



SUMMARY Annual Report 2004/2005



Mayor's Introduction



The 2004/05 year Council activity and expenditure represented a combination of the old and the new. The new Council came into office in October 2004 and are putting their stamp on the Council. The majority of planned activities were completed and capital programmes progressed well, given higher contractor prices and availability causing delays in some programmes.

There have been many notable achievements during the year, in particular:

- Excellent progression of the City Heart project – further enhancing the look and feel of Palmerston North
- Opening of the Highbury Whanau Multi-Purpose Cultural Centre
- Completion of Arena 1
- Overall positive result from the annual Communitrak Survey

The 2004/05 financial results were better than budget. Some highlights were:

- Vested Assets higher than budget by \$2.5 million (a non-cash increase).
- Capital gains made on sale of Railway land and other properties
- High activity in the Regulatory areas
- A good return on investments

The Council recorded a positive net cashflow from operating activities of \$15 million. This is \$4 million better than the LTCCP prediction. Furthermore, borrowings were down against budget by \$4 million, a great result given the high capital programme for the year.

In conclusion, 2004/05 has been a year of busy activity for the Palmerston North City Council. We thank the Councillors and officers for their effort and commitment throughout the year and the community for its continuing participation and contributions in the Council processes and outcomes.

A handwritten signature in black ink that reads "H. Tanguay". The signature is written in a cursive style with a long horizontal line extending from the end.

Heather Tanguay
MAYOR

Key Achievements for 2004/05

Key achievements during the year include:

- Successful hosting of the Kapa Haka festival
- Destination Manawatu has achieved a positive result for the City in terms of promotion and tourism
- Successful delivery of events in the City
- Building activity remains high in the City, including subdivisions
- Parking Wardens seen as great ambassadors for the City
- Redevelopment works within the Square are progressing well
- Completion of a large number of community housing unit refurbishments
- Opening of the Highbury Whanau Multi-Purpose Cultural Centre
- Lido recorded highest number of visitors
- Sponsorship naming for Arena 1 – FMG stadium secured
- Completion of FMG stadium in time for the Lions vs Manawatu game
- Completion of the Fitzherbert Avenue/Park Road intersection
- UV disinfection plant for Waste Water project installed
- No individual development levies have proceeded to a hearing
- Completion of the Local Authority Elections
- Receipt of the Council Call Centre Award for Community Service during the flooding
- Commencement of the after hours Regional Call Centre
- The identification of community outcomes
- Approval of the Draft Urban Growth Plan Change for public consultation
- Approval of the Proposed Fringe Business Zone Plan Change for public submissions under the Resource Management Act
- Recreational needs assessment completed
- Efforts made in consultation over contentious roading issues – in particular Milson Line
- Successful hosting of the Netball test held at Arena Manawatu
- Negotiation with Crime Prevention Unit for City Safety funding (in light of their reorganisation of Safer Community Councils)

This Summary Financial Report has been extracted from the full Financial Report dated 21 September 2005.

It cannot be expected to provide as complete an understanding as provided by the full Financial Report of the financial and service performance, financial position and cash flow of the Council.

This Summary Financial Report was authorised for issue on 1 November 2005 by the Chief Financial Officer, Chief Executive and The Mayor of the Council.

The Council's Annual Report has been audited by Audit New Zealand and an unqualified opinion was obtained on 21 September 2005.

The full Annual Report can be obtained from the Council's Customer Centre, Civic Administration Building or from the website (www.pncc.govt.nz).

Financial Statements

Statement of Financial Performance - What We Received? What We Spent?

	Parent 2004/05 Actual \$000	Parent 2004/05 Budget \$000	Group 2004/05 Actual \$000	Parent 2003/04 Actual \$000	Group 2003/04 Actual \$000
Revenue	82,500	75,375	89,238	69,329	83,805
Share of Associate Income	-	-	133	-	116
Less Cost of Operations	74,008	67,646	81,210	65,488	71,745
Operating Surplus Before Taxation	8,492	7,729	8,161	3,841	12,176
Less Taxation	-	-	565	-	511
Operating Surplus					
After Taxation and Before Onerous Contract and Landfill Aftercare Adjustments	8,492	7,729	7,596	3,841	11,665
Less Onerous Contract and Landfill Aftercare Adjustments	-	-	-	1,436	1,436
Less Minority Interest in Surpluses of Subsidiaries	-	-	113	-	162
Net Surplus	8,492	7,729	7,483	5,277	12,939

Statement of Equity - What do the Ratepayers Own?

