



Ōtorohanga District Council
Annual Report 2022/23



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INTRODUCTION

COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

E ngā mana, e ngā reo, a ngā hapori a te rohe o Ōtorohanga, tēnā koutou katoa.

It is with pleasure that we present our Annual Report for the 2022/23 year. Council set a bold new direction in the 2021 Long Term Plan and it has been very satisfying to see the continued implementation of that work programme.

Our 3 year capital works program is progressing well with over 60% of the work completed at year end across Three Waters, Rooding and Community Facilities, with only a handful of projects carried forward into the following year. This is pleasing considering the challenging weather experienced through the summer affecting most of the construction season. Other factors that have had considerable influence on the capital works are high inflationary pressure driving costs up, along with skills shortages in the civil construction sector.

The key focus areas for Council this past year have been:

- Developing our relationships with iwi/Māori as we move toward upholding partnership under Te Tiriti o Waitangi
- Putting in place several initiatives to improve our communication and engagement with our community
- Adopting the Ōtorohanga Town Concept Plan and commencing implementation on priority projects identified by our community and partners
- Developing the Kāwhia/Aotea/Ōpārāu and Rural Concept Plans
- Commencing the 2024 Long Term Plan process with early community engagement
- Continuing our journey of continuous improvement through implementing the CouncilMARK Action Plan
- Completing the refurbishment of our building to a contemporary workspace for staff and a collaboration place for our community

With an election in October 2022 we had a new Council to bring up to speed on our direction, priority projects and key service delivery areas. Four new Councillors were elected, including the first ever Rangiatea Ward (Māori Ward) Councillors, alongside 3 new Community Board members. A thorough induction process was undertaken with all elected members to ensure they had the best start possible to their term.

We appointed our Kaitakawaenga (Iwi Relations Advisor) in November, and his mahi has ensured that we are partnering and engaging appropriately with iwi/Māori. One of the recommendations in the CouncilMARK report was to improve relationships with iwi/Māori and lift the cultural competency of our organisation. We have taken significant steps to achieving this goal, recognising that there is still a long way to go.

The Ōtorohanga Town Concept Plan was adopted in October 2022, and is Council's first attempt at an integrated spatial plan. The implementation plan was also adopted and 13 projects have been identified as priorities for Council to work with our community on. The first three of these: Feasibility of a Multipurpose Centre, a Strategy for the ongoing development and use of Ōtorohanga Reserves and a Development Plan for Huipūtea Reserve are underway.

Another CouncilMARK recommendation, we have strengthened our focus on risk, with a new Risk and Assurance Committee put in place after the election. Peter Stubbs was appointed by Council as independent chair, replacing Bruce Robertson who was chair for the three years prior. Council would like to thank Bruce for his commitment and focus to this very important area of Council's business.

The realignment of the organisation is largely complete with just a few roles left to fill. We have positioned ourselves well to meet the challenges of a very dynamic reform environment, as well as continuing to meet the aspirations of our community. We have been delighted with the levels of engagement we are getting across a wide range of projects and initiatives.



Reform and legislative change continue and considerable staff time has been invested in making submissions to central government and attending hui. We continue to ensure that the Ōtorohanga district is well represented at national and regional forums with both the Mayor and Chief Executive appointed to sector working groups and organisations.

Growth has slowed down a little in the district, as it has around most of Aotearoa, with resource consents remaining similar to last year, and building consents reducing slightly reflecting economic activity. Waikeria Prison remains the largest government social development project in the country, and our Building Consent team continue to do a remarkable job ensuring that facility is compliant with legislation.

Council's financial position remains strong despite these challenging economic conditions. We have taken on debt to fund some of our large infrastructure projects that will benefit multiple generations, and invested in two key projects through loans: the redevelopment of the Kiwi House and the 128-lot subdivision in Harper Avenue. We believe these projects will yield significant returns for our community. We also achieved or partly achieved 70% of our non-financial performance measures.

We continue to strive to strike the balance between affordability and desirability – ensuring we are aiming high and punching above our weight as an organisation, while recognising the real financial struggles some members of our community are facing. We have an amazing community who continue to support us and our mahi. We would like to mihi to all the people who have voluntarily given up their time over the past year to contribute to making the Ōtorohanga district such an awesome place. In closing we are reminded of the powerful whakataukī (Māori proverb):

He aha te mea te nui o te ao? He tāngata, he tāngata, he tāngata.

What is the most important thing in the world? It is the people, it is the people, it is the people.

Ngā mihi nui, Max and Tanya

Max Baxter
MAYOR

31 October 2023

Tanya Winter
CHIEF EXECUTIVE

31 October 2023

Non-financial performance

Ōtorohanga District Council provides a wide range of activities and services for our community. As we strive to deliver the high level of service that our community expects from us, we seek to test our performance against a set of measures.

These non financial performance and 'level of service' targets are identified in the Long Term Plan 2021-2031, as well as the measures we use to assess them.

In total, we use 47 measures for our 10 activity groups. There are 10 mandatory measures that are set by the Department of Internal Affairs for all councils.



All targets were achieved for three activities



Flood Protection



Governance and Leadership



Stormwater Drainage

We didn't meet 12 of our targets, 2 of which we need your help to achieve



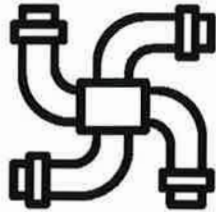
Waste Minimisation
Increase recycling



Known Dogs Registered



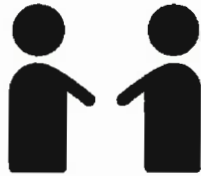
The following measures were achieved this year, after not being achieved last year



Water Service Requests



Food Premises



Meet the Council sessions



Noise Complaints

The following customer satisfaction measures were achieved for the second year in a row



Parks and Reserves Quality and Variety



Iwi Relationships



Library Services



Council Communication



Waste Minimisation Rubbish Collection



Older person Housing



ELECTED MEMBERS

Mayor:

Max Baxter

Phone (Bus):

(07) 873 4000

Mobile:

(027) 229 1430

Fax:

(07) 873 4300

Postal:

PO Box 11, Ōtorohanga

Website:

www.otodc.govt.nz

Deputy Mayor:

Annette Williams – Kāwhia/Tihiroa Ward

(027) 224 1502

Councillors:

Roy Johnson – Waipa Ward

(027) 271 9282

Rodney Dow – Kiokio/Korakonui Ward

(027) 471 3406

Annette Williams – Kāwhia/Tihiroa Ward

(027) 224 1502

Cathy Prendergast – Wharepungu Ward

(027) 450 8724

Katrina Christison – Ōtorohanga Ward

(021) 153 0774

Steve Hughes - Ōtorohanga Ward

(021) 161 8487

Jaimee Tamaki – Rangiatea Māori Ward

(027) 964 8000

Roy Willison – Rangiatea Māori Ward

(022) 412 8495

Christopher (Kit) Jeffries – Kāwhia/Tihiroa Ward

(021) 226 4904

Ōtorohanga Community Board:

Kat Brown-Merrin - Chair

(021) 139 3676

Peter Coventry - Deputy

(027) 493 0117

Tori (Koroheke) Muller

(021) 0225 7427

Jo Butcher

(027) 500 8800

Katrina Christison – Council Representative

(021) 153 0774

Steve Hughes – Council Representative

(021) 161 8487

Kāwhia Community Board:

Geoff Good - Chair

(022) 678 6053

Dave Walsh

(021) 293 0392

Richard Harpur

(022) 401 7192

Christopher (Kit) Jeffries – Council Representative

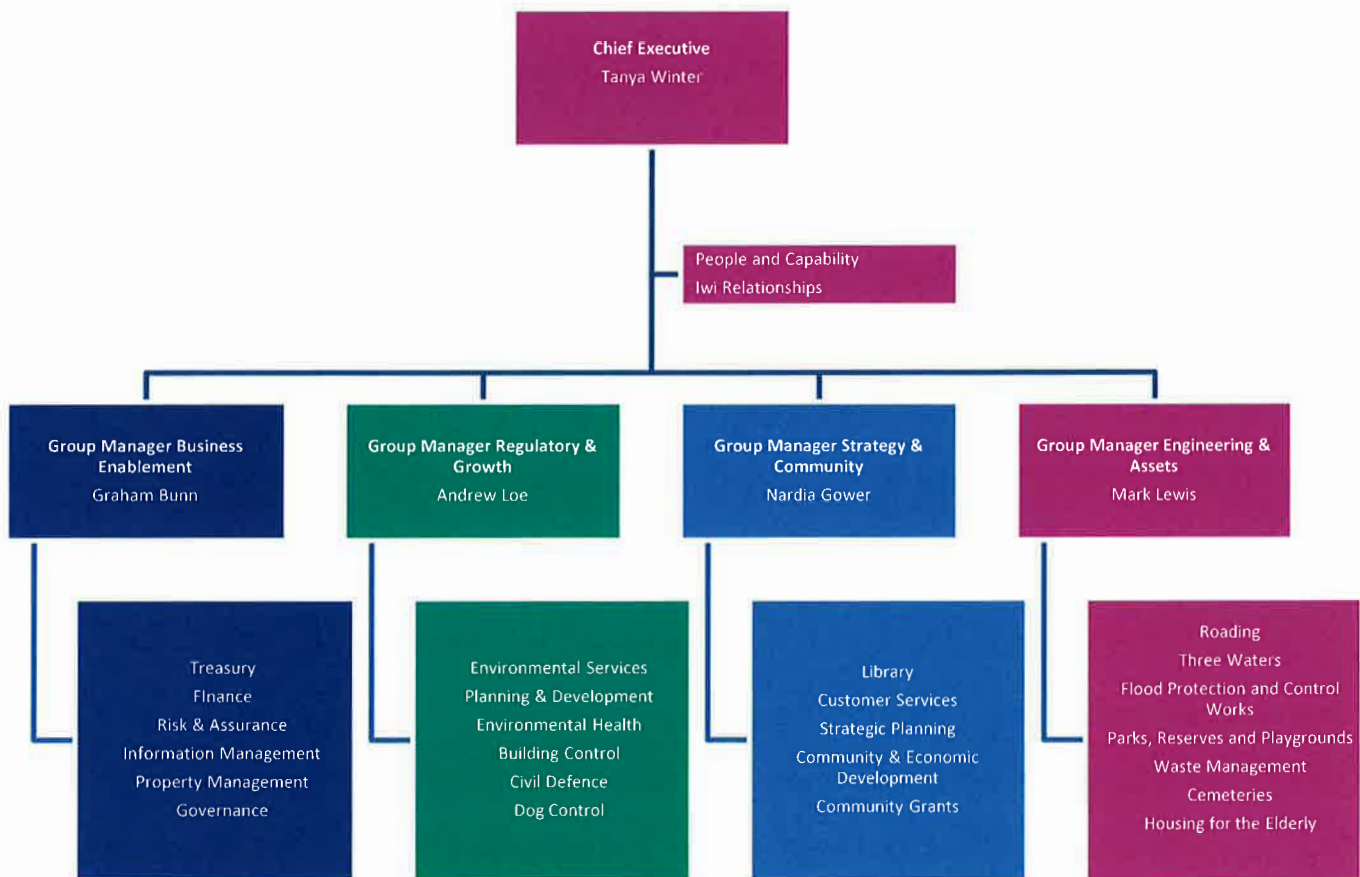
(021) 226 4904

Hinga Whiu

(021) 181 1009



LEADERSHIP TEAM



Postal Address:
Council Chambers:

PO Box 11, Ōtorohanga 3900
Maniapoto Street, Ōtorohanga

Telephone Number:

07 - 873 4000

0800 Number:

0800 734 000

Fax Number:

07 - 873 4300

Email:

Info@otodc.govt.nz

Bankers:

Bank of New Zealand

Auditors:

Matt Laing for Deloitte Limited, on behalf of the
Office of the Auditor General

Solicitors:

Gallie Miles, Te Awamutu
Tompkins Wake, Hamilton



DISTRICT BACKGROUND

Ōtorohanga District is located some 50 kilometres south of Hamilton. The area administered by the Council covers 1976 sq.km. and extends from the Kāwhia and Aotea Harbours on the west coast for a distance of 90 km to the eastern extremity near Mangakino. Included within the District are the urban communities of Ōtorohanga and Kāwhia.

Geographically, the District comprises three distinct areas of approximately equal size. The eastern and western areas have predominantly more hills than the central area which is the southern limit of the Waikato Basin. Farming is the dominant industry with sheep and cattle farming in the hill country and intensive dairy farming in the central area. Horticulture and cropping are lesser but developing activities.

The original Ōtorohanga County was formed on 1 April 1922 and arose out of the amalgamation of the former Wharepapa and Mangaorongo Roads Board and part of the Waitomo County. The northern half of the former Kāwhia County was amalgamated into the District on 1 April 1956. On 1 November 1971, the County of Ōtorohanga and the Borough of Ōtorohanga were united to form a new County of Ōtorohanga. At the time of the union there was no provision for a "District" Council status which only became available in 1978 following an amendment to the Local Government Act. The change in designation from a County Council to a District Council took place on 1 April 1979 and was made primarily to give recognition to the fact that Council is a rural-urban council with the urban area an integral part of the organisation.

A roading network, totalling 889.5 km in length, provides access. State Highways 3, 31 and 39 account for 94.5km of this and are maintained by Fulton Hogan under contract to Waka Kotahi NZ Transport Agency at no cost to Council. The balance of 795km comprises 530km of sealed pavements of varying widths and 265km of metalled roads. Of these, 28km of sealed roads are within the urban Communities of Ōtorohanga and Kāwhia as is 0.5km of the unsealed roads. Within the Council maintained roading network are 204 bridges totalling 2,468m in length and including 28 stock access structures.

The Council Office is located in Ōtorohanga which is situated on the Main Trunk Railway and at the junction of State Highway No.3, No. 31 and No. 39. The Town has good shopping facilities, four modern primary schools and a College, good medical facilities and caters for a wide range of sporting and cultural activities.

Ōtorohanga is centrally placed, being within easy driving distance of Auckland, Hamilton, Tauranga, Rotorua, Taupo and New Plymouth. The town has a population of 3,027 and is an important focus for tourist activities in the North King Country area. Being 16 kilometres north-west of Waitomo, Ōtorohanga is the closest town to the world famous glow worm caves.

Kāwhia, a small holiday resort on the west coast, is also within the District. It is located on the shores of the Kāwhia Harbour some 57 kilometres west of Ōtorohanga via State Highway 31, and has a permanent population of 384 with this increasing to over 3000 at peak holiday periods. Kāwhia is the home of the Tainui people who settled there 600 to 700 years ago. The Kāwhia Harbour covers more than 6000 hectares, with five rivers feeding into it. It is a popular and productive fishing spot.

**STATISTICS****Area and Population**

Area (Square kilometres)	1,976
Population (2018 Census figures)	10,104

Communities

	Area	Population
Ōtorohanga	507 ha	3,027
Kāwhia	161 ha	384
Rural	196,932 ha	6,693
	<u>197,600 ha</u>	<u>10,104</u>

Valuation

Rateable Properties (No. of)	5,082
Non Rateable Properties (No. of)	382
Rateable Capital Value	\$6,498,710,450
Date of Last revision of Values	1 October 2022

Rates and Rating 2022/23

Total Rates (Excluding GST)	\$14,686,475
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/23

Public Debt Outstanding	\$6,447,613
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Date of Constitution of District

1 November 1989



FINANCIAL STATEMENTS



ŌTOROHANGA DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR THE YEAR ENDED 30 JUNE 2023

Actual 30 June 2022 (000's)	Note	Budget 30 June 2023 (000's)	Actual 30 June 2023 (000's)
	Revenue		
12,185	Rates revenue 2	12,914	13,003
63	Contributions	10	37
1,657	Water by volume rates 2	1,872	1,684
6,491	Subsidies 2	5,544	7,627
35	Interest income 2	115	426
2,187	Other income 2	2,169	1,745
(26)	Other gains/(losses) on asset disposal	-	(213)
22,592	Total revenue	22,624	24,309
	Expenses		
4,832	Employee benefit expenses 3	6,026	5,123
6,154	Depreciation and amortisation 11	5,649	6,982
10,764	Other expenses 4	10,301	12,387
37	Finance costs	191	482
21,787	Total expenses	22,167	24,974
805	Surplus/(deficit) for the year	457	(665)
	Other Comprehensive Revenue and Expenses		
	<i>Items that will not be reclassified to surplus/(deficit)</i>		
60,365	Gain/(loss) on property revaluation	(1,422)	3,033
-	Fair value movement of unlisted shares	-	731
60,365	Total other comprehensive revenue and expenses	(1,422)	3,764
61,170	Total Comprehensive Revenue and Expenses for the year	(965)	3,099
	Total comprehensive revenue and expense attributable to:		
61,170	Ōtorohanga District Council	(965)	3,099
61,170		(965)	3,099

The accompanying notes on pages 17-56 form part of these financial statements.



ŌTOROHANGA DISTRICT COUNCIL

BALANCE SHEET

AS AT 30 JUNE 2023

Actual 30 June 2022 (000's)		Note	Budget 30 June 2023 (000's)	Actual 30 June 2023 (000's)
	Assets			
	Current assets			
5,223	Cash and cash equivalents	5	2,010	2,207
4,394	Receivables from non-exchange transactions	6	2,181	4,625
120	Receivables from exchange transactions	6	-	334
1,886	Loan Receivable	7	-	4,000
79	Prepayments		-	-
60	Inventory		30	36
11,762	Total current assets		4,221	11,202
	Non-current assets			
683	Investments	8	631	7,799
388,995	Property, plant and equipment	9	339,268	394,510
985	Loan Receivable	7	1,050	1,706
10	Intangible assets	10	207	5
390,673	Total non-current assets		341,156	404,020
402,435	Total assets		345,377	415,222
	Liabilities			
	Current Liabilities			
3,159	Payables under exchange transactions	12	2,788	4,328
1	Provisions	13	1	1
476	Employee benefit liabilities	14	390	517
501	Development and financial contributions in advance	16	477	527
1,711	Income in Advance	15	720	1,677
4,000	Borrowings	17	-	6,000
9,848	Total current liabilities		4,376	13,050
	Non-current liabilities			
14	Provisions	13	16	13
25	Employee benefit liabilities	14	45	27
448	Borrowings	17	2,448	448
487	Total non-current liabilities		2,509	488
10,335	Total liabilities		6,885	13,538
392,100	Net Assets		338,492	401,684
	Equity			
164,856	Accumulated Comprehensive Revenue and Expenses	18	171,696	165,462
1,836	Council Controlled Reserves	18	(901)	498
2,887	Reserve Funds	18	2,887	2,954
222,521	Revaluation Reserves	18	164,810	232,770
392,100	Total equity		338,492	401,684

The accompanying notes on pages 17-56 form part of these financial statements.



