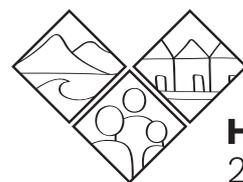


Summary Annual Report

For the year ended 30 June 2020

Te Pūrongo Whakarāpopoto ā-Tau
a Te Kaunihera ā-Rohe o Horowhenua

Mō te tau ki te 30 o Pipiri 2020



Horowhenua
2040 Vision





About This Summary

Mō tēnei pūrongo whakarāpopoto

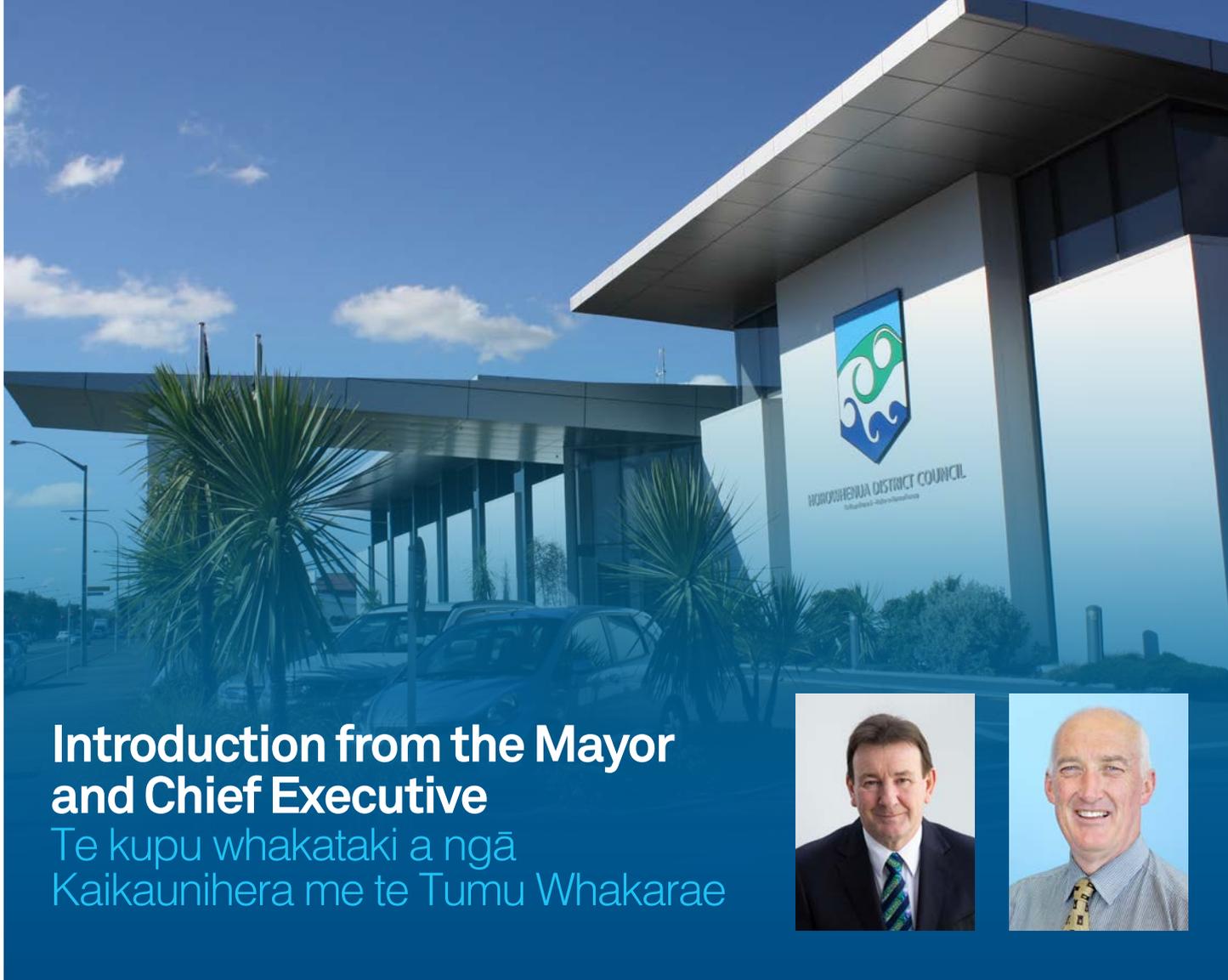
The Council adopted the audited annual report for 2019/20 on 17 December 2020 and authorised it for issue.

The report details Council's achievements against the measures and budgets for the year. The full report received an unmodified audit opinion excluding the Statement of Service Performance, however there was a qualified opinion on the Statement of Service Performance. In addition, and without further modifying the auditor's opinion, the auditor's report includes an Emphasis of Matter on the impact of COVID-19. Copies are available from the Council on request (refer to back page for contact details).

This summary provides the key points extracted from the full annual report. As a summary it cannot be expected to provide a complete understanding of the performance of the Council for the year.

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Introduction from the Mayor and Chief Executive

Te kupu whakataki a ngā Kaikaunihera me te Tumu Whakarae



This past year has been a challenging one for communities across Horowhenua, New Zealand and the world, as we faced a pandemic unprecedented in our lifetime.

COVID-19 has hit some of our people hard, but it has also shown the dedication, selfless and community spirit in our district. Our librarians, for example, made over 2,000 phone calls to check in and offer support to vulnerable library members while physical library facilities were closed during lockdown. Other Council staff kept essential services running, or played vital roles in supporting the most vulnerable members of our community with welfare services.

We consulted our community on an Annual Plan drafted in different times, and we listened to the feedback, delivering a 1.83% decrease in our rates income for 2020/2021. To provide further economic relief for our community, we:

- developed and consulted on a policy to enable Council to postpone rate payments in extraordinary and emergency events

- committed not to increase fees and charges for Council services and facilities until at least July 2021.

Despite the challenge of COVID-19, our district continues to grow strongly, and we can expect this to continue following the Government’s decision to begin construction of a four-lane Ōtaki to North of Levin Expressway by 2025. Based on the latest projections from Sense Partners, we now expect our population to reach over 62,000 by 2041. This means our district will need an extra 500 new dwellings per year to accommodate everyone who chooses to call Horowhenua home.

We have been busy preparing to capitalise on the opportunities this growth offers, and to ensure we are ready to support a larger population. Council is guiding new residential development in our district’s growth areas with Master Plans to ensure new developments are properly integrated with existing settlements.

We have also been assiduously pursuing Government investment to stimulate our economy and support the new

infrastructure our district needs to develop for the future. We have been successful with proposals for Provincial Growth Fund (PGF) investment in a new digital hub to support small business and two roading projects to deliver jobs as well as important safety improvements on one of our busiest roads. We have also presented a proposal for PGF funding for a project to rejuvenate the Manawatu River Loop.

We remain mindful of the need to protect the special character of our communities and to work with them to achieve their goals. This year, we adopted our first Community Plan after working closely with the Waitārere Beach community, and we carried out public engagement with Ōhau and Manakau on draft Community Plans for those settlements.

We are also ever mindful of our community outcomes, which act as a guide and focus for our community activities. Here are some of the highlights of the past year.



Key Achievements



Partnership
with Tangata Whenua

- Mayor and Councillors were welcomed to Tukorehe Marae and, in a first for Horowhenua District Council, elected members themselves undertook the roles kaikaranga (caller) and kaikōrero (speaker).
- Two years of extensive investigations and engagement with Ngāti Raukawa, Muaūpoko, and landowners culminated in a 25-year consent being granted for The Pot, one of New Zealand's original and most unique treated wastewater land-based discharge systems.
- We have continued renewing our public signage with bilingual signs.
- Establishment of a dedicated Cultural Outcomes Lead position to better support officers working to ensure contact with Iwi is meaningful, respectful and productive.