	Parent 2004/05 Actual \$000	Parent 2004/05 Budget \$000	Group 2004/05 Actual \$000	Parent 2003/04 Actual \$000	Group 2003/04 Actual \$000
Equity at Start of the Year	910,313	808,344	928,338	805,689	815,570
Equity Adjustments (FRS-38)	-	-	-	-	262
Amended Equity at Start of the Year	910,313	808,344	928,338	805,689	815,832
Net Surplus	8,492	7,729	7,483	5,277	12,939
Movement in Revaluation Reserve *	929	-	9,068	99,347	99,347
Council Organisations introduced	-	-	-	-	95
Total Recognised Revenues and Expenditure for the Year	9,421	7,729	16,551	104,624	112,381
Other Movements					
Contributions from Owners During the Year	-	-	-	-	-
Distributions to Owners During the Year	-	-	(119)	-	(37)
Minority Interests During the Year	-	-	1,383	-	162
Equity at End of the Year	919,734	816,073	946,153	910,313	928,338

* Mainly attributable to increases in Investment Properties and the Investment Funds Portfolio.

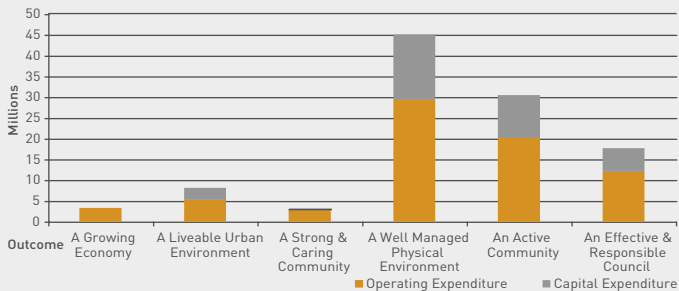
Statement of Financial Position - How Healthy is Our Balance Sheet ?

	Parent 2004/05 Actual \$000	Parent 2004/05 Budget \$000	Group 2004/05 Actual \$000	Parent 2003/04 Actual \$000	Group 2003/04 Actual \$000	
Total Current Assets	9,291	8,756	13,260	14,021	18,137	Current Assets consists of Cash & Short Term Deposits, Debtors, Inventory and Subdivisions for sale.
Total Non Current Assets	1,016,354	912,802	1,050,689	989,494	1,013,426	Non Current Assets consist of Long Term Deposits and Fixed Assets.
TOTAL ASSETS	1,025,645	921,558	1,063,949	1,003,515	1,031,563	
Total Current Liabilities	16,142	11,119	18,269	16,969	18,444	Current Liabilities mainly consist of Creditors, Accruals, and Deposits.
Total Non-Current Liabilities	89,769	94,366	99,527	76,233	84,781	Non Current Liabilities mainly consist of Employee Entitlement, Landfill Aftercare Provision, and Long Term Debts.
Total Public Equity	919,734	816,073	946,153	910,313	928,338	Public Equity consist of Ratepayers Equity, Council Created Reserves and Revaluation Reserves.
TOTAL LIABILITIES AND RESERVES	1,025,645	921,558	1,063,949	1,003,515	1,031,563	

Statement of Cash Flows - What Was the Inflow & Outflow of Cash?

	Parent 2004/05 Actual \$000	Parent 2004/05 Budget \$000	Group 2004/05 Actual \$000	Parent 2003/04 Actual \$000	Group 2003/04 Actual \$000
Net Cash Inflow From Operating Activities	15,528	11,632	15,901	13,781	15,786
Net Cash (Outflow)/Inflow From Investing Activities		(31,638)	(29,318)	(25,676)	(26,755)
Net Cash Inflow (Outflow) From Financing Activities		12,833	16,990	14,638	13,426
NET INCREASE (DECREASE) IN CASH HELD	(3,277)	(695)	(3,718)	2,095	2,457
Cash Balance at the Start of the Year	6,958	2,797	10,374	4,863	7,917
Cash Balance at the End of the Year	3,681	2,102	6,655	6,958	10,374

Overall - What Did We Spend?



Variations to Long Term Council Community Plan (LTCCP)