ŌTOROHANGA DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Actual 30 June 2022 (000's)	Note	Budget 30 June 2023 (000's)	Actual 30 June 2023 (000's)
330,930	Balance at 1 July	339,457	392,100
-	Adjustments on adoption of PBE IPSAS 41	-	6,485
330,930	Adjusted balance at 1 July	339,457	398,585
61,170	Total comprehensive revenue and expense for the year	(965)	3,099
392,100	Balance at 30 June	338,492	401,684
	<i>Total comprehensive revenue and expense attributable to:</i>		
61,170	Ōtorohanga District Council	(965)	3,099
61,170	Total comprehensive revenue and expense	(965)	3,099

* In accordance with the transitional provisions in PBE IPSAS 41, the Council have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2022 (the date of initial application).

The accompanying notes on pages 17-56 form part of these financial statements.



ŌTOROHANGA DISTRICT COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

Actual 30 June 2022 (000's)	Notes	Budget 30 June 2023 (000's)	Actual 30 June 2023 (000's)
	Cash flows from operating activities		
13,814	Receipts from rates revenue	14,662	14,665
7,081	Receipts from other revenue	7,719	8,799
35	Interest received	115	426
5	Dividends received	4	21
(15,141)	Payments to suppliers and employees	(16,355)	(16,169)
(37)	Interest paid	(191)	(482)
5,757	Net cash provided by Operating Activities	5,954	7,260
	Cash flows from investing activities		
49	Proceeds from Sale of Property, Plant and Equipment	134	89
(6,660)	Purchase of property, plant and equipment	(7,078)	(9,627)
(1,986)	Purchase of investments	-	(2,735)
(7)	Purchase of intangible assets	264	(3)
(8,604)	Net cash (used in) Investing Activities	(6,680)	(12,276)
	Cash flows from financing activities		
4,000	Proceeds from borrowings	-	2,000
-	Repayment of borrowings	-	-
4,000	Net cash provided by/(used in) Financing Activities	-	2,000
1,153	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(726)	(3,016)
4,070	Cash, cash equivalents and bank overdrafts at the beginning of the year	2,737	5,223
5,223	Cash and cash equivalents at the end of the year.	2,010	2,207

The accompanying notes on pages 17-56 form part of these financial statements.



ŌTOROHANGA DISTRICT COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

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Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

1. Summary of significant accounting policies.

Reporting Entity

Ōtorohanga District Council (ODC) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of ODC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, ODC has designated itself as a public benefit entity for the purposes of complying with generally accepted accounting practice (NZGAAP).

The financial statements of ODC are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 31 October 2023.

Basis of Preparation

These financial statements comply with the PBE standards for tier 2 entities. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of ODC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98(i) and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with PBE standards Reduced Disclosure Regime (Tier 2). This classification has been determined as the council does not have public accountability and is not large as total expenses are less than \$30 million.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The functional and reporting currency of ODC is New Zealand dollars.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Commitment and contingencies are disclosed exclusive of GST.

Accounting policy – judgement

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.

- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

Council continues to recognise its three waters assets at 30 June 2023 in accordance with the accounting policies set out on pages 17 to 56. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by ODC for the preparation of the financial statements.

Cost Allocation

The cost of service for each significant activity of ODC has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Changes in Accounting Policies

The following standards and amendments were issued and are effective for this financial year.

PBE IPSAS 41 Financial Instruments

In March 2019, the External reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS29 Financial Instruments: Recognition and Measurement. The Council has adopted this standard and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Information about the transition to PBE IPSAS 41 is disclosed in note 22.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replace the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the current year. The impact on the presentation of service performance reporting is minimal but is reflected in this report.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

2. Revenue

Accounting Policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Revenue from non-exchange transactions

Rates revenue

The following policies for rates revenue have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates revenue arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Waka Kotahi NZ Transport Agency roading subsidies

ODC receives government grants from Waka Kotahi NZ Transport Agency, which subsidises part of ODC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Development and Financial Contributions

Development and financial contributions are recognised as other income when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time the Council provides, or is able to provide, the service.

Vested or donated physical assets

Where a physical asset is acquired for nil or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

Direct charges – subsidised

(i) Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as building consents, water connections, dog licencing, etc.) and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

Revenue from such subsidised services is recognised when the Council issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received for the service (or the extent that the customer has the right to withhold the payment from the Council for the service) if the service is not completed.

(ii) Sale of goods – subsidised

A sale of goods at a price that is not approximately equal to the value of the goods provided by the Council is considered a non-exchange transaction.

This includes sales of goods where the price does not allow the Council to fully recover the cost of producing the goods and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

Revenue from exchange transactions

Direct charges – full cost recovery

(i) Rendering of services – full cost recovery

Revenue from the rendering of services (such as resource consents, etc.) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(ii) Sale of goods – full cost recovery

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**Breakdown of rates and further information

	Actual 2022	Actual 2023
	(000's)	(000's)
General Rates	6,110	6,891
Targeted rates attributable to activities		
Water	269	299
Sewerage	708	708
Refuse	303	291
Land Transport	4,677	4,547
Security	57	74
Erosion Protection	49	39
Halls	27	27
Rates penalties	(15)	127
Total revenue from rates	12,185	13,003
Metered Water Charges	1,657	1,684
Total Water by Volume Rates	1,657	1,684

Breakdown of Subsidies and Grants

	Actual 2022	Actual 2023
	(000's)	(000's)
Subsidies		
NZTA government grants	4,493	5,881
Other Subsidies	1,998	1,746
Total Subsidies	6,491	7,627

Other subsidies include Department of Internal Affairs subsidies for 3 Water projects, waste minimisation subsidies, Ministry of Social Development subsidies for youth employment initiatives, Sport NZ and Creative Communities funding.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**Breakdown of Other Income

	Actual 2022	Actual 2023
	(000's)	(000's)
Other Income		
User charges	779	693
Regulatory revenue	1,313	807
Petrol tax	91	90
Vested assets revenue	-	134
Dividend income	4	21
Total other income	2,187	1,745

Breakdown of Interest Income

	Actual 2022	Actual 2023
	(000's)	(000's)
Interest Income		
Interest income for financial assets not at fair value through profit and loss		
- cash and cash equivalents	35	138
- Loan receivable accruals	-	288
	35	426

Exchange and Non-Exchange Revenue

Total revenue from non-exchange transactions includes the revenue from rates, government grants, fines and other revenue. Total non-exchange revenue for the 2022/23 financial year is \$23,591,444 (2022: \$22,023,013).

Total revenue from exchange transactions includes the revenue from interest, rental, royalties and other revenue. Total exchange revenue for the 2022/23 financial year is \$930,474 (2022: \$595,339).

	Actual 2022	Actual 2023
	(000's)	(000's)
Non-exchange revenue	22,023	23,591
Exchange revenue	595	931
Total Revenue	22,618	24,522
Total revenue per statement of comprehensive revenue and expenses	22,592	24,309
Add back: Other gains/(losses) on asset disposal	26	213
Classified revenue per statement of comprehensive revenue and expenses	22,618	24,522

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**Operating leases as lessor

ODC leases some property under operating leases. The majority of these leases have non-cancellable terms of 5 years, with lease terms ranging from 2 years up to 21 years in selected cases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2022	Actual 2023
	(000's)	(000's)
Non-cancellable operating leases as lessor		
Not later than one year	24	21
Later than one year and not later than five years	58	50
Later than five years	241	229
Total non-cancellable operating leases	323	300

3. Personnel Costs**Accounting policy****Defined Contribution Plans**

Obligations for contributions to Kiwisaver are recognised as defined contribution plans and are recognised as an expense in the surplus or deficit when incurred.

Breakdown of personnel costs and further information

	Actual 2022	Actual 2023
	(000's)	(000's)
Salaries and wages	4,692	4,961
Employer contributions to defined contribution plans	113	119
Increase/(decrease) in employee benefit liabilities	27	43
Total employee benefit expenses	4,832	5,123

Severance payments as identified later in this note are included in the salaries and wages figure in the above table.

Employer contributions to defined contribution plans include contributions to Kiwisaver and other contribution plans. No additional liability exists to ODC related to the defined contribution plans.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**Key management personnel compensation

	Actual 2022	Actual 2023
	(000's)	(000's)
Councillors		
Full -time equivalent members	8	10
Remuneration	276	351
Senior Management Team, including Chief Executive		
Full—time equivalent members	5	5
Remuneration	765	891
Total full-time equivalent personnel	13	15
Total key management personnel remuneration	1,041	1,242

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

Chief Executive

The Chief Executive received the following remuneration:

	Cost during the financial year	
	Actual 2022	Actual 2023
	(000's)	(000's)
Salary	247	258
Motor Vehicle	8	8
Fringe Benefit Tax	7	6
Total Chief Executive's remuneration	262	272

Elected representatives

	Total remuneration	
	Actual 2022	Actual 2023
	(000's)	(000's)
Max Baxter, Mayor	88	102
Roy Johnson	37	30
Robyn Klos – until 13 October 2022	23	8
Annette Williams	25	33
Katrina Christison	28	31
Christopher Jeffries	25	33
Bryan Ferguson – until 13 October 2022	22	7
Rodney Dow	28	28
Cathy Prendergast – from 14 October 2022	-	20
Steve Hughes – from 14 October 2022	-	21
Jaimee Tamaki – from 14 October 2022	-	19
Roy Willison – from 14 October 2022	-	19



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

Council Employees

	Actual 2022	Actual 2023
Total remuneration by band for employees as at 30 June		
< \$60,000	29	30
\$60,000 – \$79,999	12	11
\$80,000 – \$99,999	9	9
\$100,000 – \$139,999	2	6
\$140,000 – \$279,999	5	6
Total Employees	57	62

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 44 (2022: 44) full-time employees, with the balance of 18 part time employees representing 7.1 (2022: 6.1) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

Severance payments

For the year ended 30 June 2023 ODC made no severance payments (2022: \$62,203).

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****4. Other Expenses****Accounting policy****Grant expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where ODC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the ODC's decision. The Council's grants have no substantive conditions attached.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

	Actual 2022 (000's)	Actual 2023 (000's)
Fees for financial statement audit - current year	147	202
Fees for financial statement audit – 2022 scope variation	-	26
Fees for other assurance services	8	8
Minimum lease payments under operating leases	13	13
Activity operation	2,040	1,680
Asset maintenance	1,141	643
Road maintenance	4,020	4,863
Grants and Subsidies	522	526
Insurance	165	189
Youth Initiatives	756	491
Regional Initiatives	123	187
Other expenses	1,829	3,559
Total other expenses	10,764	12,387

Ōtorohanga District Council is exempt from tax under the Income Tax Act 2007.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****Operating leases as lessee**

ODC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. These leases are for photocopying equipment and meeting room technology used within the day-to-day running of the council. ODC does not have the option to purchase the leased asset at the expiry of the lease period. The future aggregate minimum lease payments to be made under non-cancellable operating leases are as follows:

	Actual 2022	Actual 2023
	(000's)	(000's)
Non-cancellable operating leases as lessee		
Not later than one year	1	28
Later than one year and not later than five years	-	95
Later than five years	-	-
Total non-cancellable operating leases	1	123

5. Cash and cash equivalents**Accounting policy****Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities in the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments and net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cashflow statement are reconciled to the related items in the balance sheet as follows:

	Actual 2022	Actual 2023
	(000's)	(000's)
Cash and cash equivalents	5,223	2,207
Total cash and cash equivalents	5,223	2,207

Cash at the bank and in hand includes an amount which has a restriction on what the money can be used for. This is:

- Subdivision reserve fund \$341,222 (2022: \$312,164)

The money held in the subdivision reserve fund can only be used to fund capital expenditure related to district parks and reserves.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****6. Receivables****Accounting policy****Receivables**

Short term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

Council has reviewed individual debtor balances to determine the ECL to recognise for short-term receivables.

Rates are "written-off":

- When remitted in accordance with the Council's rates remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

	Actual 2022	Actual 2023
	(000's)	(000's)
Rates receivables	812	869
Other receivables	1,585	778
Sundry debtors	2,533	3,503
	4,930	5,150
Less provision for impairment of receivables	(416)	(191)
	4,514	4,959
Represented by:		
Receivables from non-exchange transactions	4,394	4,625
Receivables from exchange transactions	120	334
	4,514	4,959

Rates are struck on the 1st of July each year, and are charged in two instalments. In the year ended 30 June 2023 these instalments were due on 26th August 2022 and 24th February 2023. A charge of 10% is added to all rates levied and due for the 2022/23 year that remains unpaid after 26th August 2022 and 24th February 2023. A further 10% charge is added to all rates that have been levied in any financial year previous to 1st July 2022 which remained unpaid as at that 1st July 2022.

All other receivables have standard terms of 30 days from the date of the invoice. No interest is charged for other receivables that remain unpaid after the completion of the term. There are no impairment issues with other receivables.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued***Impairment*

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

	Actual 2022	Actual 2023
	(000's)	(000's)
Balance at beginning of the year	(488)	(416)
Amounts remitted	-	-
(Increase)/decrease in provision	72	225
Balance at end of the year	(416)	(191)

The impairment relates to rates receivables and sundry debtors.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment is based on an analysis of past collection history and debt write-offs.

7. Loan Receivable**Accounting Policy****Loans receivable**

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted for the current market rate of return for a similar financial instrument.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less and expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include loans to community groups.

	Actual 2022	Actual 2023
	(000's)	(000's)
Current portion		
Loan receivable	1,886	4,000
Total current portion	1,886	4,000
Non-current portion		
Balance at end of the year	985	1,706
Total non-current portion	985	1,706

The face value of loans receivable is \$6M (2022: \$2.87M). The terms of these loans range from 18 months to 10 years (2022: 18 months to 10 years), and the interest rates range from 2.95%-7.0% (2022: 2.95%-7.0%). One of the loans has an interest free period of 4 years (2022: 4 years interest free).

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

Council is a joint lender to a third party. The Council's portion of the loan is \$4M which is recorded in a Term Loan Agreement and secured by a first ranking mortgage over the borrower's property and first ranking General Security Agreement over the borrower's personal property. A Security Sharing Deed is in place with the joint lender. Interest is charged on the loan at 7% per annum. This loan is anticipated to be repaid in full by the end of the 2023/24 financial year.

Council has assessed the credit risk of the likelihood of these loans not being repaid. Based on Council's assessment, there is not any significant credit risk for either of these loans to be repaid. The security Council has on both the loans is sufficient to offset any risk of non-payment.

Council loans have been provided to help not-for-profit organisations in the community to develop or improve new or existing facilities and other major projects. Only organisations with the ability to repay are granted loans.

Fair value has been determined using cash flows discounted at a rate based on the loan recipient's financial risk factors of between 5.3% and 5.4% (2022: nil).

Movements in the carrying value of loans are as follows:

	Actual 2022	Actual 2023
	(000's)	(000's)
At 1 July		
- Current portion	-	1,886
- Non-Current portion	985	985
Total at 1 July	985	2,871
Amount of new loans granted during the year	1,886	3,129
Fair value adjustment on initial recognition	-	(308)
Loans repaid during the year (principal and interest)	-	-
Unwind of discount and interest charged	-	14
At 30 June		
- Current portion	1,886	4,000
- Non-Current portion	985	1,706
Total at 30 June	2,871	5,706

8. Investments**Accounting Policy****Other Financial Assets**

Financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expenses (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset as initial recognition unless it has been designated as FVTSD, in which case it is recognised in surplus or deficit.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

The classification of a financial asset depends on its cash flow characteristics and the Council management model for managing them.

A financial asset is classified and subsequently measured as amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits and community loans.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

Expected credit loss allowance (ECL)

The Council recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligation in full.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- Loans and receivables at amortised cost (included term deposits, related party loans, and community loans), and
- Available for sale financial assets

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

The main difference for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter bankruptcy, receivership or liquidation, and default payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

	Actual 2022	Actual 2023
	(000's)	(000's)
Investment in other entities		
Unlisted shares – Waikato Regional Airport Ltd	464	7,311
Unlisted shares – Ballance Agri-nutrients	11	11
Unlisted shares – Local Government Funding Agency	100	469
Borrower Note – Local Government Funding Agency	100	-
Unlisted shares – Civic Financial Services	8	8
Total equity investments	683	7,799

Unlisted shares

The fair value of unlisted shares of Ballance Agri-nutrients, Waikato Regional Airport Limited, the Civic Financial Services Ltd and the Local Government Funding Agency are carried at fair value. Those values are based on Council's share of the assets less liabilities of each of the companies and changes in value are taken to fair value through other comprehensive revenue.

The details are:

	Share of net assets
Waikato Regional Airport Ltd	3.125%
Ballance Agri-nutrients	0.003%
Local Government Funding Agency	0.444%
Civic Financial Services	0.044%

In the previous year, unlisted shares were held at cost value, based on the original purchase price of the shares by council. The movement in the values of the shares above results from the change in valuation method to comply with PBE IPSAS 41.

9. Property, Plant and Equipment**Accounting Policy****Property, plant and equipment**

Property, plant and equipment consist of:

Operational assets – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

Restricted assets – Restricted assets are mainly parks and reserves and related buildings owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by ODC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted), and infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated comprehensive revenue and expenses.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to ODC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis or diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Useful Life (Years)	Depreciation Rate
Buildings		
- Internal Fitout	5-31	3.2-20%
- Structure	5-58	1.7-20%
- Roof	5-55	1.8-20%
- Plant	5-10	10-20%
- Services	5-35	2.8-20%
- Other Site Improvements	80	1.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixture	10	10% DV
Library Books	6.6	15% DV
Plant and Machinery	2.5-3	33.33-40%
<u>Water Treatment</u>		
Piping	20-100	1-5%
Equipment	5-100	1-20%
Other	2-100	1-50%
<u>Water Reticulation</u>		
Piping	50-98	1.02-2%
Points	20-80	1.25-5%
<u>Wastewater</u>		
Piping	50-90	1.11-2%
Equipment	10-81	1.23-10%
Other	20-80	1.25-5%
<u>Stormwater</u>		
Piping	40-100	1-2.5%
Equipment	15-80	1.25-6.66%
Other	20-100	1-5%
<u>Roading</u>		
<i>Pavement (Basecourse)</i>		
- Sealed	7-79	1.26-14.3%
- Unsealed	9-80	1.25-11.1%
<i>Pavement (Sub-Base)</i>		
- Sealed	7-74	1.35-14.3%
- Unsealed	2-73	1.37-50%
Seal	1-16	6.25-100%
Culverts	1-90	1.11-100%
Bridges	37-76	1.31-2.7%
Kerb & Channel/ Catchpits	2-55	1.81-50%
Footpaths	2-74	1.35-50%
Streetlights	1-57	1.75-100%
Signposting	1-14	7.14-100%



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. Items that are fully depreciated are recorded as having a useful life of 1 year.