- More than 28 engagements and consultations about projects, plans and strategies.



Vibrant
cultures

- Supporting events throughout our district, including Christmas festivities, the Petals for Peace Charity Auction, Festival of Stories, Chinese New Year, Pasifika Celebration Day, SPYFusion, Age on the Go, and numerous exhibitions at Te Takeretanga o Kura-hau-pō and Te Awahou Nieuwe Stroom.
- A Pasifika Leaders Fono was established to ensure flow of information, and ongoing interest and engagement in Council activities, from the Pacific Peoples community.
- Levin was selected as a resettlement destination for 90 former refugees. Although their journey here has been delayed by COVID-19, we look

forward to welcoming them when restrictions ease.



Stunning
environment

- We received a Green Flag award for Driscoll Reserve in Manakau, the second of our parks and reserves to be awarded this prestigious international mark of distinction.
- We introduced a new kerbside recycling service to increase recycling, reduce waste sent to landfill and reduce health and safety risks for workers who collect and process materials for recycling. The service was introduced in response to engagement with the community on our Waste Minimisation and Management Policy.
- We reshaped foreshore dunes at Foxton Beach to help build the resilience of the coastline, and worked with the community to plant the area with native spinifex grass. Council continues to plant



between 15,000-20,000 spinifex plants in coastal environments across the district annually to increase the resiliency of coastal dunes, and continues to engage with school and community groups to develop local landscapes.



- We finalised a Reserve Management Plan for the use, enjoyment, maintenance, protection, preservation and development of Council reserves in Shannon.
- Two of our most popular parks, Kōwhai Park and Donnelly Park, are being prepared for population growth with the creation of a draft development plan that Council engaged with the community on this past year.
- New electric vehicle charging stations installed in Shannon and Foxton complete a network of electric vehicle infrastructure that now includes charging stations in our district.
- We are developing a concept plan for the long-term development of Te Wharangi/ Holben Reserve that includes a wetland; a range of opportunities for play, recreation and learning; celebrating mana whenua; and improving access to the reserve.
- A regeneration project that aims to create a sustainable future for Foxton and improve the health of the Manawātū River Loop was submitted for Provincial Growth Fund support.

- The Association of Local Government Information Management (ALGIM) ranked our website as the second best in New Zealand, following an audit of the site's accessibility, usability, functionality, online services, and best practice content provision and presentation.
- We worked closely with the Waitāreere Beach community to develop the Waitāreere Beach Community Plan. The plan, which was adopted in April, sets out the vision and key goals of the community as well as a list of actions that contribute to reaching these.
- We engaged with communities in Manakau and Ōhau to create community plans for these areas.
- We adopted a Housing Action Plan developed with the community to provide a comprehensive response to improve housing supply, affordability, and access to social and emergency housing.
- We brought reduced speed limits into effect to improve safety on our district's rural and rural residential roads after completing a Rural Road Speed Limit Review.

- Levin Aquatic Centre underwent a four-week maintenance programme to reduce the need for future closures, and we secured funding to get the hydroslide repaired by summer 2020/21.
- The Shannon Library has been refurbished, with new shelving, carpets, customer service desk, a small kitchen, heating and refreshed book stock.
- We created localised community response plans to help our communities prepare for hazards and risks they may face. Community response plans for Waitāreere Beach, Levin, Manakau and Waikawa, Ōhau, and Makahika have been published.
- Combining funds from contestable Council grants into a new Community Support Grant has made \$160,000 available for community initiatives that enhance wellbeing and social connectedness in the wake of COVID-19.
- Libraries staff continued to play a key role in supporting the community while physical library facilities were closed due to COVID-19, promoting and enhancing online services and making 2,118 check-in calls to offer support to library members.
- We held 18 community capacity and capability building workshops, collectively attended by over 1,000 people and achieving 96% satisfaction.



Enabling Infrastructure

- The new roundabout at the intersection of Cambridge Street and Queen Street has made our district's busiest intersection safer for drivers, cyclists and pedestrians alike.
- We have presented a project for investment from Crown Infrastructure Partners that will enable the fast-tracking of infrastructure for the largest residential development in district's history, to provide around 2,500 new homes for our fast-growing population.
- Road safety improvements around Foxton Beach School have made the area much safer at drop-off and pick-up time.
- We are working towards an 18-year resource consent to secure the water supply for Tokomaru.

- The transformation of Solway Park continued with the official opening of a new pump track, thanks to a community project led by the Police.
- The Levin Adventure Park now has a new climbing challenge – a 9.3 metre high Tetragode, one of the highest in New Zealand.



An exuberant economy

- We developed and consulted the community on a Rates Postponement Policy that will give Council another tool to provide rates relief to our community in response to extraordinary and emergency events.
- Two fast-tracked roading projects will employ up to 20 full-

time equivalent employees from Horowhenua and bring \$1.65 million of Provincial Growth Fund money into the district, helping to stimulate the economy and provide a safer, more modern transport network.

- Provincial Growth Fund investment in a digital hub to be based in Levin will help to train, support and stimulate local small businesses.
- No increase to fees and charges for Council services and facilities until at least July 2021.
- Unused industrial-zoned Council land was sold, in accordance with our Property Strategy, to make way for a proposed business park in Levin.
- More than \$1 million in rates rebates was paid to Horowhenua ratepayers.







Our financials

Council's financial performance shows an operating deficit of \$5.3m against a budgeted operating deficit of \$2.5m.

This is mainly due to Levin Landfill after care provision of \$1.6m, which is the result of a lower discount rate used to convert future costs into current value. An unbudgeted loss on interest rate swap contracts of \$1.3m was the result lower global interest rates.

Overall, Council shows a surplus of \$17.0m against a budgeted surplus of \$7.09m. The main reason for the difference is that Council budgeted asset revaluations to be \$9.58 million, however asset values increased by \$22.2 million. This was due to higher land values.

COVID-19 Impact Disclosure

The COVID-19 pandemic resulted in operational changes to several Council activities, including the closure of most non-essential facilities during alert levels 3 & 4 and reduced services during alert level 2.

Although COVID-19 resulted in a drop in revenue for our public facing revenue generating activities during alert levels 3 & 4 (from late March to late May), it did not have a significant impact on the operational financial results for the year. The activities that saw a reduction of more than 50% in revenue during this period include Aquatic Centres, Libraries, Resource Planning, Parking and Community Centres.

Council's cash position increased to \$15.9m from \$8.5m last year through greater cash flow from operations and less spent on assets.

Council has met all the prudential benchmarks with the exception of the Balanced Budget which is 92.24% against a benchmark of 100%, and narrowly missing the Debt Control which is 100.11% against a benchmark of 100%. Council did meet the "Operations Control" benchmark for the first time in four years of achieving or exceeding the budgeted "net cash flow from operating activity" at 121.62%.

The LGFA (Local Government Funding Agency) covenant of net debt to revenue is at 165%, 1% more than last year, and is below the Financial Strategy limit of

195% and LGFA limit of 250%. All other covenants have been met.

Standard and Poors reaffirmed Council's A+ credit rating during the year. This credit rating increases Council's ability to borrow at favourable interest rates. The weighted average interest rate at 30 June 2020 was 2.84% down from 3.54% in June 2019.

Events after the balance sheet date

Council received \$38.1 million over 4 years from the crown for the shovel ready project Tara-Ika,

Council received \$3.86 million funding from the provincial growth funding for the Foxton River Loop.

There was no effect on rates revenue collection, assets valuations and treasury management.

Capital Expenditure

Some subsidised roading projects were delayed due to the lock downs such as the Poads Road bridge replacement, Waitāre Beach Road AWPT and new footpath programme. The result of the delays to these projects was less Waka Kotahi/NZTA subsidy than budgeted.

