

NOTICE OF EXTRAORDINARY MEETING

RODNEY DISTRICT COUNCIL

TO: Penny Webster - Mayor (Chairperson)
Crs Ross Craig
Pat Delich
Michael Goudie
Gaye Harding
John Kirikiri
Dave Parker, QSM
Grahame Powell
Zane Taylor
June Turner
Grev Walker
Wayne Walker
Suzanne Weld

An Extraordinary Meeting of the Rodney District Council will take place in the Council Chamber, Centreway Road, Orewa on Tuesday, 27 October 2009, commencing at 9.00 a.m. for the purpose of adopting the Council's Annual Report 2008/2009.

for: CHIEF EXECUTIVE
Rodger Kerr-Newell

OREWA
21 October 2009

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ITEM NO: 1

APOLOGIES

ITEM NO: 2

REPORT



TO Council
ON 27 October 2009
FROM Morna Macfarlane – Manager: Finance
APPROVED BY Kevin Ramsay – Director: Corporate Services
SIGNATURE

A handwritten signature in black ink, appearing to read "K Ramsay", written over a horizontal line.

SUBJECT **ADOPTION OF ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009**
FILE REF AB/14/5

PURPOSE OF REPORT:

To adopt the Annual Report for the year ended 30 June 2009.

<input type="checkbox"/> Information only	<input type="checkbox"/> Strategic decision	<input type="checkbox"/> Policy decision	<input checked="" type="checkbox"/> Statutory process
<input type="checkbox"/> Community issue	<input type="checkbox"/> Contract decision	<input type="checkbox"/> Delegation	<input type="checkbox"/> Appointment
<input type="checkbox"/> Administrative matter			

IMPLICATIONS:

(i)	Is this matter significant in terms of Council's Policy on Significance? No
(ii)	Implications in terms of Vision Rodney? No
(iii)	Implications in terms of Long Term Council Community Plan/Annual Plan? No
(iv)	Implications in terms of other Council Strategic documents or Council Policy? No
(v)	Is a budget amendment required? No

(vi)	Have the views of affected or interested persons been obtained and is any further public consultation required?
	No
(vii)	Does a decision on this matter require Auckland Transition Agency approval? (yes / no / advice being sought?)
	No

FINANCIAL IMPLICATIONS:

Capital cost implications	Not applicable
Is it currently budgeted for?	Not applicable
Funding source of capital costs	Not applicable
Ongoing operational cost implications	Not applicable
Is it currently budgeted for?	Not applicable
Funding & rating impact (whether resulting from capital expenditure or arising directly)	Not applicable

SUMMARY:

Section 98 of the Local Government Act 2002 requires every local authority to prepare and adopt, in respect of each financial year, a report assessing the performance of the local authority against the policies, objectives, activities, performance targets, indicative costs and sources of funding specified within the adopted Long Term Council Community Plan and the Annual Plan for that year.

Audit New Zealand has completed its audit and advised that an unqualified audit opinion will be issued. The accounts for Rodney Properties Limited (RPL) were also audited and an unqualified audit opinion was issued.

The auditors attended the Audit Committee meeting on 20 October and discussed their findings. From that meeting the Audit Committee recommended that the Council adopt the 2008/09 Annual Report.

Issues to note

Financial Results

The financial surplus shown in the Statement of Comprehensive Income was \$10.6M, \$8.6M less than budget.

The primary reasons for these results were:

- Revenue and user charges were below budget by \$2.0M
(This was mainly in the building control and resource consent areas, which were impacted significantly in the change in the economy which saw applications decline sharply.)
- Vested Assets were below budget by \$3.9M
- Cash Contributions were below budget by \$4.5M
- First time recognition of future landfill monitoring costs \$3.5M
- Loss recognised on the revaluation of investment and other properties intended for sale \$1.5M
- Offsetting the unfavourable variances was a gain on the sale of property plant and equipment \$6.0M

Costs were closely monitored and controlled. The total operating expenditure for the 2008/09 financial year was \$155M against a budget of \$148.8M, a difference of \$6.2M. This difference was primarily related to the requirement to recognise \$3.5M for the future costs of monitoring closed landfills, the cost of which will actually be incurred over the next 30 years. If the impact of the closed landfills is excluded, operating costs exceeded budget by 1.8%.

The Council's adopted Treasury Management Policy sets out borrowing control parameters, with four key long-term ratios providing financial targets that it is committed to operating within.

Ratio	Target	Achievement
Debt as % of equity	Less than 25%	22%
Debt as a % of income	Less than 175%	176%
Interest as a % of income	Less than 15%	13%
Interest as a % of annual rates income	Less than 30%	21%
Liquidity (Term debt + committed loan facilities to existing debt)	greater than 110%	125%

The Council's borrowing is within the key parameters of its Treasury Management Policy, except for the debt as a % of income ratio. This ratio was impacted by the lower than budgeted collection of income from cash contributions and vested asset.

Preparation of Accounts

The Council has prepared Group accounts with a single column in the statements containing Parent and Group balances because of the small balances of RPL.

The pending dissolution of Rodney District Council and the transfer of the assets and liabilities to the Auckland Council require the financial statements to be prepared on a dissolution basis, not the normal going-concern basis. However, the services currently delivered will continue to be delivered by Auckland Council, therefore the assets and liabilities will be relevant to the Auckland Council. For that reason, while the financial statements have been prepared on a dissolution basis, no adjustments have been made to them because of the dissolution basis of preparation.

Matters listed on the Audit New Zealand error schedule

There are no financial misstatements noted by Audit Zealand in the draft letter of representation.

Audit New Zealand has noted that it considers the Council should provide explanations for variances between actual financial results and plan at a Group of Activity (GOA) statements level rather than the way this information is currently presented in a note to the financial statements.

The Annual Report must be audited and the Act requires many technical accounting disclosures which meet the requirements of banks, lenders etc. As such, the report does not meet the needs of most ordinary ratepayers. To address this issue the Council is also required to produce a summary of the information from the Annual Report, which is widely distributed.

The Summary Annual Report is still being prepared and staff are working to ensure it meets the information requirements of the wider community. It will therefore be tabled at the Council meeting on 5 November prior to its release.

A presentation on the report will be made at the Council meeting. The Council's Auditors from Audit New Zealand will also make a very short presentation and members of the Audit Committee will be in attendance.

Note: Copies of the recommended Annual Report have been distributed to councillors and are available for public inspection with the agenda at the Council's Orewa Office.

RECOMMENDATION:

That (subject to any alterations the Council may make and minor formatting and editing changes) the Annual Report prepared pursuant to Section 98 of the Local Government Act 2002 for the year ended 30 June 2009 be adopted and copies of it made available for public inspection on the Rodney District Council's website and at the Council's:

- **Orewa Office**
- **Warkworth Office**
- **Huapai Office**
- **Helensville Office**
- **Orewa Library**
- **Whangaparaoa Library and Service Centre**
- **Helensville Library**
- **Kumeu Library**
- **Mahurangi East Library**
- **Warkworth Library**
- **Wellsford Library**
- **Point Wells Library**
- **Leigh Library.**