Impairment of property, plant and equipment

Property, plant and equipment subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Critical accounting estimates and assumptions

In preparing these financial statements ODC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating an obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then ODC could be over or under estimating the annual depreciation charge recognised as an expense in the profit or loss. To minimise this risk ODC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the ODC's asset management planning activities, which gives ODC further assurance over its useful life estimates.

Useful lives of Property, Plant and Equipment

The useful lives of property, plant and equipment have been determined based on the asset management plans used during the creation of the LTP. For infrastructural assets this has been based on the information provided by the National Asset Management Steering Group (NAMS) regarding the useful life of infrastructural assets. For all other property, plant and equipment, the depreciation schedules included in the Income Tax Act have been used as a basis for setting the useful lives.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

Critical judgements in applying ODC's accounting policies

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2023:

1. Classification of property

ODC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the ODC's social housing policy. These properties are accounted for as property, plant and equipment.

2. Classification of non-financial assets as cash generating assets or non-cash-generating assets

For the purpose of assessing impairment indicators and impairment testing, ODC classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies non-financial assets as cash-generating assets if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets held by ODC are classified as non-cash-generating assets. This includes assets that generate fee revenue or other cash flows for the Council, as the cash flows generated are generally not sufficient to represent commercial return on the assets.

3. Fair value versus carrying value assessment

Council assessed the carrying value versus fair value of assets during the year, none of the assets apart from those being revalued were found to be materially different from fair value. A fair value market assessment of Land and Building assets was undertaken by Quotable Value. A fair value assessment of Roadway assets was undertaken by Council staff with a peer review being undertaken by Beca Projects NZ Limited. From this assessment the Council concluded that carrying value is not materially different from its fair value.

Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

2023

	Cost /revaluation 1 July 2022	Accumulated depreciation	Carrying amount	Additions	Disposals (cost)	Disposals (accumulated depreciation)	Transfers out of Fixed Assets	Revaluation Movement	Depreciation	Cost /revaluation 30 June 2023	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Council Operational assets												
Land	11,046	-	11,046	6	-	-	-	-	-	11,052	-	11,052
Buildings	6,572	408	6,164	2,549	-	-	-	-	477	9,121	885	8,236
Plant & Machinery/ Motor Vehicles	1,844	847	997	283	181	129	-	-	176	1,946	894	1,052
Furniture & Equipment/ Library Books	1,967	1,226	741	429	968	735	-	-	193	1,428	684	744
Heritage Assets	256	-	256	1	-	-	-	-	-	257	-	257
Total operational assets	21,685	2,481	19,204	3,268	1,149	864	-	-	846	23,804	2,463	21,341
Council infrastructural assets												
Sewerage system	9,549	-	9,549	189	-	-	-	578	279	10,036	-	10,036
Water system	9,520	-	9,520	1,523	51	1	-	(377)	352	10,263	-	10,263
Rural water supply	11,026	-	11,026	944	-	-	-	1,968	353	13,585	-	13,585
Drainage network	10,733	-	10,733	175	-	-	-	864	210	11,560	-	11,560
Stopbanks	3,617	-	3,617	-	-	-	-	-	-	3,617	-	3,617
Roading, Bridges & Culverts	306,993	-	306,993	3,233	166	158	-	-	4,710	310,060	4,552	305,508
Work In Progress	1,514	-	1,514	1,933	1,514	-	-	-	-	1,933	-	1,933
Total infrastructural assets	352,952	-	352,952	7,997	1,731	159	-	3,033	5,904	361,054	4,552	356,502
Council restricted assets												
Land	10,193	-	10,193	17	-	-	-	-	-	10,210	-	10,210
Buildings	6,700	241	6,459	36	-	-	-	-	227	6,736	468	6,268
Work In Progress	187	-	187	189	187	-	-	-	-	189	-	189
Total restricted assets	17,080	241	16,839	242	187	-	-	-	227	17,135	468	16,667
Total ODC property, plant and equipment	391,717	2,722	388,995	11,507	3,067	1,023	-	3,033	6,977	401,993	7,483	394,510

Land under roads included in Roding, Bridges and Culverts totals \$53,709,700.

Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2023 - continued

2022

	Cost /revaluation 1 July 2021	Accumulated depreciation	Carrying amount	Cost /revaluation 30 June 2022	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Council Operational assets						
Land	10,716	-	10,716	11,046	-	11,046
Buildings	6,256	-	6,256	6,572	408	6,164
Plant & Machinery/ Motor Vehicles	1,664	703	961	1,844	847	997
Furniture & Equipment/ Library	2,117	1,448	669	1,967	1,226	741
Books						
Heritage Assets	256	-	256	256	-	256
Total operational assets	21,009	2,151	18,858	21,685	2,481	19,204
Council infrastructural assets						
Sewerage system	8,008	265	7,743	9,549	-	9,549
Water system	9,259	323	8,936	9,520	-	9,520
Rural water supply	9,453	265	9,188	11,026	-	11,026
Drainage network	8,563	154	8,409	10,733	-	10,733
Stopbanks	3,617	-	3,617	3,617	-	3,617
Roading, Bridges and Culverts	257,452	3,717	253,735	306,993	-	306,993
Work In Progress	719	-	719	1,514	-	1,514
Total infrastructural assets	297,071	4,724	292,347	352,952	-	352,952
Council restricted assets						
Land	10,178	-	10,178	10,193	-	10,193
Buildings	6,720	-	6,720	6,700	241	6,459
Work In Progress	54	-	54	187	-	187
Total restricted assets	16,952	-	16,952	17,080	241	16,839
Total ODC property, plant and equipment	335,032	6,875	328,157	391,717	2,722	388,995

Land under roads included in Roothing, Bridges and Culverts totals \$53,709,700.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

An independent valuation of the entity's buildings was performed in 30 June 2021 by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the buildings. Where possible market values were obtained, and where these couldn't be obtained, depreciated replacement cost was used. The valuation was effective as at 30 June 2021 in which the total fair value of buildings valued by Quotable Value was \$14,951,900.

An independent valuation of the entity's land was performed in 30 June 2021 by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the land. Where possible market values were obtained and then discounted or adjusted using knowledge of the specific properties being valued. The valuation was effective as at 30 June 2021 in which the total fair value of land valued by Quotable Value was \$20,864,200.

In the current financial year, the water, wastewater and stormwater asset valuations were completed by Council staff and peer reviewed by Beca Projects NZ Limited. The total fair value of the 3 waters infrastructural assets at 30 June 2023 was \$45,444,546 (2022: \$40,828,364).

An independent valuation of the entity's roading assets was performed in 30 June 2022 by Beca Projects NZ Limited, independent registered valuers not related to the entity, to determine the fair value of the roading assets. Where possible market values were obtained, and where these couldn't be obtained, depreciated replacement cost was used. The valuation was effective as at 30 June 2022 in which the total fair value of the roading infrastructural assets was \$306,992,743.

As at balance date no items of property, plant and equipment were temporarily idle. No items of property, plant and equipment were retired from active use and not classified as held for sale.

Rental property held by the Council is held to provide housing for the elderly, and the carrying amount as at 30 June 2023 is \$2,899,220 (2022: \$3,027,879).



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

	Closing book value	Additions		Estimated replacement cost	Date of Estimate
		Constructed by Council	Assets transferred to Council		
	(000's)	(000's)	(000's)	(000's)	
2023					
Infrastructural Assets					
Water treatment plants & facilities	2,762	1,425	-	8,163	30 June 2023
Other water assets	21,086	1,001	41	32,467	30 June 2023
Wastewater treatment plants & facilities	1,898	58	-	4,321	30 June 2023
Other wastewater assets	8,138	131	-	16,809	30 June 2023
Stormwater drainage	11,113	82	93	16,651	30 June 2023
Flood protection and control works	4,064	-	-	5,615	30 June 2023
Roads & footpaths	305,508	3,233	-	408,271	30 June 2022
Total infrastructural assets - 2023	354,569	5,930	134	492,297	
2022					
Water treatment plants & facilities	2,747	252	-	7,714	30 June 2022
Other water assets	17,798	747	-	28,344	30 June 2022
Wastewater treatment plants & facilities	1,846	33	-	4,023	30 June 2022
Other wastewater assets	7,703	212	-	15,664	30 June 2022
Stormwater drainage	10,733	228	-	17,179	30 June 2022
Flood protection and control works	4,092	-	-	5,573	30 June 2022
Roads & footpaths	306,993	3,057	-	408,271	30 June 2022
Total infrastructural assets - 2022	351,912	4,529	-	486,768	

Capital commitments

	Actual 2022	Actual 2023
	(000's)	(000's)
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	5,836	4,309
Other Expenditure Commitments		
Maintenance Contracts	3,902	5,616

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****10. Intangible assets – Computer Software****Accounting Policy****Intangible assets***Software acquisition*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the profit or loss.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software (finite life)	3 years	33.3%
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Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

	Actual 2022	Actual 2023
	(000's)	(000's)
Balance as at 1 July		
Cost	472	482
Accumulated amortisation	(427)	(472)
Opening carrying amount	45	10
Year ended 30 June		
Additions	10	-
Disposals – cost	-	-
Disposals – accumulated amortisation	-	-
Amortisation charge	(45)	(5)
Movement	(35)	(5)
Balance at 30 June		
Cost	482	482
Accumulated amortisation	(472)	(477)
Closing carrying amount	10	5

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

Amortisation of intangibles is included in the depreciation and amortisation line within the Statement of Comprehensive Revenue & Expenses. Refer to note 11 for a breakdown of this item.

Some items of software have been fully amortised but are still in use by the council. These items include operating systems and other key software used in the day-to-day running of council.

Other intangibles

ODC has a number of easements over properties, giving Council access to inspect and maintain items of infrastructural importance. These easements hold no commercial value, and therefore no amount has been recorded for these easements.

11. Depreciation and Amortisation

	Actual 2022	Actual 2023
	(000's)	(000's)
Depreciation	6,109	6,977
Amortisation	45	5
Total depreciation and amortisation	6,154	6,982

Depreciation by group of activity

	Actual 2022	Actual 2023
	(000's)	(000's)
Roads and Footpaths	4,051	4,710
Water Supply	633	715
Sewerage Treatment & Disposal	286	283
Flood Protection & Control Works	33	33
Stormwater Drainage	120	179
Waste Management	8	8
Community Services	632	548
Regulatory Services	6	6
Governance & Leadership	385	500
	6,154	6,982

12. Payables under exchange transactions**Accounting Policy****Payables under exchange transactions**

Payables under exchange transactions are recognised when ODC becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, payables under exchange transactions are recorded at amortised cost.

Deposits and bonds

Deposits and bonds are recognised at their face value at the time they are received. The refund of deposits and bonds is recognised at the time that all conditions related to that bond are met.

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

	Actual 2022	Actual 2023
	(000's)	(000's)
Trade payables	2,318	3,032
Deposits and bonds	662	465
Accrued expenses	179	831
Total payables under exchange transactions	3,159	4,328

Payables under exchange transactions are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. The entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. Provisions**Accounting Policy****Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Landfill post-closure costs

ODC, as operator of the Ōtorohanga and Kāwhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. An allowance for post-closure costs is recognised as a provision within the balance sheet.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are measured initially at their fair value. If a financial guarantee was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is practicable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****Provisions**

	Actual 2022	Actual 2023
	(000's)	(000's)
Opening Balance	17	15
Maintenance and Monitoring Costs	(2)	(1)
Closing balance	15	14
Represented by:		
Current portion	1	1
Non-current provisions	14	13
	15	14

Landfill aftercare provision

ODC gained resource consents to operate its Ōtorohanga and Kāwhia landfills. ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the sites are closed.

Both landfills are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for water quality monitoring
- Completing facilities for monitoring and recovery of gas.

Post-closure responsibilities

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control of systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

Capacity of the Site

The Ōtorohanga and Kāwhia landfills have been capped.

The cash outflows for landfill post-closure responsibilities are expected to occur between 2011 and 2033. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.00% (2022: 7.00%).

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****14. Employee benefit liabilities****Accounting Policy****Employee entitlements***Short-term employee entitlements*

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	Actual 2022	Actual 2023
	(000's)	(000's)
Accrued pay	164	214
Annual leave	312	303
Long service leave	23	22
Sick leave	2	5
Total employee benefit liabilities	501	544
Comprising:		
Current	476	517
Non-current	25	27
Total employee benefit liabilities	501	544

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****15. Income in advance**

	Actual 2022	Actual 2023
	(000's)	(000's)
Rates	592	614
Metered Water Charges	28	55
Debtors	178	230
Government Subsidies	841	697
Dog Registrations	59	70
Trade Waste	7	6
Health Licences	6	5
Total income in advance	1,711	1,677

16. Development and financial contributions in advance**Accounting Policy**

Development and financial contributions are recognised as a current liability until such time as the project they are collected for is undertaken, at which time they are recognised as non-exchange revenue.

	Actual 2022	Actual 2023
	(000's)	(000's)
Roading Safety Improvements	486	511
Thomson/Harper Water Main	1	1
Otorohanga Stormwater Capacity Upgrade	7	7
Otorohanga Community Water Treatment	7	8
Total development and financial contributions in advance	501	527

17. Borrowings**Accounting Policy****Borrowings**

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method net of transaction costs.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

	Actual 2022 (000's)	Actual 2023 (000's)
Current		
Secured loans	4,000	6,000
Total current borrowings	4,000	6,000
Non-current		
Concessionary loan	448	448
Total non-current borrowings	448	448

Fixed-rate debt

The majority of ODC's secured debt of \$6,000,000 (2022: \$4,000,000) is issued at fixed rates of between 3.28% to 5.88% (2022: 3.28%). The effective net interest rates charged after discount are between 3.28% to 5.88% (2022: 3.28%).

Total borrowing from the Local Government Funding Agency (LGFA) as at 30 June 2023 is \$6,000,000 (2022: \$4,000,000).

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2022: \$200,000). There are no restrictions on the use of this facility.

ODC's loans are secured over either separate or general rates of the district.

Refinancing

ODC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. Council also has the ability to refinance through the Local Government Funding Agency, with the ability to borrow money over both short and long terms as required.

Concessionary loan

This concessionary loan was advanced to the Council by the Government in order to fund repairs on Council social housing in Ōtorohanga. This loan was advanced in two amounts, \$165,000 on 29th June 2007, and \$283,000 on 14th March 2008. The interest rate on this loan is 0% (2022: 0%). This loan is a suspensory loan with a 20 year term. Should ODC meet the conditions of the loan, including retaining ownership of the pensioner housing units, the loan will not be required to be repaid at the end of the term.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

18. Equity

Accounting Policy

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated comprehensive revenue and expenses
- Restricted reserves
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by ODC and which may not be revised by ODC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

	Actual 2022 (000's)	Actual 2023 (000's)
Accumulated Funds		
Balance at 1 July	165,418	166,692
Transfers to restricted reserves	(106)	(67)
Transfers from property revaluation reserves on disposal	-	-
Transfers from restricted reserves	575	-
Surplus/(deficit) for the year	805	(665)
Total Accumulated Funds at 30 June	166,692	165,960
<i>Represented by:</i>		
Accumulated Comprehensive Revenue and Expenses	164,856	165,462
Council Controlled Reserves	1,836	498
	166,692	165,960
Restricted Reserves		
Balance at 1 July	3,356	2,887
Transfers to accumulated funds	(575)	-
Transfers from accumulated funds	106	67
Total Restricted Reserves at 30 June	2,887	2,954
Asset Revaluation Reserves		
Balance at 1 July	162,156	222,521
Adjustments on adoption of PBE IPSAS 41	-	6,485
Net revaluation gains	60,365	3,764
Transfer to accumulated funds on disposal of property	-	-
Balance 30 June	222,521	232,770
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	8,506	8,506
Buildings	3,471	3,471
<i>Infrastructural assets</i>		
Sewerage system	6,237	6,815
Water system	5,686	5,310
Drainage network	8,357	9,220
Rural Water Supply	7,995	9,963
Roading network	167,581	167,581
Floodbank	2,443	2,443
<i>Restricted assets</i>		
Land	6,582	6,582
Buildings	5,662	5,662
Total Asset Revaluation Reserves	222,520	225,553
Fair Value Through Other Comprehensive Revenue and Expense Reserve		
Balance at 1 July	1	1
Adjustment on adoption of PBE IPSAS 41	-	6,485
Net change in fair value	-	731
Balance at 30 June	1	7,217
Total Asset Revaluation Reserves at 30 June	222,521	232,770

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

Restricted reserves relate to:

- Subdivision reserves, which are used to record financial contributions on subdivisions. These financial contributions are accepted in lieu of the developer creating a reserve, and the money is used by Council for work on reserves within the area.
- General funds reserve, which is used for specific purposes that Council elects to use it for. Any use of money from this reserve must be designated within the LTP or Annual Plan. This reserve is typically used for one-off non-operational items.

Information about Council controlled reserves is provided below.

	Balance 1 July	Transfer into fund	Transfers out of fund	Balance 30 June
2023	(000's)	(000's)	(000's)	(000's)
Roads and Footpaths	175	13,990	(14,554)	(389)
Water Supply	(1,416)	4,808	(5,354)	(1,962)
Sewerage	(614)	1,271	(1,226)	(569)
Flood Protection	110	144	(220)	34
Waste Management	280	479	(512)	247
Regulatory Services	6	204	(242)	(32)
Community Facilities & Services	(41)	399	(322)	36
Governance and Leadership	594	4,432	(4,488)	538
District Development	19	98	(101)	16
General Funds	2,723	7,061	(7,205)	2,579
Total Council Controlled Reserves - 2023	1,836	32,886	(34,224)	498
2022				
Roads and Footpaths	705	11,745	(12,275)	175
Water Supply	(1,359)	3,703	(3,760)	(1,416)
Sewerage	(371)	1,230	(1,473)	(614)
Flood Protection	133	340	(363)	110
Waste Management	213	496	(429)	280
Regulatory Services	11	196	(201)	6
Community Facilities & Services	(35)	373	(379)	(41)
Governance and Leadership	541	1,387	(1,334)	594
District Development	36	82	(99)	19
General Funds	2,720	6,150	(6,147)	2,723
Total Council Controlled Reserves - 2022	2,594	25,702	(26,460)	1,836

Purpose of each Council Controlled Reserve fund

All Council Controlled Reserves arise from situations where the income generated from an activity is larger than the expenditure, or expenditure has been higher than income, and these savings or deficits are ring-fenced to the related activity. The reserves are grouped by Group of Activities and can only be spent for those purposes they were collected for.

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****19. Contingencies****Contingent Liabilities**

	Actual 2022 (000's)	Actual 2023 (000's)
Guarantees	1,120	70
Uncalled Capital – Local Government Funding Agency	100	100
Uncalled Capital – Waikato Local Authority Shared Services	6	6
	1,226	176

Guarantees

The value of guarantees disclosed as contingent liabilities reflects ODC's assessment of the undiscounted portion of financial guarantees that are not recognised in the Balance Sheet. At the year-end it was not probable that the counterparty to the financial guarantees contract will claim under the contract.