Non-Financial Performance Measures

COVID-19 impacted on the following 3 measures; relating to parking enforcement days, swim school numbers and Older Persons' Network meeting numbers. Had it not been for the lockdown it is assumed

that these measures would have been met.

Asset valuations

Valuers expect limited impact from the COVID-19 pandemic on DRC values. Key drivers of a DRC valuation are replacement cost, useful life and remaining useful life (linked to asset condition). There hasn't been evidence of any reduced or increased direct costs of materials and/or labour for assets since COVID-19 lockdown from 26 March 2020. Therefore no material adjustment to the replacement cost to the components or assets during the 2020 Asset Valuations were made.

Thank you for taking the time to read our Annual Report. We have much to do and we want to leave you with our vision as it is our driver for all that we do:

With many hands the threads which weave our neighbourhoods and communities together will be strengthened from the Tararua Ranges to the sea. He rau ringa e pakari ai ngā taura whiri i ō tātou kāinga noho me ō tātou hapori – mai i te pae maunga o Tararua ki te moana.



Regulatory Services

Ngā Ratonga Whakariterite ā-Ture

A delivery arm of Council that provides advice, consenting services, assessment, education, compliance, and enforcement. As well as the implementation and enforcement of plans, bylaws, and policies needed to protect the health and safety of the community and the environment we live in.

Capital Expenditure

\$93k

0% of total

Operating Expenditure

\$4,844k

11% of total

Source of operating funding

Rates Non-rates

35%

65%

Performance measure results

Achieved



Not achieved **XX**



Community Facilities and Services

Ngā Taiwhanga ā-Rēhia me ngā Ratonga Hapori

We provide assets and support for locals and visitors to the District to enjoy our open spaces. These assets support activities that are largely passive or active leisure based pursuits which involve the community from casual participation through to clubs and associations organised on a national level.

Capital Expenditure

\$1,917k

8% of total

Operating Expenditure

\$11,720k

27% of total

Source of operating funding

Rates Non-rates

91%

9%

Performance measure results

Achieved



Not achieved **XXX**

Our Performance at a Glance

Hei Rarapa atu ki ā Mātou Mahi

Community Support

Te Tautāwhi i te Hapori



Comprises of activities that provide for the community's social and economic wellbeing including ensuring that the community will be able to respond to and recover from an emergency event, providing community support, providing grants and funding to community groups, providing visitor information, and encouraging economic development within this District.

Capital Expenditure

\$24k

0% of total

Operating Expenditure

\$3,043k

7% of total

Source of operating funding

Rates Non-rates

97%

3%

Performance measure results

Achieved



Not achieved **XXXX**

Property

Ngā Rawa



Supports all activities of Council that are dependent on physical land and buildings. Council holds a selection of property assets to support the delivery of Council's activities which also contribute to the wellbeing of the community. This ranges from direct support e.g. provision of a community centre, to indirect support e.g. through investment and endowment property which contributes revenue to rates or facilities.

Capital Expenditure

\$585k

3% of total

Operating Expenditure

\$1,497k

3% of total

Source of operating funding

Rates Non-rates

50%

50%

Performance measure results

Achieved



Representation and Community Leadership

Te Whakakanohi me te Hautū i te Hapori



How Council meets its responsibility to represent the community as well as to provide leadership for the community and to involve it in decision-making processes and long-term strategic planning.

Capital Expenditure

\$2k

0% of total

Operating Expenditure

\$5,433k

12% of total

Source of operating funding

Rates Non-rates

96%

4%

Performance measure results

Achieved



Not achieved **X**

Did not measure - LTP adopted in previous financial year.



Land Transport

Ngā Ara Whenua



Land Transport provides for pedestrians and vehicles to safely and efficiently move from place to place within the district or to pass through the district. The land transport network of assets allows residents to move from work, school, social and recreation destinations by foot or by vehicle, and enables businesses to run by allowing the exchange of goods and services from location to location.

Capital Expenditure	Operating Expenditure
\$5,474k	\$4,187k
24% of total	10% of total

Source of operating funding	
Rates	Non-rates
63%	37%

Performance measure results

Achieved

Not achieved

Solid Waste

Te Para Totoka



We collect and safely dispose of residential and commercial solid waste. Council also provides education to the community on how to reduce total solid waste output.

Capital Expenditure	Operating Expenditure
\$989k	\$3,458k
4% of total	8% of total

Source of operating funding	
Rates	Non-rates
19%	81%

Performance measure results

Achieved

Not achieved

Unable to measure level of recycling split between kerbside and transfer stations.

Treasury and Support

Te Ahumoni me te Mahi Whakahaere



Administrative, management and support functions that are necessary to keep Council running.

Capital Expenditure	Net Surplus
\$921k	-\$646k
4% of total	-1% of total

Source of operating funding	
Rates	Non-rates
69%	31%

External borrowing costs were lower than internal borrowing charges and the surplus was used to offset rates.

Stormwater

Te Pūnaha Wai Ua



Stormwater is collected from roads and is diverted into natural water courses or piped drain systems. The provision of stormwater disposal helps to prevent the occurrence of flooding in urban areas during rainfall events by draining water from roads and private property and conveying it to larger natural water courses.

Capital Expenditure	Operating Expenditure
\$990k	\$891k
4% of total	2% of total

Source of operating funding	
Rates	Non-rates
94%	6%

Performance measure results

Achieved

Not achieved

Water Supply

Te Whakarato Wai Māori



A safe and reliable supply of water to residential, industrial and commercial properties (primarily in urban areas). This supply also provides fire-fighting capability. An uninterrupted water supply ensures that residential areas have access to clean domestic water essential for basic health and hygiene.

Capital Expenditure	Operating Expenditure
\$3,799k	\$4,578k
16% of total	10% of total

Source of operating funding	
Rates	Non-rates
96%	4%

Performance measure results

Achieved

Not achieved

No update: No fire hydrants were tested after December 2018 as testing is being spread over five years in compliance with the NZ Fire Service Firefighting Water Supplies Code of Practice.

Wastewater

Te Pūnaha Wai Para



The collection of wastewater from residential, industrial and commercial properties (primarily in urban areas), Council then treats the wastewater, and discharges the treated (i.e. clean) wastewater onto land or into waterways. The collection, transportation, treatment, and safe discharge of wastewater from urban properties ensures a basic level of health; by continually removing potentially hazardous waste from populated urban environments and cleaning this waste before discharging it into a receiving environment.

Capital Expenditure	Operating Expenditure
\$8,296k	\$4,876k
36% of total	11% of total