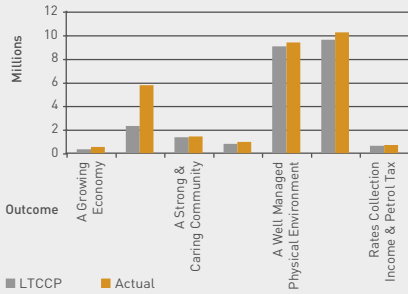
for the year ended 30 June 2005

All Outcomes - Operation

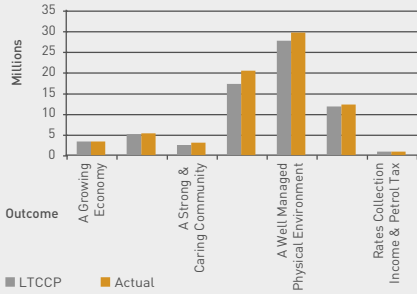
	2004/05 LTCCP	2004/05 Actual	Variance \$000	Variance %	Reference
Revenue					
A Growing Economy	323	538	215	67%	a
A Liveable Urban Environment	2,316	5,745	3,429	148%	b
A Strong & Caring Community	1,356	1,400	44	3%	
An Active Community	787	968	181	23%	c
A Well Managed Physical Environment	9,045	9,381	336	4%	
An Effective & Responsible Council	9,589	10,232	643	7%	
Rates Collection Income & Petrol Tax	630	696	66	10%	
	24,046	28,960	4,914		
Expenses					
A Growing Economy	3,266	3,298	-32	1%	
A Liveable Urban Environment	5,080	5,231	-151	3%	
A Strong & Caring Community	2,449	3,018	-569	23%	d
An Active Community	17,173	20,419	-3,246	19%	e
A Well Managed Physical Environment	27,673	29,625	-1,952	7%	
An Effective & Responsible Council	11,805	12,212	-407	3%	
Rates Collection Income & Petrol Tax	879	879	-	0%	
	68,325	74,682	-6,357		
Funded from Rates	44,280	44,172	-108		
Less transfer from cash reserves 03/04	-1,002	-1,002	-		
	-1,001	-2,552	-1,551		
Capital Expenditure					
				% completed	
A Growing Economy	95	5	90	5%	
A Liveable Urban Environment	4,301	2,900	1,401	67%	f
A Strong & Caring Community	1,557	1,447	110	93%	g
An Active Community	11,243	10,107	1,136	90%	h
A Well Managed Physical Environment	16,425	15,488	937	94%	i
An Effective & Responsible Council	6,156	5,504	652	89%	j
	39,777	35,451	4,326	89%	

- a Higher revenue due to higher activity in Convention Centre.
- b Capital gain on sale of Railway Land and other properties not included in the LTCCP budget.
- c Capital gain on property sales not included in LTCCP budget.
- d Higher depreciation due to revaluation in prior year resulting in higher value of assets and subsequent depreciation.
- e Lagoon dredging costs plus depreciation due to revaluation in prior year.
- f Behind schedule of Square redevelopment due to bad weather and market driven delays.
- g Behind schedule in some Community Housing projects due to contractor availability.
- h Under budget as the Lagoon dredging costs were moved to operating expenses.
- i Behind budget due to contractor availability and high prices.
- j Behind budget due as a carry forward to 2005/06 was made for the upgrade of the Civic Administration Building as work was behind schedule.

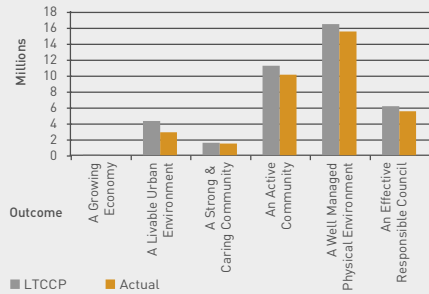
Revenue Actual vs LTCCP



Expenses Actual vs LTCCP



CAPEX Actual vs LTCCP



2004-05 Performance Measures

Of the 137 targets in the LTCCP, 79% were either “target met” or “partially met”. These results are more clearly illustrated below:

Outcome	Target Met	Target Partly Met	Target Not Met	Total Targets
A Growing Economy	8	2	3	13
A Liveable Urban Environment	8	2	4	14
A Strong and Caring Community	8	2	2	12
A Well Managed Physical Environment	27	4	7	38
An Active Community	27	0	5	32
An Effective and Responsible Council	16	4	8	28
Total Number	94	14	29	137
Total % 2004/05	69%	10%	21%	100%
Total % 2003/04	64%	11%	18%	100%
Total % 2002/03	64%	15%	15%	100%
Total % 2001/02	58%	20%	22%	100%

Audit Report

TO THE READERS OF PALMERSTON NORTH CITY COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 June 2005

We have audited the summary annual report.

Unqualified 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 information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 2 September 2005, on:

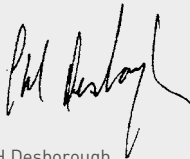
- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Palmerston North City Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



L H Desborough
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand
7 November 2005

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Palmerston North City Council and group for the year ended 30 June 2005 included on City Council's web-site. The Council is responsible for the maintenance and integrity of the City Council's web site. We have not been engaged to report on the integrity of the City Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 21 September 2005 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.