New Zealand Local Government Funding Agency

Ōtorohanga 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. NZLGFA has a local currency rating from S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch.

Guarantees

Accounting Standards require the council to initially recognise the guarantee liability by applying the 12-month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of financial year, the council have assessed the 12-month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the NZLGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the NZLGFA in the next 12 months, and therefore, the council have not recognised a liability.

Uncalled capital

As at 30 June 2023, the Council is one of 31 local authority shareholders and 71 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$100,000. 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, the Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$17,684m (2022: \$15,789m).

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.

Uncalled Capital

The uncalled share capital for Waikato Local Authority Shared Services amounts to \$5,717 as at 30 June 2023 (2022: \$5,717). At present ODC is not aware of any plan to call the capital soon.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued****20. Related party transactions**

The following transactions were carried out with related parties:

Key management personnel

Key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

No provision has been required, nor any expense recognised for impairment of receivables to related parties (2022: \$nil).

21. Events after balance sheet date

There have been no subsequent events that would impact on these financial statements.

22. Financial instruments**Financial instruments categories**

The following tables are comparisons of carrying amounts of the Council's financial assets and liabilities in each of the financial instrument categories.

	Actual 2022 (000's)	Actual 2023 (000's)
FINANCIAL ASSETS		
<i>Amortised cost</i>		
Cash and cash equivalents	5,223	2,207
Receivables from non-exchange transactions	4,394	4,625
Receivables from exchange transactions	120	334
Borrower Notes	100	-
Loan receivable	2,871	5,706
<i>Total amortised cost</i>	12,708	12,872
<i>Fair value through other comprehensive revenue (FVTOCRE)</i>		
Listed shares	-	-
Unlisted shares	583	7,794
<i>Total FVTOCRE</i>	583	7,794
FINANCIAL LIABILITIES		
<i>Financial liabilities at amortised cost</i>		
Payables under exchange transactions	3,159	4,328
Borrowings		
- secured loans	4,448	6,448
<i>Total financial liabilities at amortised cost</i>	7,526	10,776

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2023 - continued**

On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

	Measurement classification		30 June 2022 PBE IPSAS 29	1 July 2022 PBE IPSAS 41	Adoption adjustment
Council	PBE IPSAS 29	PBE IPSAS 41	\$000	\$000	\$000
Cash and cash equivalents	Loans and receivables	Amortised cost	5,223	5,223	-
Receivables from non-exchange transactions	Loans and receivables	Amortised cost	4,394	4,394	-
Receivables from exchange transactions	Loans and receivables	Amortised cost	120	120	-
Loan receivable	Loans and receivables	Amortised cost	2,871	2,871	-
Borrower Note	Held to maturity	Amortised cost	100	100	-
Unlisted shares	Available for sale financial assets	FVTOCRE	583	7,068	6,485*

*The adjustment on adoption of PBE IPSAS 41 is covered in note 8 and 18.

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

Ōtorohanga District Council has a series of policies to manage the risks associated with financial instruments. ODC is risk averse and seeks to minimise exposure from its treasury activities. ODC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit risk

The Council is exposed to credit risk as a guarantor of all of NZLGFA's borrowings. Information about this exposure is explained in note 19.

Liquidity risk

The Council is exposed to liquidity risk as a guarantor of all of NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 19.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

23. Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2022/23 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expenses

Subsidies were \$2,083,000 over budget. This is due to the carry over of work that was unable to be completed in the 2021/22 year due to Covid lockdowns. This work and the associated subsidy was carried over into the 2022/23 year and was completed in the current year.

Other expenses is above budget by \$2,086,000. This is related to road maintenance carried over from the previous year, as well as increases in other expenses due to contract increases, or unbudgeted items such as Mayor's Taskforce for Jobs funding of \$450,000.

Employee benefit expenses was down on budget by \$903,000. This related to the on-going organisational realignment, and some jobs being budgeted for which were not filled for the entire year, as well as some vacancies that took some time to fill.

Depreciation and amortisation was \$1,333,000 above budget. This reflects both additional depreciation for new assets acquired in the 2021/22 financial year after the budgets were finalised and 2022/23 financial year additions. There was also additional depreciation due to the revaluation of the 3 waters and roading assets in 2021/22, which was not reflected in the budgets.

Other Comprehensive Revenue and Expenses is above budget by \$5,186,000. This is due to a \$731,000 increase in the fair value of unlisted shares, as well as the increase in the values of the 3 waters assets, which was not budgeted for in the current year.

Balance Sheet

Receivables are \$2,778,000 over budget due to the timing of invoicing and payments of some larger debtors, including subsidy claims for Three Water and Better Off funding, as well as the receipt of GST refunds.

Investments is \$7,168,000 above budget due to an increase in unlisted shares due to the adoption of PBE IPSAS 41. The bulk of this increase is in the value of the Waikato Regional Airport Limited shares.

Loan receivable is \$4,656,000 over budget due to the additional loan provided to NKC Development Limited, which was not approved and included at the time the budget was done.

Property, plant and equipment is above budget by \$55,242,000 due to the revaluation of all roading and 3 waters assets in the prior year, which was not included in the budget at the level of increase that occurred. There is also the increase for the current year 3 waters revaluation, as well as capital expenditure in the 2022/23 financial year.

Payables under exchange transactions is \$1,540,000 above budget. This is due to the timing of payments at year end, particularly as there were some significant capital projects that were beginning towards year end.

Borrowings is up on budget by \$4,000,000 due to the loan being taken during the year being for a larger amount than was budgeted. This was done to cover the loan to NKC Developments Limited as discussed above.

Revaluation reserves were above budget by \$67,960,000 due to the revaluation of all roading and 3 waters assets in the prior year being completed after the budgets were done, plus the revaluation of 3 waters assets in the current year.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2023 - continued

Statement of Cash Flows

Cash flows from operating activities was above budget by \$1,306,000, mostly as a result of increased receipts from other revenue of \$1,080,000.

Cash flows from investing activities is above budget by \$5,596,000, mostly due to the timing of capital projects and the increased amount carried over as work in progress from the prior year.

Cash flows from financing activities is \$2,000,000 over budget. This is due borrowings that was not budgeted during the year that was taken for cashflow purposes.



PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY



PERFORMANCE DURING 2022/23

Statement of Service Performance

The Local Government Act 2002 contains a requirement for Council to report on non-financial information in the Annual Report. In developing its Long Term Plan for the 2021-31 years, Council set a number of performance measures which are reported on by activity.

These performance measures contain elements of quality, quantity, timeliness and location (where applicable).

Quality Management

The Council is committed to the principles of quality service and continuous improvement and, to this end, has controls in place for monitoring and improving the quality of the service it provides.

Capital Works

Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers and progress is reported on a regular basis to the Council.

Project Management

The Engineering Management Department undertakes the functions of planning, programming, supervision and technical audit of professional services and physical contracts let for the council, either through the in-house Business Unit or through independent consulting engineers. Substantial works are undertaken by consultants and contractors under separate contracts. For all professional services or physical contracts, monies are retained until after a satisfactory maintenance period, when the contract is deemed complete.



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Statement of Compliance

The Council and Management of Ōtorohanga District Council confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Statement of Responsibility

The Council and Management of Ōtorohanga District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.

The Council and Management of Ōtorohanga District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of Ōtorohanga District Council, the annual Financial Statements for the year ended 30 June 2023 fairly reflect the financial position and operations of Ōtorohanga District Council.

Max Baxter
MAYOR

Tanya Winter
CHIEF EXECUTIVE

Graham Bunn
**GROUP MANAGER BUSINESS
ENABLEMENT**

31 October 2023



REPORT ON LONG TERM PLAN AND POLICIES

Introduction

Each local authority is required to prepare and adopt a long term plan, funding policy, investment policy, and borrowing and investment policy.

Section 98(2) of the Local Government Act 2002 specifies that every local authority must provide, in its Annual Report, sufficient information about each of the documents listed above to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year.

Overview

During 2022/23 the Council made significant progress toward the achievement of objectives and policies for the year as set out in the Long Term Plan, Funding Policy and Borrowing and Investment Policy. Details of achievement against the objectives and policy are set out below.

Long Term Plan

Background

The Long Term Plan (LTP) identifies significant activities of the Council and provides for the associated estimated future expenses, revenues, cashflows and other movements in the Balance Sheet. The general aim of the LTP is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles.

- Prudent management of Council activities in the interest of the District and its inhabitants.
- Adequate provision for expenditure needs of the council.
- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all operating expenses.

The 2022/23 year was the second year of the 2021-31 LTP.



BORROWING AND INVESTMENT POLICY

Background

The Borrowing and Investment Policy incorporates the Investment and Borrowing Policies. The investment policy sets the parameters within which investment activity can occur, approved organisations for investment, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the borrowing policy is to ensure that Council's debt and associated risks are maintained at prudent levels. It sets the parameters within which debt may be raised and the types of debt instruments available. Refer to the Annual Plan for an outline of the policy.

Overall Performance

There are no significant variations or material departures from the Councils' Borrowing and Investment Policy as reported in the 2021-31 Long Term Plan.



OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO COUNCILS' DECISION-MAKING PROCESSES

Council is taking significant steps toward building our partnership with iwi/Māori as a commitment under Te Tiriti o Waitangi. Council has focused on improving our relationships through the following influences:

- The creation of the inaugural Rangiātea Ward (Māori Ward) for Ōtorohanga district
- Developing the Ōtorohanga Town Concept Plan and implementing priority projects/plans outlined by iwi/Māori partners,
- The creation of the Kaitakawaenga (Iwi Relations Advisor) role to support relationship development and improve cultural competency and,
- The renewal of significant resource consents

As relationships have strengthened, there have been more interactions and engagements with iwi/Māori, with discussion spanning multiple plans, projects and local issues. As an organisation, we are developing our internal cultural competency, with opportunities also provided for Elected Members to also participate and contribute.

As the flagship project in Year 1 of our Long Term Plan, partnership with iwi/Māori to the Ōtorohanga Town Concept Plan was vital to its success. Three representatives of the Nehenehenui Regional Management Committee were appointed to this rōpū (group) and have added enormous value to the plan and its implementation.

The refurbishment of the Council building commenced this year, with iwi/Māori providing guidance on design elements for our new-look office space. It is really important that we provide a welcoming environment to all of our manuhiri (visitors/guests) and that we reflect the important landmarks across the rohe (district) in our office.

Council will continue to build upon our progress as an ongoing commitment to Te Tiriti o Waitangi and partnership principles.



SIGNIFICANT ACTIVITIES



COMBINED COST OF SERVICE STATEMENT

For the Year ended 30 June 2023

2021/22 Actual \$ (000's)		2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING REVENUE		
8,714	Activity Revenue	7,828	9,665
7,746	Targeted Rates	7,824	7,668
63	Development Contributions	10	37
6,095	General Rates	6,962	7,018
8,521	Other General Sources	8,764	9,600
31,139	TOTAL OPERATING REVENUE	31,388	33,988
	Reconciling Items:		
(8,521)	Internal Recoveries	(8,764)	(9,600)
(26)	Gains/(losses) on asset disposal	-	(213)
-	Assets vested in Council	-	134
22,592	TOTAL OPERATING REVENUE PER STATEMENT OF COMPREHENSIVE INCOME	22,624	24,309
	OPERATING EXPENDITURE		
10,030	Land Transport	9,534	11,995
4,271	Water Supply	3,807	4,546
1,107	Wastewater	837	916
199	Stormwater	249	313
129	Flood Protection	140	163
452	Waste Management	580	515
2,463	Regulatory Services	2,656	2,582
3,693	Community Facilities & Services	3,595	3,672
2,475	District Development	2,302	2,736
5,628	Governance	7,291	6,840
30,447	TOTAL OPERATING EXPENDITURE	30,991	34,278
	Reconciling Items:		
(8,521)	Internal Recoveries	(8,764)	(9,600)
(211)	Interest difference	(61)	71
72	Doubtful Debt Provision adjustment	-	225
21,787	TOTAL OPERATING EXPENDITURE PER STATEMENT OF COMPREHENSIVE INCOME	22,166	24,974
805	NET PROFIT/(LOSS)	458	(665)

Whole of Council Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)	2022/23 Annual Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	6,227	6,095	6,962	7,018
Targeted Rates (other than a targeted rate for water supply)	7,805	7,746	7,824	7,668
Subsidies and grants for operating purposes	3,115	3,240	2,846	4,439
Fees and charges	1,481	1,490	1,494	993
Interest and dividends from investments	16	40	119	446
Local authorities fuel tax, fines, infringement fees and other receipts	642	722	670	695
Total Operating Funding	19,286	19,333	19,915	21,259
Applications of operating funding				
Payments to staff and suppliers	14,468	14,004	15,644	16,539
Finance Costs	55	37	191	482
Other operating funding applications	1,116	1,684	1,015	1,563
Total application of operating funding	15,639	15,725	16,850	18,584
Surplus (deficit) of operating funding	3,647	3,608	3,065	2,675
Sources of Capital Funding				
Subsidies and grants for capital expenditure	4,988	3,222	2,699	3,091
Development and financial contributions	-	40	9	24
Increase (decrease) in debt	2,538	(261)	9,802	2,207
Gross proceeds from sale of assets	134	49	134	89
Lump sum contributions	-	-	-	-
Total sources of capital funding	7,660	3,050	12,644	5,411
Application of capital funding				
Capital expenditure				
- To meet additional demand	175	30	150	11
- To improve the level of service	3,021	841	8,350	1,708
- To replace existing assets	9,052	4,868	8,640	7,622
Increase (decrease) in reserves	(941)	919	(1,431)	(1,255)
Increase (decrease) of investments	-	-	-	-
Total application of capital funding	11,307	6,658	15,709	8,086
Surplus (deficit) of capital funding	(3,647)	(3,608)	(3,065)	(2,675)
Funding balance	-	-	-	-



LAND TRANSPORT

The road network forms the backbone of Ōtorohanga’s infrastructure and impacts on the potential for development in the District. The purpose of this activity is to provide for the safe and efficient passage of traffic throughout the District and Council acknowledges its interdependency on the State Highway network, as well as partnerships with key stakeholders in the transport arena.

This is the single largest activity of Council, and provides for road improvement and maintenance works such as pavement rehabilitation, reseals, bridge repairs, storm damage restoration, general maintenance, vegetation control, landscaping, sign posting and pavement marking (traffic services), street lighting, street cleaning, minor safety projects, and footpath repairs.

The rationale for Council’s involvement stems in part, from statutory requirements. The Local Government Acts 1974 and 2002 empower Council to construct, upgrade and repair all roads, which is done with the

help of Government funding. It also ensures common law rights of public access.

Internal Borrowing

The Roads and Footpaths group of activities has internal borrowing as at 30 June 2023 of \$2,071,520. During the year no additional borrowing was taken, but repayments totalling \$417,096 were made. Interest on internal borrowings was paid of \$37,329.

Capital Expenditure

	2022/23 AP Estimate \$	2022/23 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	4,160	3,255
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	773	-

Key Land Transport Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not Achieved	2022/23
		Actual	Target		Actual
A safe local transport network provided for users and the community	The change from the previous financial year in the number of fatalities and serious injury crashes on the local network, expressed as a number.	0 change from previous year	0	Achieved	-5
Footpaths will be fit for purpose	The percentage of footpaths within the District that fall within the level of service standard of 3 or	59.85%	80%	Not Achieved	60.9%



You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not Achieved	2022/23
		Actual	Target		Actual
	better (minor cracking only) for the condition of footpaths				
The preservation of the pavement life of sealed roads	The average quality of ride on a sealed local road network, measured by smooth travel exposure value of 150 or better	96%	97%	Not Achieved	96%
	The percentage of the sealed local road network that is resurfaced annually	10.5%	6%	Achieved	9.0%
Customer service requests to be dealt with promptly and appropriately	The percentage of customer service requests relating to roads and footpaths to which Council responds within 10 working days*, as recorded in the request for service system	64%	90%	Not Achieved	61.4%

Road Safety

There was a decrease in the number of fatal and serious accidents between last year and the year ending 30 June 2023. Road condition was not a factor in all recorded accidents.

Footpath Condition

The target was not achieved as there was a slight decrease in the condition as compared with the 2022/23 year. As the measure was not achieved last year, this decrease resulted in the measure being not achieved in the current year.

Staff will continue to seek improvements through focussing on the renewal of the worst sections of footpath in the district.

Footpath surveys are undertaken every 3 years, and in the intervening years the changes are recorded via any maintenance done on footpaths that is recorded in RAMM, as well as regular inspections undertaken by staff in response to service requests received. The last full footpath survey was conducted in 2020.

Sealed Road Quality

There has been no change in ride quality when compared with the previous year. A full round of roughness measurement was completed in 21/22. The result is only marginally under target however the trend indicates there is no deterioration in ride quality in the network, and no reduction in performance. A greater focus on ride quality driven pavement rehabilitations will be undertaken.

Road Resealing Percentage

There was a larger programme completed last year when compared to this year. This was due to the completion of sites that were deferred from 20/21 resulting from the disruption caused by COVID related delays.

Service Request Response

The result represents those service requests that were completed within 10 working days or less. Whilst this is an improvement on the previous years result, there are still improvements required. The service request system is still under review as is the way these targets are monitored throughout the year. Staff turnover during the year also made achievement of the measure challenging.





Land Transport – Cost of Service Statement

2021/22 Actual \$ (000's)		2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING INCOME		
4,587	Activity Revenue	5,477	5,988
4,677	Targeted Rates	4,516	4,546
-	Development Contributions	-	-
-	General Rates	-	-
1,228	Other General Sources	1,092	1,112
10,492	TOTAL OPERATING INCOME	11,085	11,646
	OPERATING EXPENDITURE		
8,802	Land Transport	8,443	10,882
1,228	Engineering Business Unit	1,092	1,112
10,030	TOTAL OPERATING EXPENDITURE	9,534	11,994
462	NET COST OF SERVICE	1,551	(348)

Land Transport Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates (other than a targeted rate for water supply)	4,657	4,745	4,547
Subsidies and grants for operating purposes	2,798	2,776	3,399
Fees and charges	-	-	-
Internal charges and overheads recovered	1,274	1,353	1,112
Local authorities fuel tax, fines, infringement fees and other receipts	76	78	107
Total Operating Funding	8,805	8,952	9,165
Applications of operating funding			
Payments to staff and suppliers	4,362	4,501	5,361
Finance costs	50	41	37
Internal charges and overheads applied	1,975	1,996	1,879
Other operating funding applications	10	10	5
Total application of operating funding	6,397	6,548	7,282
Surplus (deficit) of operating funding	2,408	2,404	1,883
Sources of capital funding			
Subsidies and grants for capital expenditure	3,277	2,623	2,482
Development and financial contributions	-	-	-
Increase (decrease) in debt	(417)	(417)	(417)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	2,860	2,206	2,065
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	236	244	-
- To replace existing assets	5,302	4,284	3,255
Increase (decrease) in reserves	(269)	83	693
Increase (decrease) of investments			
Total application of capital funding	5,269	4,611	3,948
Surplus (deficit) of capital funding	(2,408)	(2,405)	(1,883)
Funding balance	-	-	-



WATER SUPPLY

Council has historically provided potable water to the urban communities of Ōtorohanga and Kāwhia and to some rural areas to assist in facilitating economic development, and in recognition that such delivery of water is preferable to reliance on individual supply arrangements, particularly in the urban areas.