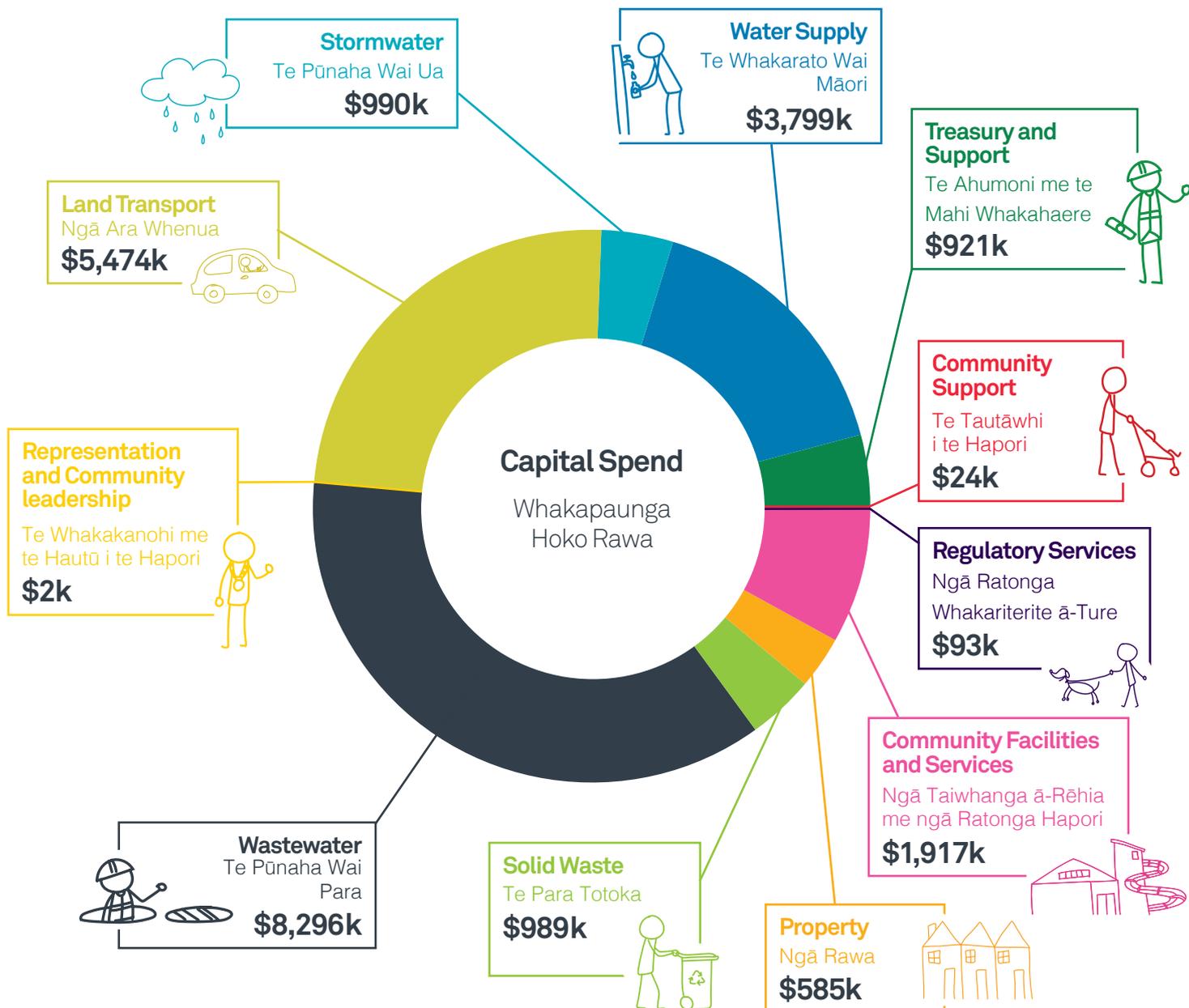
Source of operating funding	
Rates	Non-rates
83%	17%

Performance measure results

Achieved

Not achieved





Summary of the Financial Statements

Whakarāpopoto Tauākī Ahumoni

These summary statements cover the Horowhenua District Council (Council) and the Horowhenua District Council Group comprising the Council and Shannon Community Development Trust (Group).

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

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

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

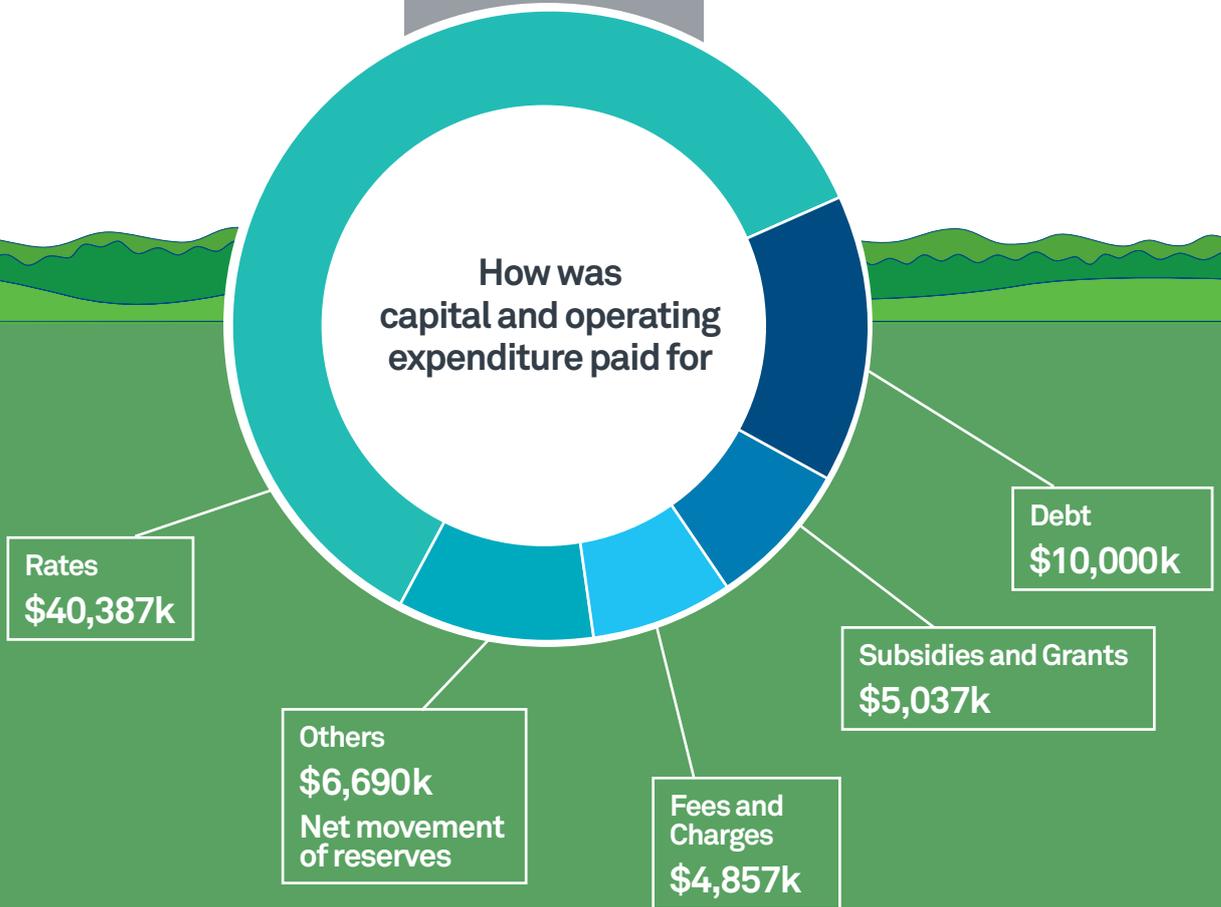
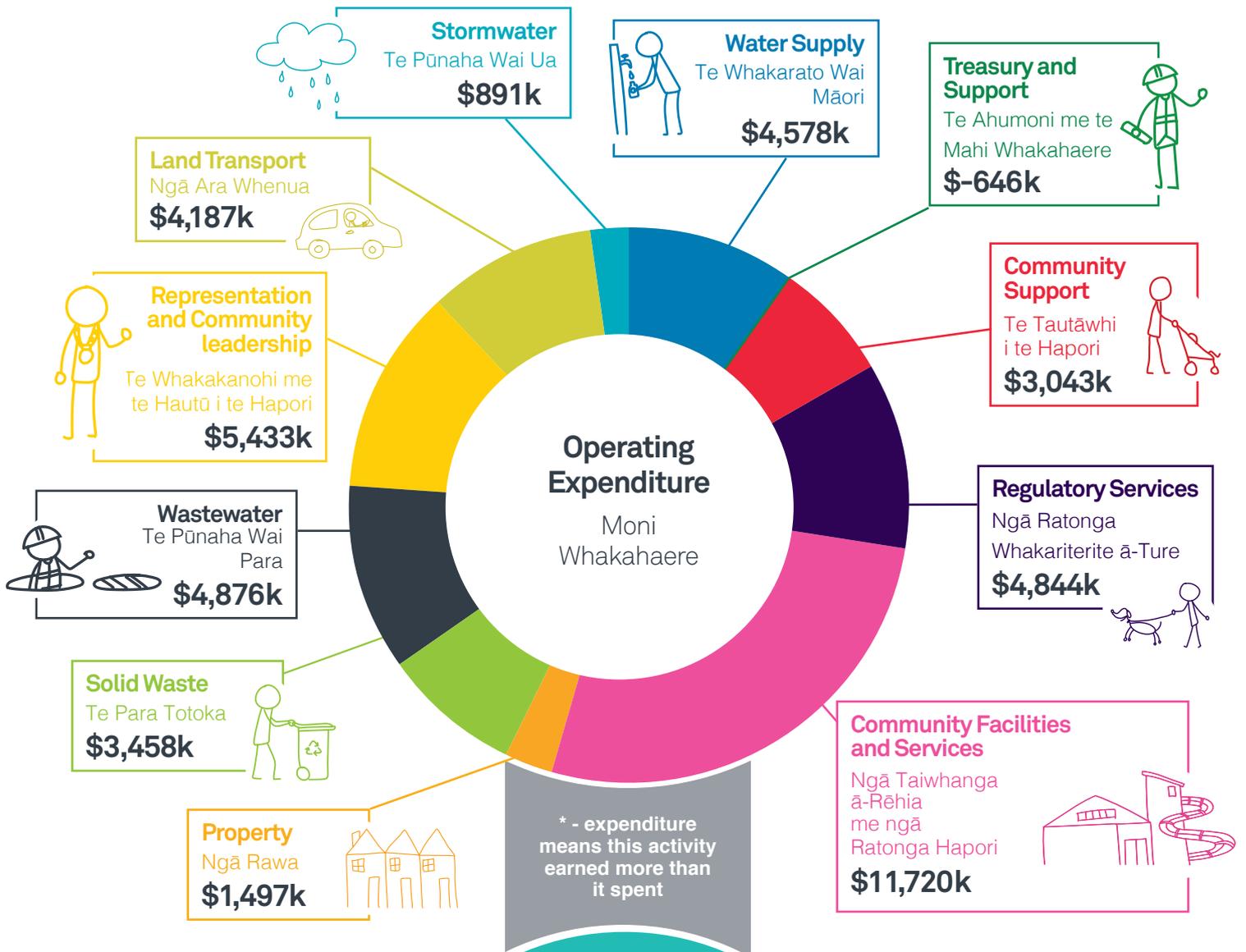
Council's summary annual report complies with PBE FRS 43 Summary Financial Statements.

