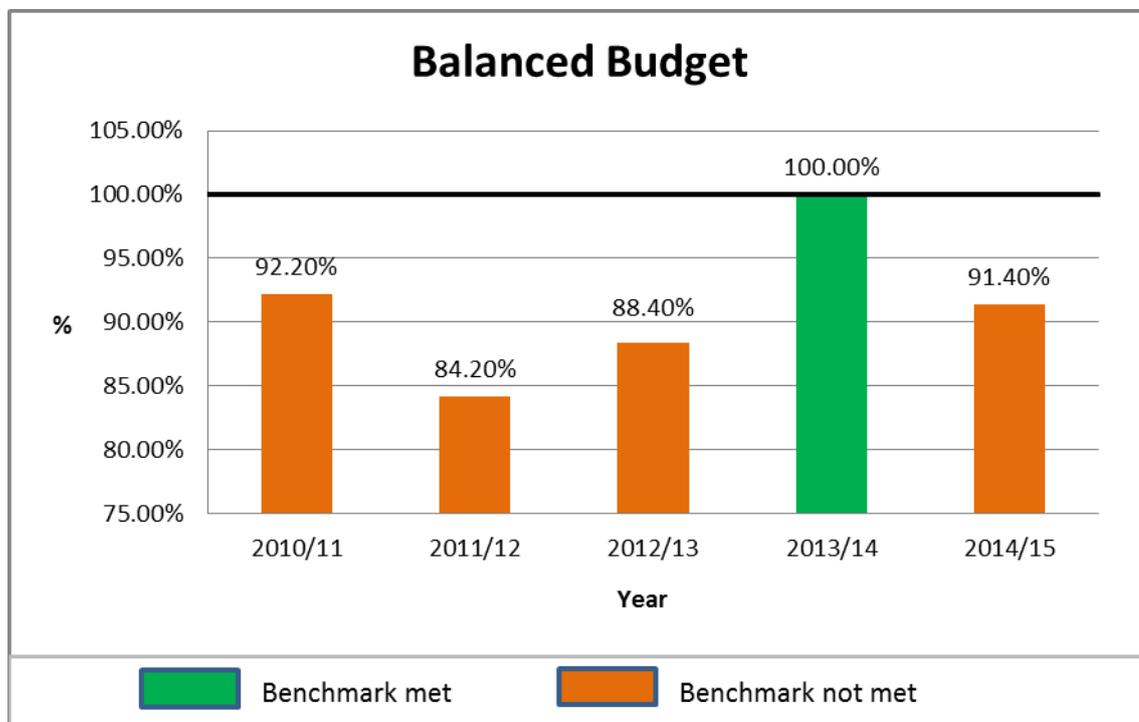
The following graph compares the Council's total debt divided by the total assets excluding trade and other receivables.



Balanced budget benchmark

The following graph displays the Council's revenue excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment, as a proportion of operating expenses, excluding losses on derivative financial instruments and revaluations of property, plants or equipment.

The Council meets this benchmark if its revenue equals, or is greater than, it's operating expenses.