Having established such services Council is now limited in its ability to discontinue this activity, due to the provisions of the Local Government Act 2002.

Internal Borrowing

The Water Supply group of activities has internal borrowing as at 30 June 2022 of \$1,622,600. During the year \$595,000 of additional borrowing was

taken, and repayments totalling \$103,967 were made. Interest on internal borrowings was paid of \$16,974.

Capital Expenditure

	2022/23 AP Estimate \$	2022/23 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	678	909
- Growth (Improving Service Capacity)	50	7
- Level of Service (Improvements to Service)	2,860	1,636

Key Water Supply Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23
		Actual	Target		Actual
Water that is safe to drink	The extent to which the Council's drinking water supply complies with: a) Part 4: Bacterial Compliance Criteria b) Part 5: Protozoal Compliance Criteria	Partially Complies Non compliant	Complies Complies	Partially achieved Partially achieved	Partially complies Partially complies
Losses from the water supply network are minimised	The percentage of real water loss from the Council's networked reticulation system - Ōtorohanga ** - Kāwhia	Method 1 34%	Method 1 <27%	Not Achieved	Method 1 42%
		Method 2 43%	Method 2 <27%	Not Achieved	Method 2 28% Method 1 35%



You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23
		Actual	Target		Actual
A potable, reliable and sustainable drinking water supply	The number of complaints, per 1000 connections, received about water clarity, water taste, water odour, water pressure or flow, continuity of supply, and the Council's response to any of these issues, as recorded in the request for service system	45 complaints received for the whole district	≤ 5 complaints	Not Achieved	19 complaints received for the whole district
	The average consumption of drinking water per day per resident within the Ōtorohanga District	260 litres/person/day	< 300 litres/person/day	Achieved	269 litres/person/day
Customer service requests are dealt with promptly and appropriately	Where the Council attends a call-out in response to a fault or unplanned interruption to its reticulation system, the following median response times are measured:				
	Urgent Call-outs:				
	Attendance	2.5 hours	< 1.5 hours	Achieved	1.05 hours
	Resolution	2.21 hours	< 18 hours	Achieved	1.65 hours
Non-Urgent Call-outs:					
Attendance	3.42 hours	< 36 hours	Achieved	4.65 hours	
Resolution	4 hours	< 36 hours	Achieved	4.95 hours	



Bacterial and Protozoa Compliance

For protozoa compliance, both treatment plants are continuously monitored and recorded data available to be assessed for compliance. Bacterial compliance is measured at both the treatment plant and throughout the distribution network.

This is the first year council have used the new Drinking Water Quality Assurance Rules (DWQAR) instead of the Drinking Water Standards NZ (DWSNZ). There have been some transitional issues as the sampling scheduling is updated to meet the new rules as transition occurred in November 2022. From 1 July 2022 to 14 November 2022 (Quarter 1 and 2 below) is based on the revoked DWSNZ, and from 15 November 2022 to 30 June 2023 (Quarter 3 and 4 below) the assessment is based on the new DWQAR.

The following table identifies the results of compliance for the Ōtorohanga and Kāwhia water supplies by quarter.

Quarter	Supply	Bacterial	Protozoal
1	Ōtorohanga	Partial Compliance	Compliant
	Kāwhia	Compliant	Non-Compliant
2	Ōtorohanga	Compliant	Compliant
	Kāwhia	Partial Compliance	Non-Compliant
3	Ōtorohanga	Partial compliance*	Compliant
	Kāwhia	Partial compliance***	Non-compliant
4	Ōtorohanga	Partial compliance**	Compliant
	Kāwhia	Partial compliance***	Non-compliant

* Treatment plant full compliance, distribution network non-compliant for 2 of 3 months.

** Treatment plant full compliance, distribution network non-compliant for 1 month of 3.

*** Treatment plant non-compliant 3 months due to oversampling, distribution network non-compliant for 2 of 3 months.

Ōtorohanga was partially compliant for quarter 1 for bacteria, due to non-compliance in the distribution network testing. This was due to a technical issue with the time between samples taken, not due to any water quality issues.

Kāwhia was partially compliant for Bacterial in quarter 2 due to non-compliance in the treatment plant. This was due to the time between samples taken, not any water quality issues.

For Protozoa compliance for quarters 1 and 2, Kāwhia was non-compliant due to turbidity exceeding the requirements in the standard.

As most of these non-compliance issues related to the timing of samples, Council will ensure that sampling timeframes align with the DWQAR to ensure compliance going forward.

Percentage of real water loss

Significant assumptions

There are two methods used for determining water loss of a network. They are **Method 1**, which is total water treated less total water consumed. This is the method that has been used in Ōtorohanga since the installation of water meters. **Method 2**, Minimum Night Flow (MNF) where flow from the reservoir is measure between the small hours of the night between 1 am and 4 am. This measurement is done during the winter, as this is the time of the year when night consumption is likely to be at a minimum (for example, no irrigation is happening). This gives a real loss as a percentage of system output for that same period, and this is then extrapolated as the presumed real losses for the entire year.

This year Ōtorohanga presented an irregular number under **Method 1, and it was decided to use **Method 2** as a comparison. As you can see in the results there is a difference of 14%. With the two methods used we can estimate that the actual loss is in between these two limits.

Installation of water meters carried out in Kāwhia should reduce water losses. We have already seen a reduction in usage compared to this time last year which can be attributed to leaks found during meter installation. With water main renewals and further meter installations accuracy should improve into the future.

Method 2 has always been used for Kāwhia, but this year **Method 1** was used with averaging across the small number of remaining unmetered properties. Unfortunately, it was not possible to do a comparison with **Method 2** due to bulk meter technical issues and irregular readings, which have been remedied.

It is important to note that Ōtorohanga and Kāwhia have undertaken large water main renewals this financial year that may contribute to the water losses with large amounts of water used for flushing and testing.

Ōtorohanga is committed to obtaining the most accurate water loss data and have engaged a specialist to assist with future data analysis.

Number of Complaints

The reason for a higher than usual number of complaints can be attributed to a number of these complaints directly related to issues arising from two capital works projects.





Water Supply Cost of Service Statement

2021/22 Actual \$		2022/23 AP Estimate \$	2022/23 Actual \$
(000's)		(000's)	(000's)
	OPERATING INCOME		
1,109	Activity Revenue	88	578
1,926	Targeted Rates	2,171	1,982
10	Development Contributions	-	7
205	General Rates	127	143
1,629	Other General Sources	1,395	1,843
4,879	TOTAL OPERATING INCOME	3,781	4,553
	OPERATING EXPENDITURE		
413	Arohena RWS	355	354
91	Ranginui RWS	80	91
287	Tihiroa RWS	314	400
285	Waipa RWS	291	367
1,071	Ōtorohanga Water Supply	1,017	1,122
686	Ōtorohanga Water Treatment Station	510	681
17	Ōtorohanga Water Supply Loan	14	12
382	Kāwhia Water Supply	338	353
1,039	Water Services	888	1,167
4,271	TOTAL OPERATING EXPENDITURE	3,806	4,547
608	NET COST OF SERVICE	(25)	6



Water Supply Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	201	140	143
Targeted rates (other than a targeted rate for water supply)	2,006	2,271	1,982
Subsidies and grants for operating purposes	-	-	90
Fees and charges	5	14	20
Internal charges and overheads recovered	1,576	1,702	1,843
Local authorities fuel tax, fines, infringement fees and other receipts	3	3	5
Total operating funding	3,791	4,130	4,083
Applications of operating funding			
Payments to staff and suppliers	1,346	1,387	1,467
Finance costs	54	104	17
Internal charges and overheads applied	1,762	1,963	2,305
Other operating funding applications	58	60	63
Total application of operating funding	3,220	3,514	3,852
Surplus (deficit) of operating funding	571	616	231
Sources of capital funding			
Subsidies and grants for capital expenditure	1,450	76	463
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,813	3,125	491
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	3,263	3,201	954
Application of capital funding			
Capital expenditure			
- To meet additional demand	50	52	7
- To improve the level of service	1,990	3,120	1,636
- To replace existing assets	1,744	565	909
Increase (decrease) in reserves	50	82	(1,367)
Increase (decrease) of investments	-	-	-
Total application of capital funding	3,834	3,819	1,185
Surplus (deficit) of capital funding	(571)	(618)	(231)
Funding balance	-	-	-



WASTEWATER TREATMENT AND DISPOSAL

This activity (encompassing collection, reticulation and treatment of sewerage) is undertaken in the Ōtorohanga Community to prevent nuisance and health risks, and to meet the expectations of residents of larger communities.

Whilst there is no legal obligation on Council to maintain this activity it is strongly believed that such a service makes a significant contribution to community wellbeing, and that it should therefore be continued.

Internal Borrowing

The Sewerage Treatment and Disposal group of activities has internal borrowing as at 30 June 2023 of \$1,039,535. During the year no additional borrowing was taken, and repayments totalling \$121,304 were made. Interest on internal borrowings was paid of \$17,413.

Capital Expenditure

	2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	249	189
- Growth (Improving Service Capacity)	50	-
- Level of Service (Improvements to Service)	3,510	-

Key Wastewater Treatment and Disposal Levels of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23 Actual
		Actual	Target		
Wastewater operations are optimised	The number of dry weather sewerage overflows from the Ōtorohanga sewerage system, per 1000 connections	2 overflows	0 overflows	Not Achieved	5.2 overflows
Wastewater operations are managed in accordance with resource consents	Compliance with the resource consents for discharge from the Ōtorohanga sewerage system measured by the number of: Abatement notices	0 non-compliance actions	0 non-compliance actions	Achieved	0 non-compliance actions



You can expect	How we measure our performance	2021/22	2022/23	Achieved/	2022/23 Actual
		Actual	Target	Not achieved	
	Infringements notices; Enforcement orders; and Convictions, received by the Council				
Customer service requests are dealt with promptly and appropriately	Median response times for attending to sewerage overflows resulting from a blockage or other fault in the sewerage system; measured as Attendance time: from the time of notification to the time service personnel reach the site	1 hr 23 mins	< 50 minutes	Not Achieved	1 hr 3 minutes
	Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault	1 hour 41 mins	< 24 hours	Achieved	1 hr 35 minutes
Wastewater operations to be managed to minimise complaints.	Total number of complaints received by Council about: Sewage odour; Sewerage system faults; Sewerage system blockages; and Response to issues with the sewerage system, expressed per 1000 connections to the sewerage system	8 complaints	< 25 complaints	Achieved	7 complaints



Sewerage Overflows

These overflows were due to pipe partial blockages - the pipes were unblocked and then jetted to clean the pipes to help prevent reoccurring problems.

Response Times

The Attendance Time not being achieved is partly due to issues in our process with the way service requests have been assigned and signed off. What has been recorded is the time of sign-off in the system rather than the actual response time. We are currently trialling a new process rectify this issue.

Sewerage Treatment and Disposal Cost of Service Statement

2021/22 Actual \$ (000's)		2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING INCOME		
337	Activity Revenue	67	215
708	Targeted Rates	707	708
13	Development Contributions	-	6
38	General Rates	48	42
-	Other General Sources	-	-
1,096	TOTAL OPERATING INCOME	822	971
	OPERATING EXPENDITURE		
1,077	Ōtorohanga Sewerage	792	896
28	Ōtorohanga Sewerage Loan	33	20
1	Kāwhia Sewerage	12	-
1,106	TOTAL OPERATING EXPENDITURE	837	916
(10)	NET COST OF SERVICE	(15)	55



Sewerage Treatment and Disposal Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	39	40	42
Targeted rates (other than a targeted rate for water supply)	707	815	708
Subsidies and grants for operating purposes	-	-	17
Fees and charges	65	67	70
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	811	922	837
Applications of operating funding			
Payments to staff and suppliers	507	304	388
Finance costs	37	66	17
Internal charges and overheads applied	178	197	208
Other operating funding applications	26	26	29
Total application of operating funding	748	593	642
Surplus (deficit) of operating funding	63	329	195
Sources of capital funding			
Subsidies and grants for capital expenditure	250	-	128
Development and financial contributions	-	-	-
Increase (decrease) in debt	443	2,370	(121)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	693	2,370	7
Application of capital funding			
Capital expenditure			
- To meet additional demand	75	545	-
- To improve the level of service	175	1,883	-
- To replace existing assets	516	257	189
Increase (decrease) in reserves	(10)	14	13
Increase (decrease) of investments	-	-	-
Total application of capital funding	756	2,699	202
Surplus (deficit) of capital funding	(63)	(329)	(195)
Funding balance	-	-	-



FLOOD PROTECTION

A system of flood control works to protect the Ōtorohanga community was constructed after a devastating flood in 1958, and Council is committed to working with the Waikato Regional Council to continue to operate and maintain these works.

Internal Borrowing

The Flood Protection group of activities has internal borrowing as at 30 June 2023 of \$256,948. During the year no additional borrowing was taken, and repayments totalling \$13,446 were made. Interest on internal borrowings was paid of \$4,056.

Capital Expenditure

	2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	30	43
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	-

Key Flood Protection Levels of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23
		Actual	Target		Actual
Flood protection and control works to be well managed, maintained and operated	The major flood protection and control works are maintained, repaired and renewed to approved standards	Inspections undertaken	Ōtorohanga flood protection system maintained	Achieved	Ōtorohanga flood protection system maintained



Flood Protection Cost of Service Statement

2021/22 Actual \$ (000's)		2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING INCOME		
111	Activity Revenue	140	108
-	- Targeted Rates	-	-
-	- Development Contributions	-	-
-	- General Rates	-	-
-	- Other General Sources	-	-
111	TOTAL OPERATING INCOME	140	108
	OPERATING EXPENDITURE		
129	Ōtorohanga Flood Protection	140	163
129	TOTAL OPERATING EXPENDITURE	140	163
(18)	NET COST OF SERVICE	-	(55)

**Flood Protection Funding Impact Statement**

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	135	138	108
Total operating funding	135	138	108
Applications of operating funding			
Payments to staff and suppliers	45	47	88
Finance costs	7	7	4
Internal charges and overheads applied	29	33	30
Other operating funding applications	1	1	6
Total application of operating funding	82	88	128
Surplus (deficit) of operating funding	53	50	(20)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(17)	(17)	(13)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(17)	(17)	(13)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	30	31	43
Increase (decrease) in reserves	6	2	(76)
Increase (decrease) of investments	-	-	-
Total application of capital funding	36	33	(33)
Surplus (deficit) of capital funding	(53)	(50)	20
Funding balance	-	-	-

STORMWATER MANAGEMENT

Council is required to administer urban drainage maintenance under the Land Drainage Act 1908, and considers that this activity also makes a positive contribution towards the potential for beneficial development in the urban areas. The provision of urban drainage protects private property (including land and assets) from flooding and subsequent erosion, and enables Council to fulfil its statutory responsibilities under the Building Act 1991.

Environment Waikato has largely relieved Council of their responsibility for managing rural land drainage schemes.

Internal Borrowing

The Stormwater Drainage group of activities has internal borrowing as at 30 June 2023 of \$415,103. During the year no additional borrowing was taken, and repayments totalling \$55,110 were made. Interest on internal borrowings was paid of \$7,053.

Capital Expenditure

	2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	131	17
- Growth (Improving Service Capacity)	50	4
- Level of Service (Improvements to Service)	-	-

Key Stormwater Management Levels of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23
		Actual	Target		Actual
Stormwater operations are optimised	The number of flooding events in the District; and, For each flooding event, the number of habitable rooms affected – expressed per 1000 properties connected to the stormwater system	0 flooding events	0 flooding events	Achieved	0 flooding events

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23
		Actual	Target		Actual
Stormwater operations are managed in accordance with resource consents	Compliance with resource consents for discharge from the stormwater system, measured by the number of: Abatement notices; and Infringement notices; and Enforcement notices; and Successful prosecutions, received in relation to the resource consents	0 non-compliance actions	0 non-compliance actions	Achieved	0 non-compliance actions
Service response times are reasonable	The median response time to attend a flooding event, measured from the time of notification until service personnel arrive on site	0 flooding events	<4 hours 30 minutes	Not applicable	0 flooding events
Stormwater operations are managed to minimise complaints	Number of complaints received by the Council about the performance of the Stormwater system, expressed per 1000 properties connected to the Stormwater system, as recorded in the request for service system	2 complaints	≤ 2 complaints	Achieved	1 complaint received

Stormwater Complaints

A total of 1 complaint was received about stormwater operations during the year. Council cannot accurately determine the number of properties connected to the stormwater system, due to the nature of stormwater systems, so has reported this measure as total complaints, as opposed to per 1000 properties.



Stormwater Management Cost of Service Statement

2021/22 Actual \$ (000's)		2022/23 LTP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING INCOME		
-	Activity Revenue	-	-
-	Targeted Rates	-	-
-	Development Contributions	-	-
199	General Rates	249	313
-	Other General Sources	-	-
199	TOTAL OPERATING INCOME	249	313
	OPERATING EXPENDITURE		
158	Ōtorohanga Stormwater	193	242
41	Kāwhia Stormwater	56	71
199	TOTAL OPERATING EXPENDITURE	249	313
-	NET COST OF SERVICE	-	-

Stormwater Management Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	234	258	312
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	234	258	312
Applications of operating funding			
Payments to staff and suppliers	39	40	47
Finance costs	13	17	7
Internal charges and overheads applied	34	42	56
Other operating funding applications	21	22	24
Total application of operating funding	107	121	134
Surplus (deficit) of operating funding	127	137	178
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	307	62	(55)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	307	62	(55)
Application of capital funding			
Capital expenditure			
- To meet additional demand	50	52	4
- To improve the level of service	37	-	-
- To replace existing assets	331	135	17
Increase (decrease) in reserves	16	12	102
Increase (decrease) of investments	-	-	-
Total application of capital funding	434	199	123
Surplus (deficit) of capital funding	(127)	(137)	(178)
Funding balance	-	-	-

WASTE MANAGEMENT AND MINIMISATION

Council’s urban rubbish and recycling collection services, the operation of our transfer stations and the servicing of rural recycling depots are undertaken under contract by Envirowaste. Our closed landfills have resource consents issued by the Waikato Regional Council, and we monitor and manage those in accordance with the consent requirements.