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

The summary financial statements of Council are for the year ended 30 June 2020. The full annual report was authorised for issue by Council on 17 December 2020.

Council is required to make the annual report and summary publicly available within one month after adoption. This was not achieved because of delays due to Christmas break.

The full report received an unmodified audit opinion excluding the Statement of Service Performance, however there was a qualified opinion on the Statement of Service Performance. In addition, and without further modifying the auditor's opinion, the auditor's report includes an Emphasis of Matter on the impact of COVID-19.



Summary Statement of Comprehensive Revenue and Expense

Te Tauākī Whakarāpopoto Whānui mō te Moni Whiwhi me te Moni Whakapau

For the year ended 30 June 2020

	Note	Council Actual \$ 30 June 2020 \$000	Council Budget \$ 30 June 2020 \$000	Council Actual \$ 30 June 2019 \$000	Group Actual \$ 30 June 2020 \$000	Group Actual \$ 30 June 2019 \$000
Revenue						
Rates revenue		40,386	40,099	38,562	40,386	38,562
Other revenue		15,848	15,829	15,332	15,858	15,344
Total revenue		56,234	55,928	53,894	56,244	53,906
Expenditure						
Finance costs	1	3,343	3,870	3,607	3,343	3,607
Loss on derivative financial instruments	2	1,318	-	975	1,318	975
Other expenses	2	56,767	54,547	55,026	56,769	55,040
Total expenses		61,428	58,417	59,608	61,430	59,622
Operating surplus / (deficit) before tax		(5,194)	(2,489)	(5,714)	(5,186)	(5,716)
Income tax expense		36	-	-	36	-
Operating surplus / (deficit) after tax		(5,230)	(2,489)	(5,714)	(5,222)	(5,716)
Write back of revaluation losses on land and buildings						
Surplus / (deficit) attributable to: Horowhenua District Council		(5,230)	(2,489)	(5,714)	(5,222)	(5,716)
Other Comprehensive revenue and expense						
Gain / (loss) on infrastructural assets revaluations		3,618	9,578	9,613	3,618	9,613
Gain / (loss) on operational assets revaluation		4,731	-	-	4,731	-
Gain / (loss) on restricted assets revaluation		13,849	-	-	13,849	-
Total other comprehensive revenue and expense for the year		22,198	9,578	9,613	22,198	9,613
Total Comprehensive revenue and expense for the year		16,968	7,089	3,899	16,976	3,897
Total comprehensive revenue and expense attributable to Horowhenua District Council		16,968	7,089	3,899	16,976	3,897

Statement of Changes in Ratepayers' Equity

Ngā Panonitanga Whaipānga Kaiutu Reiti

For the year ended 30 June 2020

	Council Actual \$ 30 June 2020 \$000	Council Budget \$ 30 June 2020 \$000	Council Actual \$ 30 June 2019 \$000	Group Actual \$ 30 June 2020 \$000	Group Actual \$ 30 June 2019 \$000
Equity at 1 July	471,085	467,584	467,186	471,453	467,556
Total Comprehensive Income	16,968	7,089	3,899	16,976	3,897
Equity at 30 June	488,053	474,673	471,085	488,429	471,453
Equity is represented by:					
Retained earnings	245,387	254,697	250,815	245,763	251,183
Revaluation reserve	233,055	210,890	210,857	233,055	210,857
Reserves and Special Funds	9,611	9,086	9,413	9,611	9,413
Total equity	488,053	474,673	471,085	488,429	471,453

Statement of Financial Position

Tauākī Ahumoni

The assets and liabilities as at 30 June 2020

	Note	Council Actual \$ 30 June 2020 \$000	Council Budget \$ 30 June 2020 \$000	Council Actual \$ 30 June 2019 \$000	Group Actual \$ 30 June 2020 \$000	Group Actual \$ 30 June 2019 \$000
Assets						
Current	3	26,871	16,679	21,559	26,895	21,577
Non-current	4	592,491	585,186	563,451	592,491	563,451
Total assets		619,362	601,865	585,010	619,386	585,031
Liabilities and ratepayers' equity						
Current	5	50,527	20,551	30,951	50,175	30,601
Non-current	6	80,782	106,641	82,974	80,782	82,974
Total liabilities		131,309	127,192	113,925	130,957	113,575
Ratepayers' equity		488,053	474,673	471,085	488,429	471,453
Total liabilities and ratepayers' equity		619,362	601,865	585,010	619,386	585,031

Statement of Cash Flows

Tauākī Kapewhiti Moni

The inflows and outflows of cash for the Year Ended 30 June 2020

	Note	Council Actual \$ 30 June 2020 \$000	Council Budget \$ 30 June 2020 \$000	Council Actual \$ 30 June 2019 \$000	Group Actual \$ 30 June 2020 \$000	Group Actual \$ 30 June 2019 \$000
Net cash flows from:						
Operating activities		14,198	11,837	9,394	14,204	9,401
Investing activities		(16,787)	(25,650)	(17,873)	(16,787)	(17,873)
Financing activities		10,000	13,813	16,000	10,000	16,000
Net increase in cash and bank		7,411	0	7,521	7,417	7,528
Cash and cash equivalents at the beginning of the year		8,481	10,571	960	8,481	971
Cash and cash equivalents at the end of the year		15,892	10,571	8,481	15,898	8,499