Explanation on balanced budget benchmark

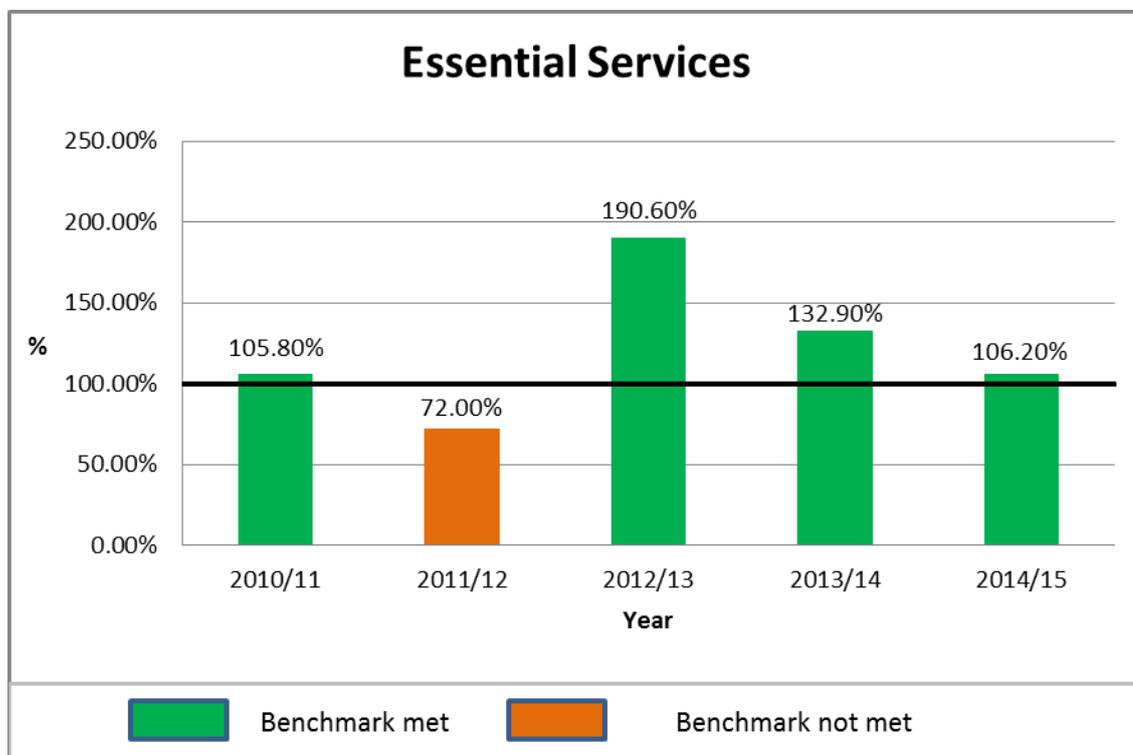
In order to keep the level of rate increases to an affordable level, Council has, for some years, not been fully funding depreciation. Funding depreciation creates a reserve to cover the cost of replacing Council's assets, especially infrastructural assets. Underfunding this reserve is possible only in the short-term. Council has been progressively increasing the funding of depreciation since the 2009/10 financial year with the view of fully funding depreciation by the 2019/20 financial year. The major cause of Council's above inflation rate increases has been the need to increase depreciation funding. The underfunding of depreciation is the major reason for Council not meeting this benchmark.

Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. Capital work includes both renewals of existing infrastructure and new capital works undertaken.

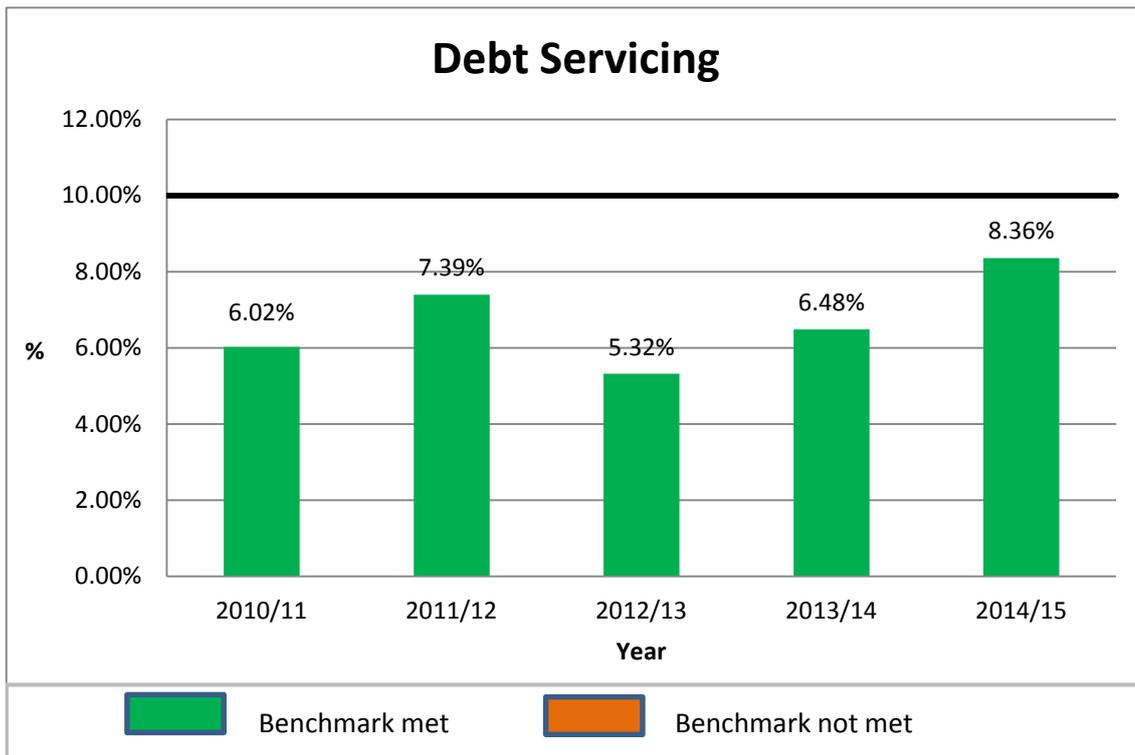
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Network services is defined in the regulations as infrastructure relating to water supply, sewage and the treatment and disposal of sewage, storm water drainage, flood protection and control works and the provision of roads and footpaths. The Council owns no infrastructure relating to flood protection and control work.



Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment.



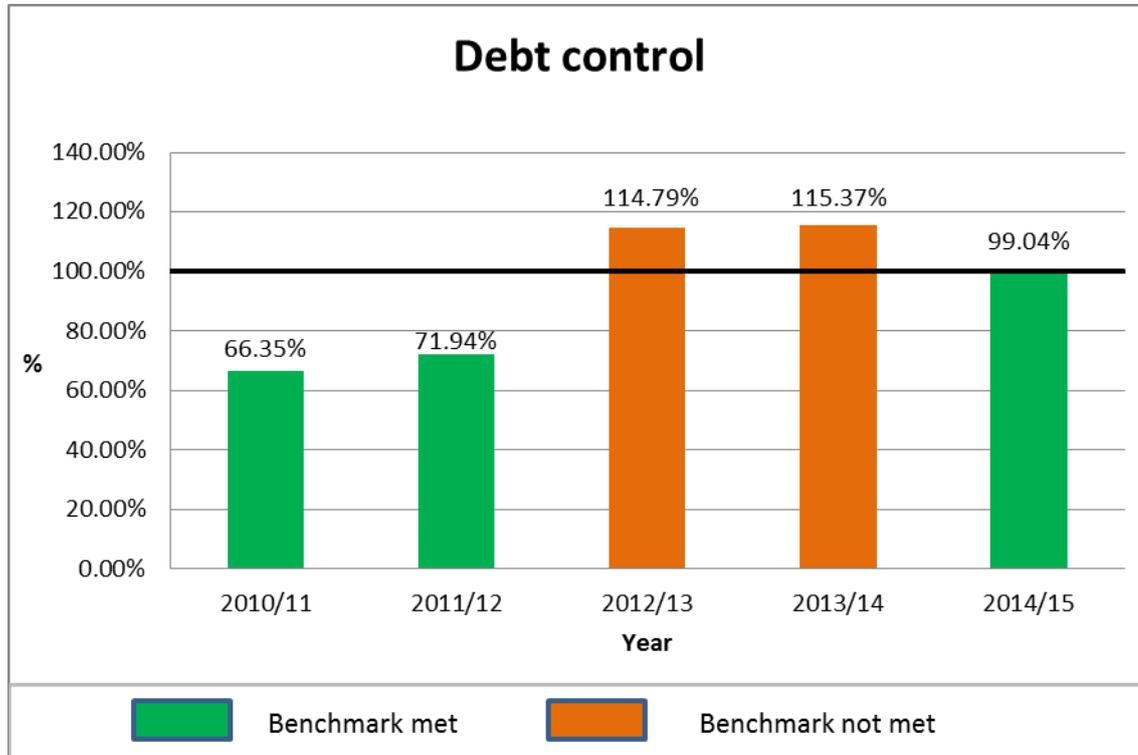
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt control benchmark if its borrowing costs are equal or less than 10% of its revenue, (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt is financial liabilities less financial assets (excluding trade and other receivables).