Internal Borrowing

The Waste Management and Minimisation group of activities has internal borrowing as at 30 June 2023 of \$97,270. During the year no additional borrowing was taken, and repayments totalling \$25,608 were made. Interest on internal borrowings was paid of \$1,843.

Capital Expenditure

	2022/23 AP Estimate \$ (000’s)	2022/23 Actual \$ (000’s)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	1	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	16

Key Waste Management and Minimisation Levels of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
		100% satisfaction	≥ 90% user satisfaction	Achieved	94.9% satisfaction
A reliable weekly household kerbside rubbish and recycling collection service in Kāwhia and Ōtorohanga	The level of satisfaction with the weekly kerbside collection services, as measured by the annual residents survey				



You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
		Waste minimisation to be actively promoted	Increase in recycling volumes over previous year, as measured through the contract report	9.1% decrease	10% increase

User Satisfaction

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 94.9%

The annual residents survey had a total of 141 respondents. The following are the results of 79 responses of the 79 that said they receive the weekly kerbside collection

- Very Satisfied (39.2%)
- Satisfied (41.8%)
- OK (13.9%)
- Unsatisfied (5.1%)

Recycling volumes

The increase in recycling volumes was not achieved during the year due to changes that were being proposed by central government to waste minimisation. As these changes were being proposed, Council did not undertake a lot of waste minimisation education initiatives which can help increase recycling volumes. This was done due to the uncertainty about what would come out, and not wanting to confuse the public with different messages coming from Council and central government. As these changes have now been legislated, Council will now be undertaking education on the impact of these changes for our communities.





Waste Management and Minimisation Cost of Service Statement

2021/22 Actual \$ (000's)		2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING INCOME		
60	Activity Revenue	43	106
302	Targeted Rates	291	291
-	Development Contributions	-	-
156	General Rates	228	115
-	Other General Sources	-	-
518	TOTAL OPERATING INCOME	562	512
	OPERATING EXPENDITURE		
396	Refuse & Recycling	514	470
56	Litter Control	66	45
452	TOTAL OPERATING EXPENDITURE	580	515
66	NET COST OF SERVICE	(18)	(3)

Waste Management and Minimisation Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	218	244	115
Targeted rates (other than a targeted rate for water supply)	303	286	291
Subsidies and grants for operating purposes	37	38	101
Fees and charges	5	5	5
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	563	573	512
Applications of operating funding			
Payments to staff and suppliers	410	440	421
Finance costs	2	2	2
Internal charges and overheads applied	124	134	78
Other operating funding applications	1	1	1
Total application of operating funding	537	577	502
Surplus (deficit) of operating funding	26	(4)	10
Sources of capital funding			
Subsidies and grants for capital expenditure	11	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(5)	(26)	(26)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	6	(26)	(26)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	20	-	16
- To replace existing assets	26	1	-
Increase (decrease) in reserves	(14)	(31)	(32)
Increase (decrease) of investments	-	-	-
Total application of capital funding	32	(30)	(16)
Surplus (deficit) of capital funding	(26)	4	(10)
Funding balance	-	-	-

COMMUNITY FACILITIES AND SERVICES

Internal Borrowing

The Community facilities & Services group of activities has internal borrowing as at 30 June 2023 of \$814,399. During the year \$205,000 of additional borrowing was taken, and repayments totalling \$76,100 were made. Interest on internal borrowings was paid of \$10,282.

Capital Expenditure

	2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	375	211
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	1,105	24

Parks and Reserves

Council's involvement in parks, reserves and associated activities is, in part, based upon provisions of the Reserves Act 1977 and the Resource

Management Act 1991 and is also intended to improve the general quality of life for the residents in the District. In particular, the parks and reserves provide facilities for passive or active enjoyment by residents and visitors alike.

Key Parks, and Reserves Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
The provision of a range of safe parks and reserve spaces and equipment that meet the needs of residents	Percentage of residents satisfied with the variety and quality of parks/reserves, as measured by the annual customer survey	93% satisfaction overall (98% variety, 88% quality)	≥ 90% satisfaction	Achieved	92.2% satisfaction overall (95.8% variety, 88.6% quality)
The provision of clean, well maintained public toilets.	Number of justified complaints received about the state of public toilets, as recorded in the request for service system	9 complaints	<12 complaints	Achieved	11 complaints



Variety of Parks and Reserves

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 95.8%.

The annual residents survey had a total of 141 respondents. The following are the results of 141 responses when asked if ODC has a good VARIETY of parks and reserves.

Very Satisfied (31.2%)

Satisfied (44.0%)

OK (20.6%)

Unsatisfied (3.5%)

Very Unsatisfied (0.7%)

Library

In providing open and inclusive public spaces, public libraries play a key role in levelling social, economic, cultural and educational inequities.

Public libraries are welcoming community spaces with books, audio-visual and digital resources for information, recreation and self-education.

Our qualified and experienced librarians deliver extensive services and a range of public programmes.

Our core roles are:

(a) Valuing a Reading Culture

Literacy is the core skill required to participate in modern life. It empowers people, is crucial for personal educational success and economic well-being, and it builds more capable and productive communities.

A public library's unique role is to cultivate a love of reading and learning as widely as possible throughout the community.

Quality of Parks and Reserves

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 88.6%

The annual residents survey had a total of 140 respondents. The following are the results of 140 responses when asked if ODC has a good QUALITY of parks and reserves

Very Satisfied (21.4%)

Satisfied (48.6%)

OK (18.6%)

Unsatisfied (10.0%)

Very unsatisfied (1.4%)

(b) Fostering Community Connectedness

Connectedness is the feeling of being welcome, included, respected and able to easily contribute. Connected communities are more cohesive, stable and high-functioning, more resilient and better able to develop and participate in enterprise and growth opportunities.

Public libraries are perfectly placed to provide this role for the community. They are a welcoming public space open to all, and in general safe and trusted. They provide a place for people to connect with each other and with a world of information and ideas.

(c) Safeguarding Cultural Memory

The public library has a unique role to collect, preserve and provide access to the cultural memories of the local community.

The public library enables people now, and into the future, to connect or reconnect to their families' and community's stories.



Key Library Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
Library facilities, services and activities to meet the needs of the community	Percentage of Library users satisfied with Library services, as measured by the annual customer survey	100% satisfaction	≥ 90% user satisfaction	Achieved	97.9% satisfaction
	The number of participants in Library programmes and activities, and service users is increasing, as measured in the Library reports to Council	22,343 baseline established	10% increase in participants per year	Achieved	39,521 participants – 76.8% increase

Library Satisfaction

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 97.9%

The libraries annual residents survey had a total of 70 submissions. The following are the results of 70 responses.

- Very Satisfied (46.1%)
- Satisfied (38.8%)
- OK (13.0%)
- I don't know (2.1%)



Housing for the Elderly

Housing for the elderly is owned and managed to meet community expectations, fulfil social obligations and ensure that there is a good standard of affordable rental accommodation available to elderly residents.

Key Housing for the Elderly Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
		The Council units to be maintained to a comfortable and safe standard, and fully utilised	Percentage of tenants satisfied with the comfort and safety of the unit, as measured by the annual tenant satisfaction survey	100% comfort 100% safety	> 95% satisfaction
	Percentage occupancy rate, expressed as an annualised monthly average	99% Ōtorohanga 98.6% Kāwhia	> 95% combined average	Achieved	97.5% Ōtorohanga 100% Kāwhia

Comfort of the unit

Using the rating of OK and above the total satisfaction rating is 90%

The annual residents survey had a total of 10 respondents from a total of 29 units. The following are the results of 10 responses.

Very Satisfied (70%)

Average (20%)

Very unsatisfied (10%)

Safety of the unit

Using the rating of OK and above the total satisfaction rating is 100%

The annual residents survey had a total of 10 respondents from a total of 29 units. The following are the results of 10 responses.

Very Satisfied (70%)

Average (30%)

Swimming Pool

Council carries out this activity to meet the expectations of the Community. There is no legal obligation to do so. Council contracts the operation of the swimming pool out to Ōtorohanga Aquatics Limited, an experienced leisure facility operator.

Key Swimming Pool Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
The provision of community swimming pool facilities that are safe for users and staff.	Swimming pools maintain PoolSafe Accreditation and compliance with pool water quality standard*, as measured by Pool Manager's monthly reports	95.7% compliance	> 95% compliance	Not Achieved	91.17% compliance

* Acceptable standards as defined in the contract including NZ Standard 5826

Compliance with Pool Water Quality Standard

The non compliance relates to the outdoor pools, both the main pool and the children's pool. As these do not have automatic dosing, these pools need to be manually dosed. This means that in the morning they cannot meet the standard when the staff do their initial testing, but by the time the pools are open to the public then they do comply.

Council is looking at investing in an automated dosing system for these pools that would ensure compliance going forward.



Cemeteries

The Activity is undertaken to comply with legislation under Section 4 of the Burial and Cremations Act 1964, and to meet the expectations of the Community.

Key Cemeteries Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23
		Actual	Target		Actual
Council to provide efficiently serviced and well maintained cemeteries.	Number of justified complaints regarding grounds maintenance at all Council cemeteries, as recorded in the service request system	4 Complaints	< 5 Complaints	Achieved	4 complaints

Number of Complaints

The majority of these are around mowing issues of the grounds, which have all been resolved.

Civil Defence

The rationale for this activity is to fulfil Council’s legal obligation under the Civil Defence Emergency Management Act 2002 and to fulfil the Community’s expectation that this service will be provided.

Key Civil Defence Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
		The Council and the community to be well prepared for a civil defence emergency	Community Response Plans are in place for Kāwhia and Ōtorohanga and reviewed every 3 years	Plans in place	Community response plans in place
	The evaluation of annual exercises as a measure of effectiveness of training	Baseline established	Increasing trend	Achieved	Increase in evaluation score

Community Response Plans

Ōtorohanga and Kāwhia have Community Response Plans in place. These plans were reviewed during 2022/23.



Aotea Sea Wall

Key Aotea Sea Wall Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
Aotea sea wall to be well maintained.	The major flood protection and control works are maintained and repaired to approved standards	Sea wall maintained	Aotea sea wall maintained	Achieved	Sea wall maintained

Aotea Sea Wall Maintenance

Resource Consent Renewal Process has started for the Seawall and a future maintenance programme will be identified.



Community Services Cost of Service Statement

2021/22 Actual \$		2022/23 AP Estimate \$	2022/23 Actual \$
(000's)		(000's)	(000's)
	OPERATING REVENUE		
459	Activity Revenue	506	427
76	Targeted Rates	65	66
40	Development Contributions	10	24
2,095	General Rates	2,230	2,306
682	Other General Sources	526	593
3,352	TOTAL OPERATING REVENUE	3,337	3,416
	OPERATING EXPENDITURE		
892	Parks and Reserves	786	957
120	Public Conveniences	157	144
22	Aotea Seawall	235	12
88	Halls	88	73
63	Harbour Services	72	65
439	Library	437	504
382	Swimming Pools	400	391
293	Pensioner Housing	291	272
116	Cemeteries	105	117
681	Engineering Services	526	593
147	Civil Defence	166	156
449	Council Property	332	390
3,692	TOTAL OPERATING EXPENDITURE	3,595	3,674
(340)	NET COST OF SERVICE	(258)	(258)

**Community Services Funding Impact Statement**

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,127	2,292	2,306
Targeted rates (other than a targeted rate for water supply)	76	78	66
Subsidies and grants for operating purposes	-	-	-
Fees and charges	80	82	58
Internal charges and overheads recovered	649	692	593
Local authorities fuel tax, fines, infringement fees and other receipts	413	425	368
Total operating funding	3,345	3,569	3,391
Applications of operating funding			
Payments to staff and suppliers	1,713	1,770	1,892
Finance costs	13	26	10
Internal charges and overheads applied	840	912	1,007
Other operating funding applications	151	154	196
Total application of operating funding	2,717	2,862	3,105
Surplus (deficit) of operating funding	628	707	286
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	24
Increase (decrease) in debt	314	1,008	129
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	314	1,008	153
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	531	1,131	24
- To replace existing assets	387	385	211
Increase (decrease) in reserves	24	199	204
Increase (decrease) of investments			
Total application of capital funding	942	1,715	439
Surplus (deficit) of capital funding	(628)	(707)	(286)
Funding balance	-	-	-

REGULATORY SERVICES

Internal Borrowing

The Regulatory Services group of activities has no internal borrowing as at 30 June 2023. Subsequently, no interest was paid during the year.

Capital Expenditure

	2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	-	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	2	16

Building Control

The rationale for this activity is to safeguard people and property by monitoring, inspecting and controlling all building construction and modifications in accordance with the Building Act 2004.

Key Building Control Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23 Target	Achieved/ Not achieved	2022/23
		Actual			Actual
Building consent applications will be processed within the statutory timeframes of the Building Act 2004.	Building consent applications processed within 20 working days, as measured by the Building Consent Tracking Database.	89.5% compliance	100% compliance	Not Achieved	97.65% compliance
Known privately owned swimming pools comply with the Building Act 2004	All private swimming pools on Council's register will be inspected at least every three years.	33.3%	>33% of pools inspected – as an annual average over 3 year period	Achieved	44%
Council maintains its Building Control Authority (BCA) status	Biennial BCA Accreditation retained	Accreditation retained	BCA Accreditation retained	Achieved	Accreditation retained



Accreditation

Accreditation has been retained for 2023 and our next audit will occur in August 2025.

Building Consent Applications

At 30 June 2023, 170 building consents were issued, 166 of these were completed within 20 working days. The remaining four were not processed within 20 days due to requests for further information that required additional review when they were received that took the processing over the 20 working days.

There were 48 Commercial and 122 Residential building consents issued. This was a decrease of 60 from the number of consents issued last year.

The percentage of building consents did not meet the 100% target, however when compared to other BCAs around New Zealand the outcome is a very good result and will meet IANZ expectations. At 30 June 2023, 186 Code Compliance Certificates were issued, 181 of these were completed within 20 working days.

Swimming Pool Inspections

At 30 June 2023, there are 197 known swimming pools in the Ōtorohanga District Council. Inspections are currently being undertaken for swimming pools as per the statutory timeframes.



Planning and Development

This activity exists as a result of the statutory requirements of the Resource Management Act 1991. Under this Act Council is required to promote the sustainable management of natural and physical resources and to enable people and communities to provide for their social, economic, and cultural well-being.

Key Planning and Development Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
		Resource consent applications to be processed in accordance with the provisions of the Resource Management Act 1991.	Resource consent application processed and decisions issued within statutory timeframes.	76% compliance	100% compliance

Non-notified Consents

A total of 108 non-notified consents were issued during the year. The processing time for twenty-four consents exceeded 20 working days. Detailed information on resource consents and planning policy is provided annually to the Ministry for the Environment.

The reason for the items exceeding processing days relates to resourcing issues, as Council currently uses consultants for processing resource consents. Council is currently in the process of undertaking a business case around employing a full time planner, which should address this issue.



Animal Control

The rationale for this activity is to service the Community’s expectation for health, order and safety and to meet the Council’s statutory obligations under the Dog Control Act 1996.

Key Dog Control Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
		Council to protect public safety by ensuring compliance with the Dog Control Act 1996 and bylaw, and the Impounding Act 1956.	Known dogs in the District are registered, as recorded in Council’s dog registration database.	97% registered	≥ 98% of known dogs registered
	Complaints about dog attacks and stock wandering on public roads are responded to within two hours, as measured by the contractor’s monthly report.	100% compliance	100% compliance with response times	Achieved	100% compliance

Dog Registrations

At 30 June 2023 there were 2166 dogs registered in the Ōtorohanga District. This was a decrease of 132 from the number of registration in the previous year. During the year 124 dogs, 60 of which were not registered, were impounded.

The current contract for provision of animal and dog control services has now been running for seven years. The contractor, Ōtorohanga District Animal Control Services has developed a strong understanding of the

District and has been very effective in this role and the discharge of his duties. There have been continued improvements to the Pound in Otewa Road and further initiatives are being employed to promote education, compliance among dog owners and maintain a high level of public safety for the residents of our District.



Environmental Health

The rationale for this group of activities is to fulfil Council's duty to provide Environmental Health services to meet the requirements of the Health Act 1956, the Local Government Act 2002 and the Resource Management Act 1991.

Key Environmental Health Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
Public health and safety to be maintained through ensuring compliance with the Food Act 2014 and Sale and Supply of Alcohol Act 2012.	All food premises and venues involved in the sale or supply of alcohol are monitored at least annually for compliance with statutory requirements, as measured by inspection records.	34% compliance	100%	Achieved	100% compliance
Excessive noise complaints are responded to by the Council	All complaints regarding excessive noise are investigated within two hours of the complaint being received, as measured by contractor's monthly report (from request for service system).	12% compliance	100%	Achieved	100% compliance

Food Premise Monitoring

There are 46 registered food premises in the District. All food premises in the district have been inspected as per the statutory requirements related to their licences. For some food premises that have a Food Plan in place, they are only required to be inspected every two years. These food premises have been treated as if they have been inspected for this measure.

Noise Complaints

95 noise complaints were received in the 2022/23 financial year. Of these all were responded to within two hours.



Regulatory Services Cost of Service Statement

2021/22 Actual \$ (000's)		2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING REVENUE		
1,315	Activity Revenue	1,305	809
-	Targeted Rates	-	-
-	Development Contributions	-	-
521	General Rates	674	970
616	Other General Sources	688	765
2,452	TOTAL OPERATING INCOME	2,667	2,544
	OPERATING EXPENDITURE		
1,052	Building Control	1,082	920
392	Planning & Development	403	437
213	Animal Control	220	260
190	Environmental Health	263	200
616	Regulatory Services	688	765
2,463	TOTAL OPERATING EXPENDITURE	2,656	2,582
(11)	NET COST OF SERVICE	11	(38)



Regulatory Services Funding Impact Statement

	2021/22	2022/23	2022/23
	Long Term Plan	Long Term Plan	Actual
	\$	\$	\$
	(000's)	(000's)	(000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	713	678	971
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,279	1,354	804
Internal charges and overheads recovered	689	707	765
Local authorities fuel tax, fines, infringement fees and other receipts	13	13	5
Total operating funding	2,694	2,752	2,545
Applications of operating funding			
Payments to staff and suppliers	1,693	1,717	1,355
Finance costs	-	-	-
Internal charges and overheads applied	1,004	1,040	1,204
Other operating funding applications	7	8	18
Total application of operating funding	2,704	2,765	2,577
Surplus (deficit) of operating funding	(10)	(13)	(32)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	2	2	16
- To replace existing assets	-	-	-
Increase (decrease) in reserves	(13)	(14)	(48)
Increase (decrease) of investments	-	-	-
Total application of capital funding	(11)	(12)	(32)
Surplus (deficit) of capital funding	11	12	32
Funding balance	-	-	-

DISTRICT DEVELOPMENT

Depreciation Expense

There was no depreciation for District Development group of activities.