Funding Impact Statement for Whole of Council

Te Tauāki Pānga Tahua mō te Katoa o te Kaunihera

For the year ended 30 June 2020

	Annual Report 2019 \$000	LTP Forecast 2019 \$000	Annual Plan Forecast 2020 \$000	Actual 2020 \$000	Variance 2020 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	9,547	9,533	10,456	10,501	45
Targeted rates	29,015	28,828	29,644	29,886	242
Subsidies and grants for operating purposes	1,984	1,688	1,773	1,998	225
Fees and charges	5,355	5,664	5,011	4,857	(154)
Interest and dividends from investments	423	205	209	370	161
Local authorities fuel tax, fines, infringement fees, and other receipts	3,522	3,660	4,026	4,006	(20)
Total operating funding (A)	49,846	49,578	51,119	51,618	499
Applications of operating funding					
Payments to staff and suppliers	39,118	35,426	40,102	40,538	436
Finance costs	3,607	3,800	3,870	3,343	(527)
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	42,725	39,226	43,972	43,881	(91)
Surplus (deficit) of operating funding (A-B)	7,121	10,352	7,147	7,737	590
Sources of capital funding					
Subsidies and grants for capital expenditure	3,539	4,672	4,689	3,039	(1,650)
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	16,000	12,494	13,813	10,000	(3,813)
Gross proceeds from sale of assets	791	7,000	7,000	5,302	(1,698)
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	20,330	24,166	25,502	18,341	(7,161)
Applications of capital funding					
Capital expenditure					
- to meet additional demand	765	3,933	2,112	759	(1,353)
- to improve the level of service	9,214	14,882	15,987	10,308	(5,679)
- to replace existing assets	12,667	15,703	14,550	12,023	(2,527)
Increase (decrease) in reserves	9,604	-	-	2,867	2,867
Increase (decrease) of investments	(4,799)	-	-	121	121
Total applications of capital funding (D)	27,451	34,518	32,649	26,078	(6,571)
Surplus (deficit) of capital funding (C-D)	(7,121)	(10,352)	(7,147)	(7,737)	(590)
Funding balance ((A-B)+(C-D))	-	-	-	-	-
Depreciation	14,383	13,489	14,448	14,516	68

Loans	External \$000
Loans as at 1/07/2019	96,000
Raised during year	67,000
Repaid During Year	(57,000)
Loans as at 30/06/2019	106,000
Interest expense	3,870



Explanations for variances between the Council's actual results and the Council's budget for 2019-20

Hei whakamārama i ngā tangongitanga i waenga i ngā hua tahua tūturu a te Kaunihera me tana mahere pūtea mō te tau 2019-2020

Statement of Comprehensive Revenue and Expense

Te tauākī whānui mō ngā moni whiwhi me ngā whakapaunga

1. Finance Costs

Favourable variance of \$527k, relates to finance external interest cost, reflecting the unprecedented low interest rates in the bond market

2. Other Expenses

Unfavourable variance of \$2,220k with significant variances noted below:

Community Facilities and Services favourable variance \$197k – Lower expenditure particularly within community centres and libraries. This is a result of efficiencies throughout the year, and reduced expenditure with facility closures as a result of Covid-19.

Community Support unfavourable variance \$28k – District Marketing and Community Development favourable variance \$27k. This is a result of lower expenditure as a result of efficiencies and refocused efforts with Covid-19.

Economic Development – unfavourable variance \$56k as a result of higher costs than budgeted.

Planning and Regulatory favourable variance \$100k – Lower expenditure than forecasted in the activities of Parking, Building Consents and Dog Control, offset from \$133k to the reported variance due to unplanned costs incurred associated with the demolition of an unsafe house.

Maintenance – unfavourable variance of \$1,095k with significant variances noted below:

Wastewater unfavourable variance \$625k – Levin Wastewater with variance relating to Alliance contract and day works.

Water Supply unfavourable variance \$221k – Levin Water supply is the significant variance at \$359k which relates to Alliance contract works. A slight offset within the activity as a whole exists within:

Foxton Water supply favourable variance \$96k

Foxton Beach Water supply favourable variance \$57k

Stormwater – unfavourable variance \$59k

Roading – unfavourable variance \$602k

The roading expenditure budget in Council's financial management system was increased from what was in the Annual Plan by \$574,520 to match the NZTA agreed programme.

Solid Waste favourable variance \$270k: – Landfill favourable \$390k

Recycling favourable \$46k

Roadside collection unfavourable \$170k

Community Facilities favourable variance \$129k – relating to general contract savings across most activities excluding Aquatics and Street Beautification.

Loss on derivatives – unbudgeted loss of \$1,3185k – This is a non-cash loss that due to accounting standards must be reported as contributing to Council's year end result. Council entered a number of interest rate hedging (protection) arrangements some time ago when interest rates were expected to remain relatively high, if not increase. No one at that time could have predicted that the historical low interest rates of recent years would prevail. As a result, accounting standards require Council to recognise the loss on these arrangements as an expense.

Note this reflects the continued fall in interest rates currently being experienced. Rates have fallen reacting to the uncertain global economic conditions due to the economic effect of the Covid-19 pandemic.

Landfill aftercare provision increase of \$1.6m – This has arisen from the yearly recalculation of this provision. As a provision it does not represent a cash loss. It represents the future costs of the landfill as it was at balance date (i.e. assuming no extra cells or capacity is created) through to the current expected closure date of 2032 and the ongoing post closure costs through to 2062. This significant increase in the future costs has come about through changes to the consent conditions and the costs of monitoring these new conditions over the years until the finish of the aftercare period of 30 years to 2062.





Statement of financial position

Tauākī Ahumoni

3. Current assets

Cash and cash equivalents – While difficult to predict year end cash in the Annual Plan 18 months before year end, the \$15.9m balance is sufficient to maintain Council's liquidity in the short-term.

Debtors and other receivables – The debtors and other receivables budget is based on previous year balances and the level of rates receivable have increased but are below the prior year's figure

Other financial assets – Relates to inventories held and a term deposit held on behalf of the Shannon Community Development Trust.

4. Non-current assets

Non-current assets for sale – Council is in the process of selling non-core assets especially commercial assets. The increase reflects this. These assets were previously held as commercial properties.

Plant, property and equipment assets – greater than budgeted due to the revaluation of Land Transport assets and land and buildings (\$18.4m) less the \$9.5m of capital expenditure that did not occur. Reference is made in the individual activity statements on capital expenditure.

Commercial property – Has all been transferred to "Non-current assets for sale" the sale was initially budgeted to occur during the financial year but will now occur early in the next financial year

Forestry assets – Are lower reflecting the harvesting and replanting that occurred at the 'POT' wastewater to land disposal area.

5. Current liabilities

Current borrowings – Higher than budget due to Council continuing to use short-term borrowing to take advantage of the historically low interest rates at the short-term end of the bond market.

6. Non-current liabilities

Total borrowings – Overall borrowing is lower by \$4.5m on budget due to some budgeted capital expenditure being delayed offset by increased costs relating to the increase in levels of service in the Solid Waste recycling activity.

Derivative financial instruments – Council does not budget for derivative value movements. The variance is due to the unfavourable impact of decreasing interest rates on the valuation of the interest rate derivatives.



Contingent liabilities

Contingent liabilities are dependent on future events and are summarised as:

- Joint guarantor with other shareholder councils for all New Zealand Local Government Funding Agency borrowing of \$11,908m (2019; \$9,531m).
- A condition of the sale of residential housing to Compassion Horowhenua was that the suspensory loan from Housing NZ to build the Cambridge St flats will transfer to Sisters of Compassion but Council will issue security stock as guarantee for the loan. The maximum financial exposure the Council is open to is \$5.219m.
- Several on-going legal proceedings with maximum financial exposure of less than \$50,000 .
- Lease provisions: Buyback of fixtures and improvements included in leases with Waitāreke Beach Motor Camp and Levin Holiday Park estimated at \$945,000 .
- Weathertight home claims: Council has one live claim. While the claim has been accepted and Council is liable for 25% of costs the actual costs are not yet quantified.