The Council meets the debt control benchmark if its actual net debt is less than or equal to the net debt planned for the year in its long term plan.

This benchmark has used the projected debt levels in 2009-2019 Long Term Council Community Plan 2009-2019 for the first two years and the Long Term Plan 2012-2022 for 2012/13, 2013/14 and 2014/15.



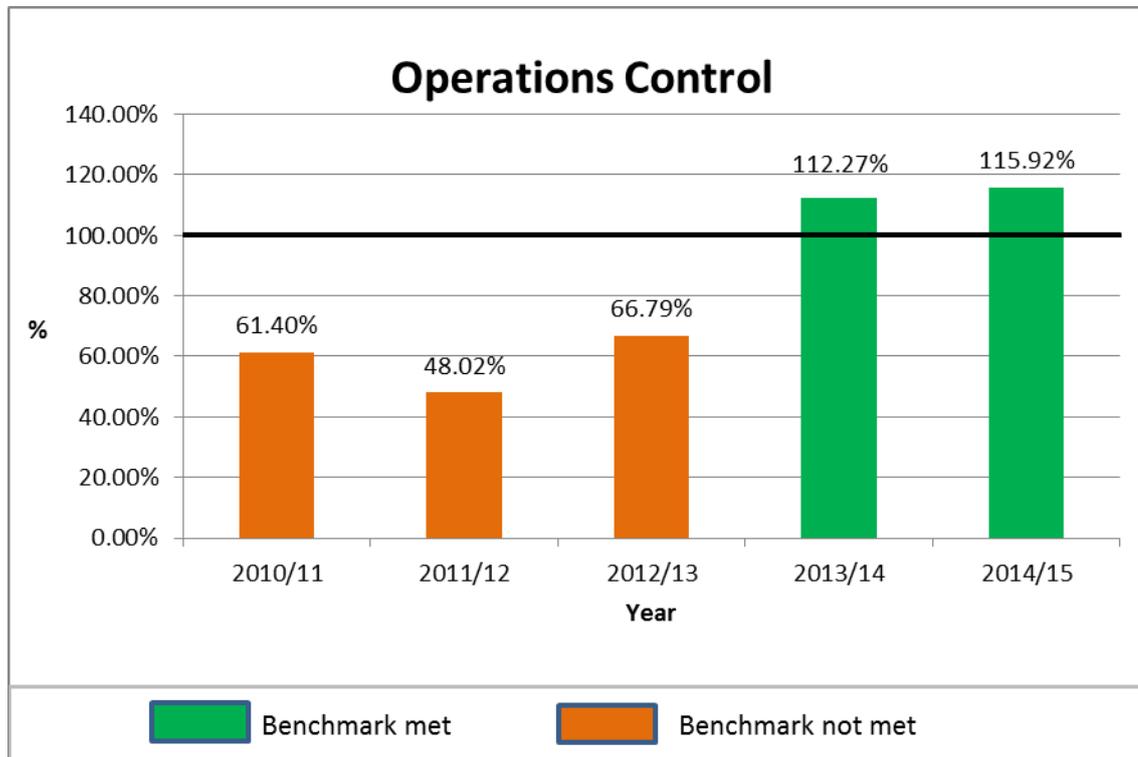
Explanation on debt control benchmark

The reason for not meeting the benchmark in the 2012/13 and 2013/14 financial years is due to the purchase of the land for the Shannon wastewater treatment project. Council purchased this property ahead of when it was programmed, to take advantage of the property coming on the market.

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Independent Auditor's Report

To the readers of Horowhenua District Council and group's summary annual report for the year ended 30 June 2015

The summary annual report was derived from the annual report of the Horowhenua District Council (the District Council) and group for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 29:

- the summary statement of financial position as at 30 June 2015;
- 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 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as key performance measures) of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 28 October 2015.

Opinion

In our opinion:

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

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 28 October 2015 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS-43 (PBE): Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out a range of other assurance engagements in the areas of debenture trust deed Trustee reporting certificate and the long term plan which are compatible with those independence requirements. Other than this reporting and these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries



Debbie Perera,
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
27 November 2015

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HOROWHENUA DISTRICT COUNCIL
Whakarua - Whakarua