Internal Borrowing

The District Development group of activities has no internal borrowings as at 30 June 2023 and, subsequently, no interest paid.

Capital Expenditure

There was no capital expenditure in the current year either budgeted or undertaken.

Community Development

Council has undertaken this activity to provide grants and partnerships in the community, through direct grants from Council or grants provided by external funders that are administered locally by Council.

Key Community Development Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
The Council will maximise external grants/subsidies to support its key priorities, projects, activities and services	Council staff will scope external funding opportunities and lodge applications to secure funding, as determined by Council resolution.	Baseline established	The number and nature of applications lodged and level of funding secured.	Achieved	Better Off Fund and DIA Transition funding
The Council will work towards achieving improved community wellbeing through the provision of financial support to community organisations	Community groups/organisations funded by Council fulfil their funding obligations, as measured by their reporting to Council.	Reports received*	100% of Funding Obligations Fulfilled	Achieved	Reports received*

* Not all community organisations are required under their funding agreements to report to Council, but all those that are have been received, or are scheduled to be received after the completion of their AGM's.



External Funding

External funding opportunities were lodged and secured for Better Off funding under the Three Waters reforms and DIA transition funding to cover the costs associated with the Three Waters reforms. This meant that this measure was achieved. In the event that the funding applied for was not secured, Council would not have achieved this measure.

Council Funded Organisations

All Council funded organisations have provided the reports required. This measure only covers those organisations receiving grants from Council. Those who have been provided loans, such as the Ōtorohanga Kiwi House, have different obligations as outlined in their loan agreements.

Economic Development

Our economic development activity focuses on partnership agreements with the Ōtorohanga District Development Board (ODDB), Te Waka (the regional economic development agency), and Hamilton and Waikato Tourism to deliver on our priorities for improving local economic wellbeing.

Key Economic Development Level of Service Targets and Performance

Level of Service	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
The Council will ensure the district is actively promoted as a place to live and visit, and will work towards achieving improved economic outcomes through the implementation of an economic development strategy.	The economic development agencies funded by Council (Ōtorohanga District Development Board, Hamilton & Waikato Tourism and Te Waka) fulfil their funding obligations, as measured by their reporting to Council	Funding obligations fulfilled*	Funding obligations fulfilled	Achieved	Funding obligations fulfilled*

* Te Waka is not required to report to Council as per their agreement, so they have been deemed to comply for this measure.



Policy Development

Our policy development function involves establishing our strategic direction via policy, strategy, bylaw and planning. While many of our policies are

developed to address local issues or to achieve desired outcomes, we also have a statutory responsibility to develop and review some policies, strategies and plans (and to report on these) under legislation.

Key Policy Development Level of Service Targets and Performance

	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
The Council deliver its policy development in accordance with relevant legislative requirements, and engage our communities in the process	All legislatively required policies, bylaws, plans and strategies are adopted/ reviewed in accordance with statutory requirements, as recorded in the resolution database	Some policies not reviewed	100% compliance	Not achieved	Some policies not reviewed

Policy Reviews

The following policies and bylaws have not been reviewed in accordance with statutory requirements

- Keeping of Stock, Poultry and Bees Bylaw (due to resourcing limitations)
- Stock Movement Bylaw (due to resourcing limitations)
- Structures and Works in Public Spaces (due to resourcing limitations)
- Dangerous and Insanitary Buildings Policy (due to resourcing limitations)
- Policy for Building over Services Reticulation (not being completed due to Three Water Reform)
- Water Services Bylaw (not being completed due to Three Water Reform)



District Development Cost of Service Statement

2021/22 Actual \$		2022/23 AP Estimate \$	2022/23 Actual \$
(000's)		(000's)	(000's)
	OPERATING REVENUE		
665	Activity Revenue	50	958
37	Targeted Rates	74	74
-	Development Contributions	-	-
1,734	General Rates	2,178	1,701
-	Other General Sources	-	-
2,436	TOTAL OPERATING REVENUE	2,302	2,733
	OPERATING EXPENDITURE		
1,102	District Development	583	1,038
233	Council Support	238	259
1,029	Corporate Planning	1,167	1,325
12	District Plan	209	15
99	Security Patrol	105	101
2,475	TOTAL OPERATING EXPENDITURE	2,302	2,738
(39)	NET COST OF SERVICE	-	(5)





District Development Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,453	1,596	1,701
Targeted rates (other than a targeted rate for water supply)	57	75	74
Subsidies and grants for operating purposes	281	31	947
Fees and charges	18	18	11
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	1,809	1,720	2,733
Applications of operating funding			
Payments to staff and suppliers	662	782	1,051
Finance costs	-	-	-
Internal charges and overheads applied	455	470	628
Other operating funding applications	706	468	1,057
Total application of operating funding	1,823	1,720	2,736
Surplus (deficit) of operating funding	(14)	-	(3)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase (decrease) in reserves	(14)	-	(3)
Increase (decrease) of investments	-	-	-
Total application of capital funding	(14)	-	(3)
Surplus (deficit) of capital funding	14	-	3
Funding balance	-	-	-

GOVERNANCE AND SUPPORT SERVICES

Internal Borrowing

The Governance and Leadership group of activities has internal borrowings as at 30 June 2023 of \$2,220,000. Additional borrowings of \$2,220,000 was taken in the financial year, with no repayments and no interest paid.

Capital Expenditure

	2022/23 AP Estimate \$	2022/23 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	3,018	2,998
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	100	16

Democracy

Local government in New Zealand receives its mandate from the Government through legislation. Local democratic representation is the best way for our local communities' voices to be heard. The majority of our democracy services are set in law; the Local Government Act 2002 and the

Local Electoral Act 2001 determine the processes that ensure each community is fairly represented.

Key Democracy Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22	2022/23	Achieved/ Not achieved	2022/23
		Actual	Target		Actual
The Council to conduct all its business in an open and transparent manner.	Regular 'meet the Council' sessions are scheduled for Ōtorohanga and Kāwhia	Kāwhia 1 Ōtorohanga 8	≥ 11 public sessions scheduled in each of Kāwhia and Ōtorohanga	Achieved	Kāwhia 8 Ōtorohanga 20
	Residents satisfied with Council communication, as measured by an annual survey	80%	≥ 55% rate council communication as acceptable or better	Achieved	81.1%



Public Sessions

Board members and key staff are available for ½ an hour prior to every Council and Board meeting to meet with members of the public. These sessions are promoted on Council's Facebook page.

ODC 12

OCB 8

KCB 8

Council Communications

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 81.1%



Iwi Liaison

Our Iwi liaison function is provided to facilitate input from Māori and Iwi into Council decision-making processes. The creation of a Māori Ward will assist with this. We recognise Māori and Iwi as an important group within the

community and we also have some responsibilities specified in law regarding our relationships with Māori and Iwi. We acknowledge the cultural and spiritual relationships that Māori and Iwi have with ancestral lands and taonga.

Key Iwi Liaison Level of Service Targets and Performance

You can expect	How we measure our performance	2021/22 Actual	2022/23 Target	Achieved/ Not achieved	2022/23 Actual
The Council to establish formal relationships with Iwi holding mana whenua status in the District	We will work with Iwi Leaders, representing mana whenua in the District, to build/maintain strong, productive relationships	100% rating	Iwi Leaders rate their relationship with Council as good or better	Achieved	75% rating

Iwi Relationship Rating

Using the rating of It’s the same and above, and removing responses ‘I don’t know’ the total satisfaction rating is 75%. Council has taken “It’s the same” as an answer to be a rating of a good relationship, based on the prior year rating being 100% stating that the relationship was good or better. This has been done as the wording of the survey was amended for tracking trends in the relationship, as opposed to actual ratings of the relationship.

As most respondents rated their relationship as good or better, this target has been achieved.

The annual Iwi Relationship Survey had a total of 8 respondents. The following are the results of 8 responses to the question “Please consider the past year against previous years, do you think council has improved its relationships with Iwi leaders?”

- It’s Better (50%)
- It’s the same (25%)
- I don’t know (25%)





Governance and Support Services Cost of Service Statement

2021/22 Actual \$ (000's)		2022/23 AP Estimate \$ (000's)	2022/23 Actual \$ (000's)
	OPERATING REVENUE		
70	Activity Revenue	151	475
-	Targeted Rates	-	-
-	Development Contributions	-	-
1,146	General Rates	1,227	1,428
4,366	Other General Sources	5,063	5,287
5,582	TOTAL OPERATING INCOME	6,441	7,190
	OPERATING EXPENDITURE		
952	Ōtorohanga District Council	1,346	1,303
151	Ōtorohanga Community Board	252	190
81	Kāwhia Community Board	145	121
4,443	Support Services	5,548	5,226
5,627	TOTAL OPERATING EXPENDITURE	7,291	6,840
(45)	NET COST OF SERVICE	(850)	350



Governance and Support Services Funding Impact Statement

	2021/22 Long Term Plan \$ (000's)	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,241	1,379	1,428
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	30	31	25
Internal charges and overheads recovered	3,858	3,995	5,191
Local authorities fuel tax, fines, infringement fees and other receipts	18	18	450
Total operating funding	5,147	5,423	7,094
Applications of operating funding			
Payments to staff and suppliers	3,691	4,133	4,469
Finance costs	(122)	(87)	387
Internal charges and overheads applied	1,261	1,348	1,763
Other operating funding applications	135	139	163
Total application of operating funding	4,965	5,533	6,782
Surplus (deficit) of operating funding	182	(110)	312
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	100	510	2,220
Gross proceeds from sale of assets	134	93	89
Lump sum contributions	-	-	-
Total sources of capital funding	234	603	2,309
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	30	103	16
- To replace existing assets	718	868	2,998
Increase (decrease) in reserves	(333)	(479)	(393)
Increase (decrease) of investments	-	-	-
Total application of capital funding	415	492	2,621
Surplus (deficit) of capital funding	(181)	111	(312)
Funding balance	-	-	-



SUPPORTING INFORMATION



STATEMENT OF FINANCIAL INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS (CCO's)

Waikato Regional Airport Limited (WRAL)

This Company, established in 1989, operates the Airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former shareholding to secure the retention of the airport as a major infrastructural facility important to the economy of the Waikato.

The objective of the airport company is to operate a successful commercial business, providing safe, appropriate and efficient services for the transportation of people and freight in and out of the airport of Hamilton.

Council holds 3.125% of the airport company's shares. The remaining shares are owned by Hamilton City Council, Matamata-Piako, Waipa and Waikato District Councils.

Waikato Regional Airport Ltd Group reported total comprehensive revenue and expenses of \$23,707,000 for the year ended 30 June 2023 (2022: \$39,721,000 surplus).

A dividend of \$500,000 was paid in 2023 (2022: nil).

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

A comparison of the company's unaudited financial and performance measures for the year ended 30 June 2023 is summarised below:

Waikato Regional Airport Limited (WRAL) *Targets and Achievements*

	Actual to 30 June 2023	Statement of Corporate Intent
Earnings before tax, interest, depreciation & amortisation (EBITDA) excluding land sales <i>of at least</i>	\$5.67M	\$4.3M
Earnings before tax, interest, depreciation & amortisation (EBITDA) including land sales <i>of at least</i>	\$15.76M	\$11.1M
Net surplus/(deficit) before tax <i>no less than</i>	\$10.76M	\$6.0M
Net operating cash flow (excluding land sales) <i>of at least</i>	\$2.66M	\$3.5M
Net debt <i>a maximum of</i>	\$20.15M	\$30.0M
Shareholders funds to total assets <i>of at least</i>	86%	75%
Percentage of Non-Landing Charges to Total Revenue <i>of at least</i>	70%	60%
Land sales <i>of at least</i>	\$14.72M	\$14.0M
Interest Rate Cover <i>of at least</i>	9.7x	4.0x



Waikato Local Authorities Shared Services (WLASS)

	Ownership Interest	
	Actual 2022	Actual 2023
Waikato Local Authority Shared Services	0.26%	0.26%

The contingent liability arising from ODC’s interest is disclosed in note 19. There are no capital commitments arising from ODC’s interest in the WLASS.

The Waikato Local Authority Shared Service Ltd (WLASS) CCO was incorporated in December 2005.

LASS objective

The objective of the company is to provide Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.

Introduction

Waikato Local Authority Shared Service Ltd (WLASS) was developed as a joint initiative between the 13 councils of the Waikato region. Its evolution can be traced from a range of projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

WLASS provides an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council owns an equal number of shares in WLASS and as such has an equal say in its development.

The WLASS governance structure enables the directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand-alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the directors.

At the time of the adoption of this Annual Report, the Annual Report of the WLASS had not been audited. For results for this year check the WLASS website.

New Zealand Local Government Funding Agency Ltd (LGFA)

New Zealand Local Government Funding Agency Ltd was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current rating from Standard and Poor’s of AA+.

Council became a shareholder in the LGFA along with 29 other local authorities and the New Zealand Government. Council contributed \$100,000 for its shareholding in LGFA.

Four performance targets are specified for LGFA in the Statement of Intent. Progress against each of these targets for 30 June 2023 is discussed below.



Current Performance Targets	Target	Result	Achieved
Total operating income	Greater than \$12.2 million	\$11.6 million	Not Achieved
Total operating expenses for the period to 30 June 2023	Less than \$9.4 million	\$9.1 million	Achieved
Total nominal lending (short and long term) to Participating Local Authorities at 30 June 2023	At least \$15,004 million	\$16,314 million	Achieved
Comply with the Shareholder Foundation Policies and the Board approved Treasury Policy at all times.	No breaches	No breaches	Achieved
Successfully refinance existing loans to councils and the LGFA bond maturities as they fall due	100%	100%	Achieved
Conduct an annual survey of council who borrow from LGFA	Achieve at least an 85% satisfaction score for the value added by LGFA	August 2022 survey outcome of 100%	Achieved
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements		100%	Achieved
Achieve 80% market share of all council borrowing in New Zealand		93.3%	Achieved
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually		All councils visited	Achieved
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health & Safety at Work Act 2015		No breaches	Achieved
Maintain Toitū net carbonzero certification		Net carbonzero certification maintained	Achieved
Meet reduction targets outlined in our carbon reduction management plan.		Met targets	Achieved
Increase GSS lending book		Three new participating borrowers approved for GSS lending	Achieved
Meet all mandatory climate reporting standards		No standards applying at date of report	Achieved
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due		100%	Achieved
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.		AA+/AAA	Achieved



ANNUAL REPORT DISCLOSURE STATEMENT

Annual report disclosure statement for year ending 30 June 2023.

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

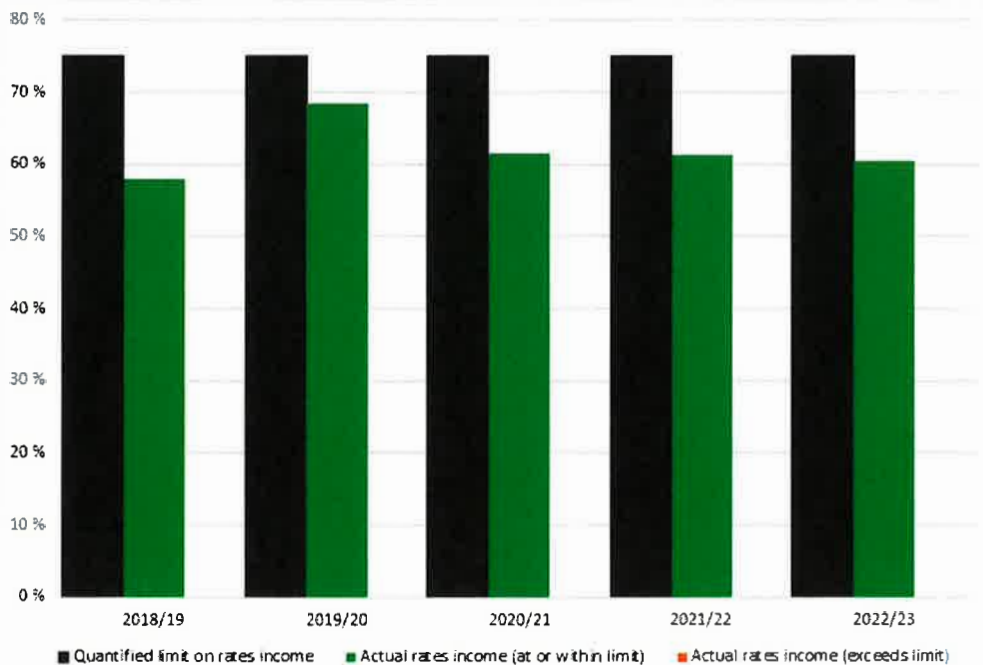
Rates affordability benchmark

The council meets the rates affordability benchmark if-

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 75% of total council revenue.



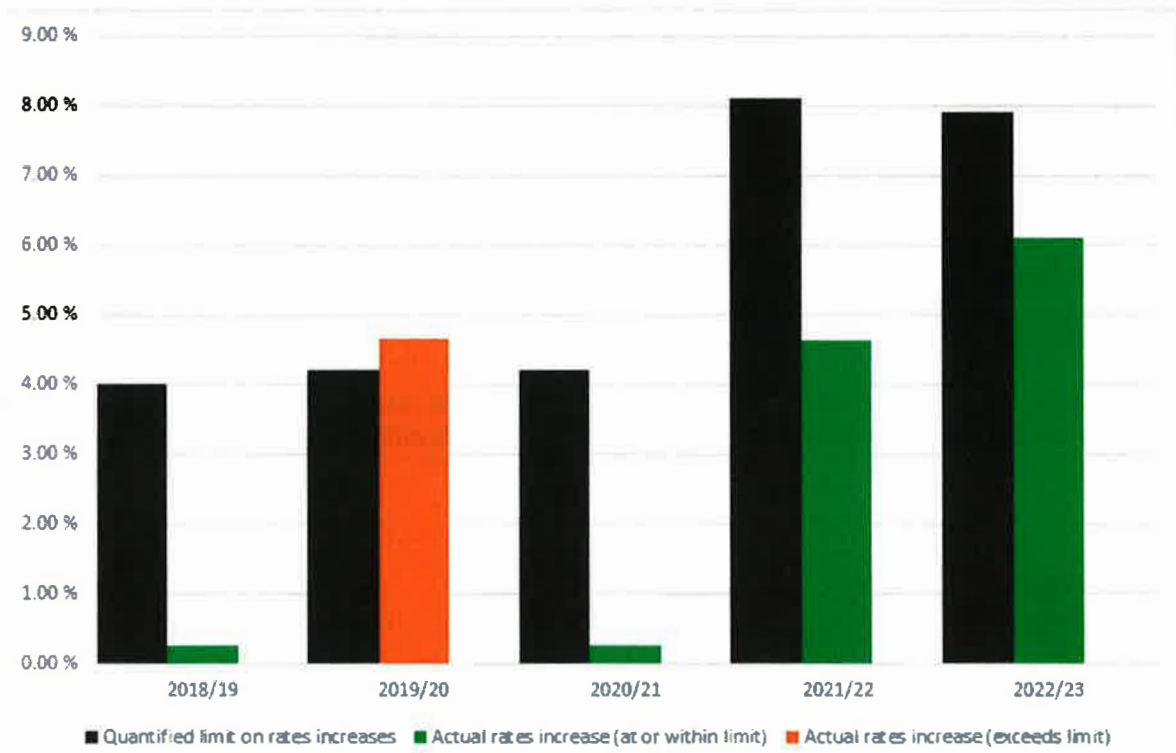


Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the council's long-term plan. The quantified limit is LGCI plus 2%. For the actual figures used refer to the council's long-term plan.