Contingent assets

- 24 facilities owned by sports clubs and community groups (third parties) across the District are on land owned by Council. The third parties control the use of the facility. However, Council will gain control of the asset in the event of the third party vacating the facility. The assets are not recognised as Council assets until they are vacated by the third party and as of 30 June 2020 the 24 facilities were valued at \$20.56m.

Key Performance Measures Overview

Tirohanga Whānui ki ngā Paetohu Aromatawai Mātāmua

Regulatory Services Ngā Ratonga Whakariterite ā-Ture		
	Target	Achieved/ Not achieved
Applications under the Resource Management Act will be processed within statutory timeframes.	100%	 274 applications. 265 approved within time. 9 processed outside of timeframe.
Known and reported instances of non-compliance with the District Plan and any resource consents will be responded to and appropriate action will be taken.	100% responded to within five working days	 59 complaints were received.
Noise complaints services are provided all year round and 90% of complaints will be responded to within 60 minutes.	90% of complaints	 1,819 complaints received. 97% responded to within 60 minutes.
All parking restricted areas in Levin are monitored each working day.	100% of all restricted car parks	 Parking services ceased during COVID-19 Alert Levels 2, 3 and 4.
Reported cases of illegal building work will be responded to within five working days.	100% of cases	 8 reported instances were received by Council. 100% have been responded to within five working days.
Percent of private swimming pools on register inspected annually for compliance.	33% of private swimming pools are inspected	 287 pools are on the register. 33% were inspected.
Council will maintain its accredited status as a Building Consent Authority.	Achieved	 As at 30 June 2020, A re-assessment of Council's IANZ accreditation was held in April 2019. IANZ confirmed the continuation of Council's accreditation on 25 September 2019.
Food businesses operating under the Food Act 2014 are verified at the frequency determined by the Food Regulations 2015.	100%	 100% of businesses operating under the Food Act 2014 have been verified as required by regulation.
Percent of premises that are inspected annually to check for compliance with their licence conditions.	100%	 71 licensed premises. 71 operative licences exist. 100% were inspected.
Percent of reported instances of non-compliance and dog nuisance will be responded to.	100%	 1,067 complaints were received. 100% were responded to.
Public safety bylaws: Percent of reported non compliances and complaints that are responded to within five working days.	100%	 44 complaints were received. 100% were responded to within five working days.



Community Facilities and Services Ngā Taiwhanga ā-Rēhia me ngā Ratonga Hapori

	Target	Achieved/ Not achieved	
Playground facilities comply with relevant standards.	100%	✓	100% of playground facilities complied.
Number of uses per fortnight for the Levin, Foxton and Shannon Halls.	10	✓	Total = 345 times (an average of 13.27 times per fortnight).
Percent of time that sport grounds are available for use during their opening hours.	95%	✓	100% of sports grounds were available for use during their opening hours outside of COVID-19 lockdown.
High quality Swim School operates at Levin and Foxton Aquatic Centres.	≥400 participants per term	✗	Not achieved - Due to Covid-19 As at 30 June 2020, Term Three = 471 Term Four = 551 (480 Levin and 71 in Foxton) Term One (2020) = 610 (534 Levin and 78 in Foxton, numbers before Covid-19 closure) Term Two (2020) = 168 Aquatic Centre reopened 1 June 2020. Due to COVID-19 guidelines the classes are limited
Compliance with relevant standards including Pool Safe Accreditation.	100%	✓	Both Foxton and Levin pools have received Pool Safe Accreditation.
Percent of customers satisfied, based on the Annual Customer Satisfaction Survey.	90% satisfied	✗	Satisfaction rates are: 85% overall satisfied The percentage of customers satisfied was 85%. It is likely that not having a hydroslide in operation would have contributed to a lower satisfaction score.
Percent of residents and non-residents satisfied with library and community services.	≥90%	✓	94% of users and non-users were satisfied.
Number of booking counts for community facilities.	≥1,200	✓	1,202 bookings.
Number of programmes delivered in Levin, Foxton and Shannon that enhance wellbeing.	Levin: ≥60 Foxton: ≥30 Shannon: ≥10	✓	Levin: 284 Foxton: 81 Shannon: 109

Property Ngā Rawa

	Target	Achieved/ Not achieved	
All buildings with compliance schedules will have current building warrant of fitness (BWOFF).	Achieved	✓	All Council buildings with Compliance Schedules have current BWOFF's. 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.
Facilities availability (hrs) and hire charges by annual review.	8 hours per day and reviewed annually	✓	Council has three Memorial Hall facilities available for hire. A review of Hall charges was completed in June 2020 and no increases were made to charges as a result of the COVID-19 lockdown. Use hours were reviewed and will remain as existing.

Community Support Te Tautāwhi i te Hapori

	Target	Achieved/ Not achieved	
Number of Community Wellbeing Executive meetings per year.	≥5	✗	4 Community Wellbeing Committee meetings were held.
Number of Education Horowhenua meetings per year.	≥4	✓	4 Education Horowhenua meetings were held.
Annual visitor numbers to Council's two i-Site centres	≥10,000	✓	12,956 Te Awahou Nieuwe Stroom. 9,555 Te Takeretanga o Kura-hau-pō.
Percent of satisfaction with Capacity and Capability Building Programme workshops or training.	≥85%	✓	100% satisfied.
Number of individuals participating in Capacity and Capability Building Programme workshops or training over the year.	≥150 people	✓	1,010 individuals have participated in Capacity and Capability Building Programme workshops or training.
The Horowhenua New Zealand Trust is charged with providing economic development and services.	≥10 meetings per year	✓	11 meetings were held.
Percent of the District's business community that are satisfied or more than satisfied with the Council's overall performance in the economic development activity.	>75%	✗	69% of the district's business community were satisfied with the performance of Economic Development Activity.

Representation and Community Leadership Te Whakakanohi me te Hautū i te Hapori

	Target	Achieved/ Not achieved	
Number of successful challenges to Council's decision making processes.	0	✓	There have been no successful challenges to Council's decision making processes.
Percent of residential and non-residential ratepayers who are satisfied with the way the Council involves the public in its decision making.	>50%	✓	57% are satisfied.
Local Government Official Information and Meetings Act (LGOIMAs) requests and response.	All are responded to within 20 working days	✗	194 LGOIMAs were received, of these: <ul style="list-style-type: none"> As at 30 June 2020, 194 LGOIMA requests had been received. 162 were responded to on time, 2 were withdrawn, 20 were sent late of which 3 requests had extensions applied for. 10 LGOIMA requests remain open (10 current).
The Annual Report will include an unmodified audit opinion.	Achieved	✓	The 2018/19 Annual Report Received an unmodified audit opinion on 31 October 2019.

Land Transport Ngā Ara Whenua

	Target	Achieved/ Not achieved	
A safe road network.	0% change or less from previous year	✓	The number of fatal or serious injury crashes decreased by 4 Crashes. In the 2019/20 year the crashes were made up of: <ul style="list-style-type: none"> • There were 9 crashes causing death or serious injury in 2019/20, down from 13 in 2018/19.
The average quality of ride on a sealed local road network measured by smooth travel exposure.	85% minimum	✓	92% of travel on roads smoother than the threshold for all traffic groupings.
The percentage of the sealed local road network that is resurfaced annually.	5% minimum of total area	✓	Reseal minimum of 5% of total surface area achieved in 2019/20.
Target footpath condition rating (% compliant with Councils standards).	30% minimum in excellent condition and maximum of 10% in poor condition	✗	17% of footpaths in the district are in excellent condition. 5% are in poor condition.
The percentage of customer service requests relating to roads and footpaths to which Council responds within 15 working days.	>95%	✗	1,663 Customer service requests were received. 88% of requests responded to within 15 working days.

Solid Waste Te Para Totoka

	Target	Achieved/ Not achieved	
Quantity of waste going to landfill per person per year	≤400kg per person per year	✗	An average of 499.46kg of waste per person based on an estimated population of 33,261. In all 16,612.54 tonnes of waste was produced and disposed of by residents.
To ensure the number of odour complaints and reports of solid waste are minimal in or around the waste transfer stations and recycling stations.	Less than 4 a month	✓	0 per month (1 in total) – Waster Transfer stations. 0 per month (5 in total) – Recycling stations.
To ensure that all requests are responded to within three days.	100%	✗	1,956 service requests received. 1920 (98%) of these were responded to within three days.
Solid waste management. The number of abatement and infringement notices, enforcement orders and convictions received from Horizons Regional Council.	0	✓	0 were received in this financial year.
Complaints about non collection or kerbside recycling and refuse.	<6 per month	✗	18.91 complaints per month – Kerbside recycling. 6.66 complaints – Kerbside refuse. This service started for the first time in July 2019 and was suspended over the level 4 lockdown, restarting 4 May 2020. As such, there is a concentration of missed collections during these months. The overall average provided is not necessarily reflective of what would be seen in a typical month in 2019-2020.
To ensure the percentage of customers satisfied with their recycling and refuse collections, based on the Annual Customer Satisfaction Survey is at least 80%.	≥80%	✓	86% satisfied with kerbside recycling. 91% satisfied with kerbside refuse collection.

Stormwater Te Pūnaha Wai Ua

	Target	Achieved/ Not achieved	
The number of flooding events that occur in the District is less than five per year.	Less than 5 a year	✓ 0	0 reported flooding events.
For each flooding event the number of habitable floors affected per 1,000 connections to Council's stormwater networks.	2 or less	✓ 0	0 habitable floors affected, which equates to 0 per 1,000 connections.
The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	<1 hour	✓	No flooding events were recorded during this period.
The number of complaints received by Council about the performance of its stormwater system expressed per 1,000 properties connected to the system.	<10 a year	✓	87 complaints were received, which equates to 6.73 per 1,000 connections regarding the performance of our stormwater system.
Percentage of customers satisfied with the stormwater service. As per the Annual Customer Satisfaction Survey.	≥80%	✗	73% satisfied.
To have 100% compliance with Horizons Regional Council's resource consents for discharge from its Stormwater system measured by receiving none of the below: <ul style="list-style-type: none"> Abatement notices; Infringement notices; Enforcement orders; and Convictions. 	100%	✓	For the period 1st July to 30th June 2020: 0 Abatement Notices. 0 Infringement Notices. 0 Enforcement Orders. 0 Convictions.

Wastewater Te Pūnaha Wai Para

	Target	Achieved/ Not achieved	
To ensure the number of dry weather overflows from the wastewater system is less than two per 1,000 connections.	less than 2 per 1,000 connections	✓	12,634 Total number of connection as of 30 June 2020. 20 Dry weather overflows. 1.58 Overflows per 1,000 connections.
To ensure the median time (hours) from the time that Council receives a notification to the time that services personnel reach the site in responding to an overflow or wastewater blockage is less than one hour.	less than 1 hour	✓	26 min
To ensure the median time (hours) from the time that Council receives a notification to the time that services personnel confirm resolution of the blockage or other fault within the wastewater system will be less than 12 hours.	less than 12 hours	✓	3:07hrs
To ensure the total number of complaints received (expressed per 1,000 connections to the wastewater system) is less than 22.	less than 22 per 1000 connections	✓	12,634 Total number of connections as of 30 June 2020. 97 Complaints. 7.68 Complaints per 1,000 connections.
To ensure Council's compliance in relation to Horizons Regional Council resource consents for discharge from its wastewater systems measured by receiving no abatement notices, infringement notices, enforcement orders; or convictions.	0	✗	0 Abatement Notices. 1 Infringement Notices. 0 Enforcement Orders. 0 Convictions.

	Target	Achieved/ Not achieved	
To ensure the percentage in which the local authority's drinking water supply complies with: a) part 4 of the Drinking Water Standards for New Zealand 2005 (revised 2008) bacterial compliance criteria complies 100% of the time.	100%	✓	100% compliance. 1,009 of analysed samples complied with the New Zealand Drinking Water Standards (NZDWS) requirements of <1 E.coli.
To ensure the percentage in which the local authority's drinking water supply complies with: b) part 5 of the Drinking Water Standards for New Zealand 2005 (revised 2008) protozoa compliance criteria complies 100% of the time.	100%	✓	100%
To ensure the average consumption of drinking water per day per resident within the water supply areas is 300lt per day (target based on One Plan Section 6.4.3.1).	within 350lt per day	✓	Average consumption is 282 L per person per day 351 l/day Levin. 287 l/day Foxton. 161 l/day Foxton Beach. 206 l/day Tokomaru. 404 l/day Shannon/Mangaore.
The total number of complaints received about, clarity, taste, odour, pressure, continuity of supply or response to these issues (expressed per 1,000 connections) is no more than 6 complaints.	Less than or equal to 6 per 1000 connections	✗	13,304 Total number of connections 34 Total number of complaints. 2.56 Complaints per 1,000 connections.
The median time from the time that Council received notification to the time that service personnel resolve the issue. 8 hours for urgent call outs and three days or less for non urgent call outs.	100%	✓	Urgent - 1 received and attended to within 1 hour or less. 1 resolved within 8 hours or less. Non urgent - 481 received and 465 attended to within 3 days or less. 452 resolved within 3 days or less.
Use the World Bank Institute Band for Leakage as the standard to measure water loss.	Band B	✗	Results from September 2020: C Levin C Shannon and Mangaore C Foxton A Foxton Beach C Tokomaru

Independent Auditor's Report

To the readers of the Horowhenua District Council's summary of the annual report for the year ended 30 June 2020

The summary of the annual report was derived from the annual report of the Horowhenua District Council (the District Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 9 to 27:

- the summary statement of financial position as at 30 June 2020;
- 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 2020;
- the notes to the summary financial statements that include other explanatory information; and
- the summary of performance information.

Opinion

In our opinion:

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

However, the summary of performance information includes a limitation in scope to the equivalent extent as the full audited statement of service performance in the full audit report. This limitation is explained below in *The full annual report and our audit report thereon* section.

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed a qualified opinion on the statement of service performance in the full audit report and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2020 in our auditor's report dated 17 December 2020. The basis for our qualified opinion on the statement of service performance in the full audit report is explained below.

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the total number of complaints (per 1,000 connections) received about the following:

- drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the District Council's response to any of these issues.
- wastewater odour, wastewater system faults and blockages, and the District Council's response to issues with the wastewater system.
- the performance of the stormwater system.

These measures are important because the number of complaints is indicative of the quality of services received by ratepayers.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including on how to count complaints. Our audit testing found that the District Council has not been counting complaints in accordance with this guidance and that the District Council's method of counting was likely to have understated the actual number of complaints received both in the current year and in the comparative year to 30 June 2019.

Complete records for all complaints made to the District Council were not available and we were unable to determine whether the District Council's reported results for these performance measures were materially correct. As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the number of complaints reported against these performance measures.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of Covid-19 on the District Council as set out in the full annual report in note 38 to the financial statements and pages 81 to 175 of the statement of service performance. An extract of this information is included in the summary of the annual report on page 9.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to reporting on the summary and full annual reports, we have performed a limited assurance engagement related to the District Council's debenture trust deed which is compatible with independence requirements. Other than this reporting and this engagement, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



Stephen Lucy
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
21 January 2021



Horowhenua
2040 Vision

Horowhenua 
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