The breach in the 2019/20 financial year is due to increased rates penalties from the 2018/19, which is up about \$60k. There was also increased rates received due to changes in capital value of properties between when the rates were budgeted and when the actual rates were struck.

Also in 2019/20, Council moved from a fixed charge for Water rates in Ōtorohanga township to metered water. As such, the level of income from water rates can fluctuate more than it had previously, and this increased income has also pushed the actual rates increase above the quantified limit on rates increases in that year.

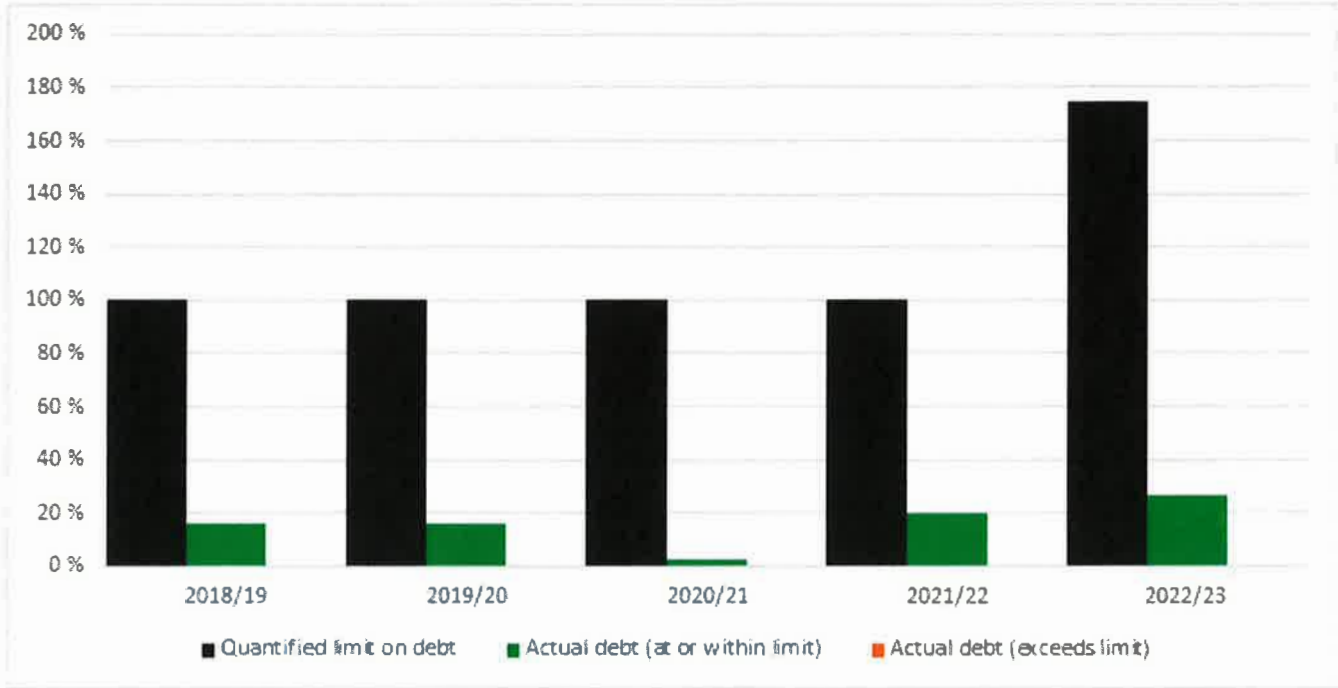




Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is borrowing cannot exceed 100% of total revenue.





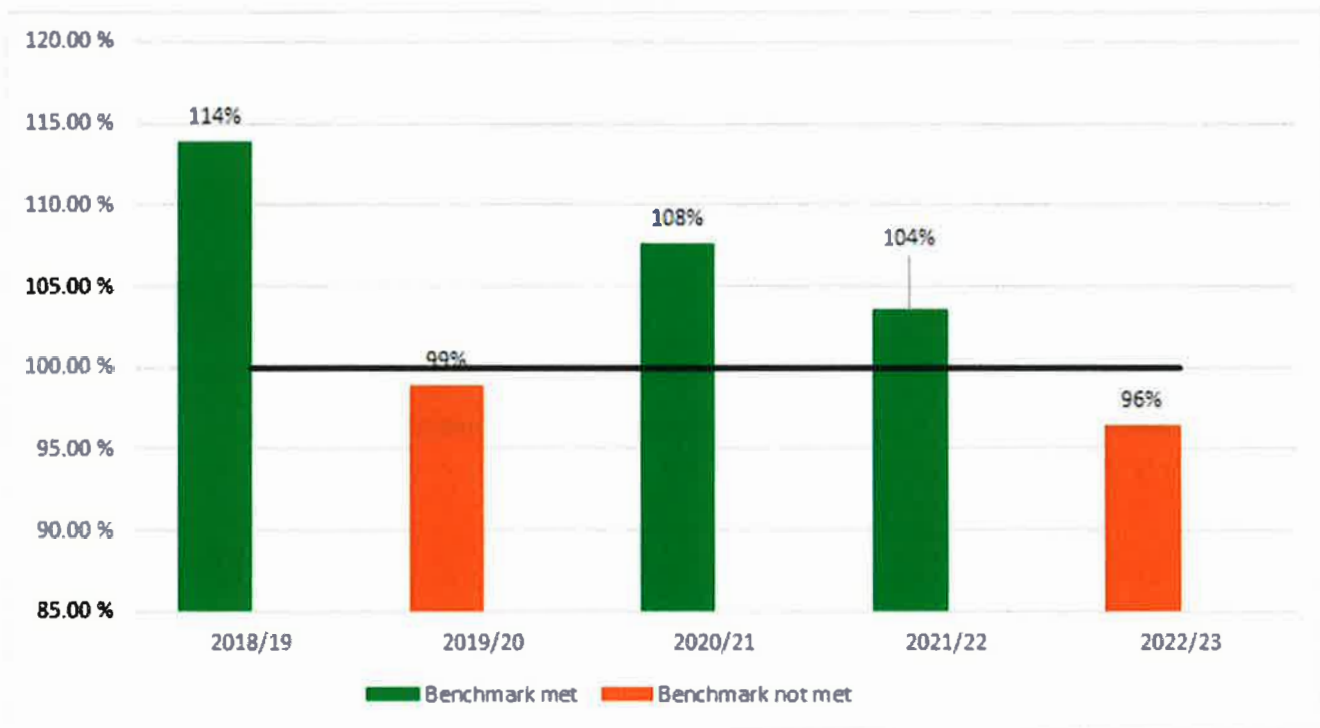
Balanced budget benchmark

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 and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment)

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

The significant decrease from previous years in 2019/20 relates to the decreased capital subsidy received from NZTA for roading works. This relates to the lockdown for Covid-19 happening during the normal time when a large amount of roading capital work is undertaken.

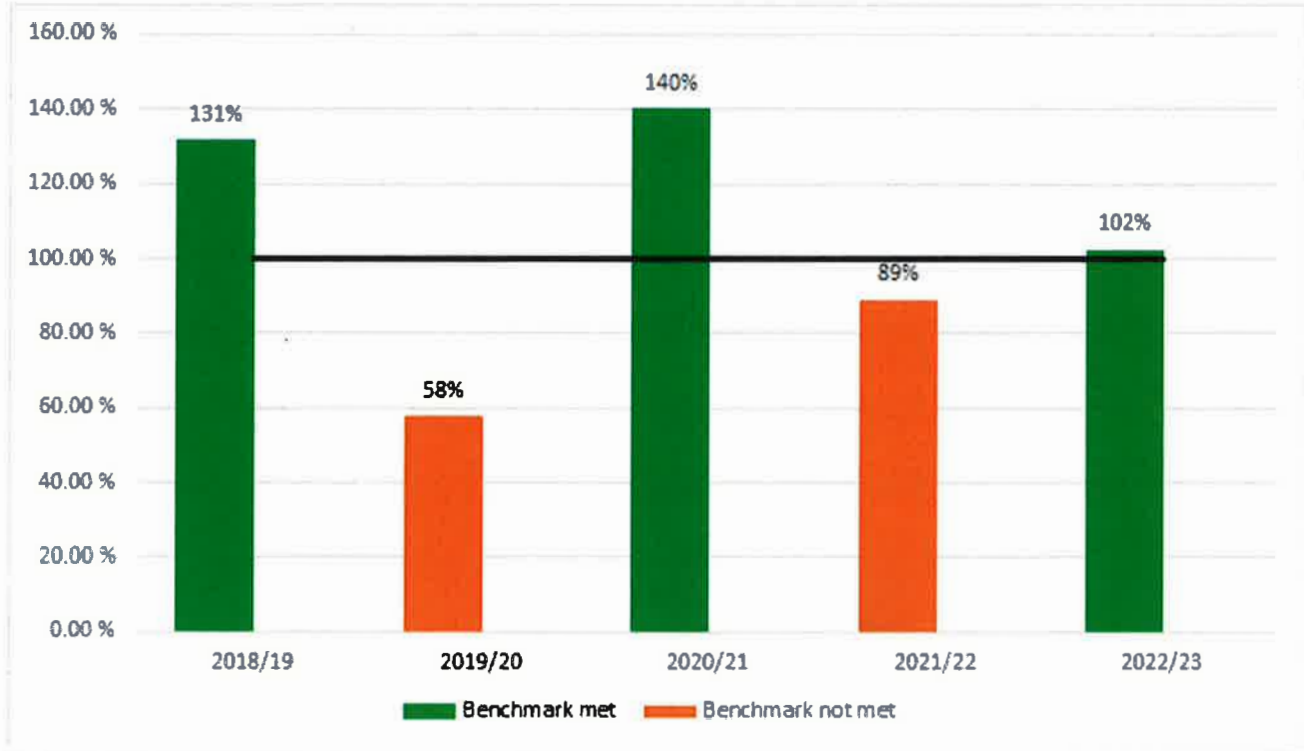
The decrease in the current year relates to increased depreciation due to the revaluation of the 3 waters and roading assets in the 2021/22 year, which impacted on the 2022/23 year after the budget was set for the year.





Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



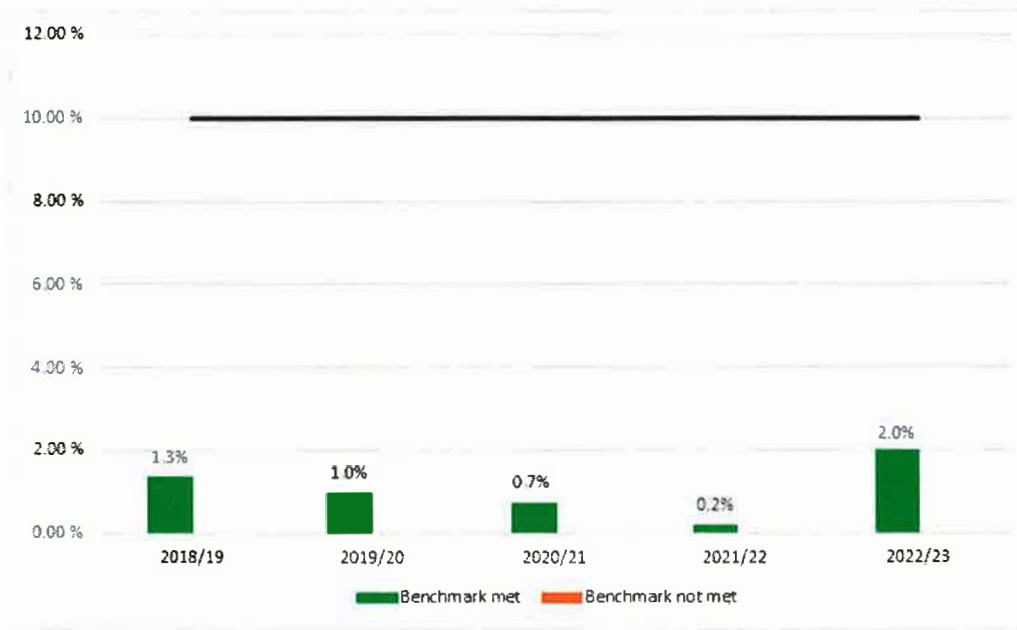
Due to the nature of capital expenditure, these movements relate to the timing of work being completed or carried over as work in progress. On average for the last 5 years the capital expenditure against depreciation for essential services has been 104.1%.



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).

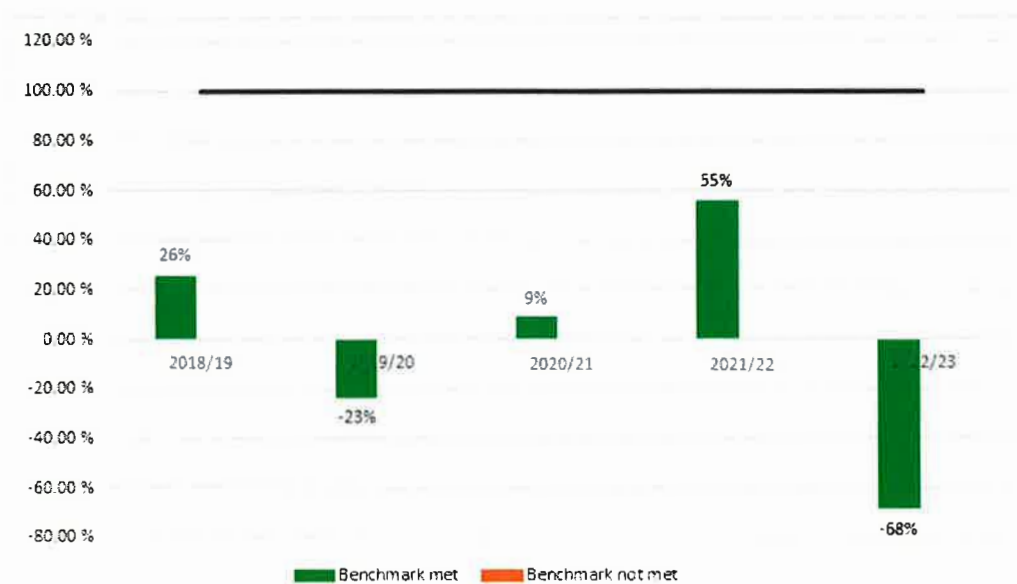
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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** means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

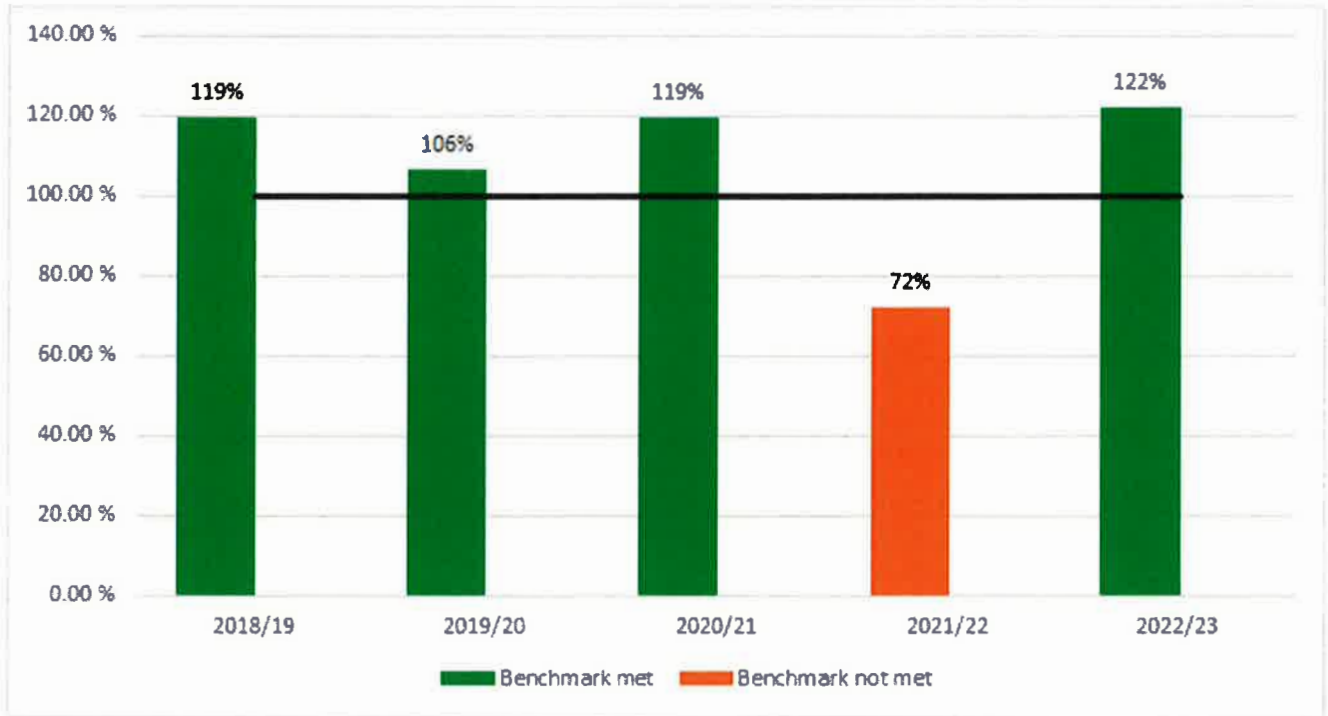




Operations control benchmark

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.



The operations control benchmark was not achieved in the 2021/22 related to reduced income from other receipts. This related to roading work being carried over into the 2022/23 year, and the associated reduction in subsidies received as they are also carried over into the 2022/23 year.



LOCAL GOVERNMENT ACT DISCLOSURES

Rating base information

Under the Local Government Act 2002, the Council is required to disclose the following information:

	2023
Number of rating units	5,464
Total Capital value of rating units	\$6,642,307,400
Total Land value of rating units	\$4,425,732,250

Insurance

	Carrying value 30 June 2023	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
	(000's)	(000's)	(000's)	(000's)
Total Assets covered	62,002	114,703	-	-

Please note for motor vehicles the cover is up to \$200,000 for any one vehicle, and \$10,000,000 for Third Party Liability in any one accident. The covered by insurance contracts figure above includes \$200,000, not the \$10,000,000.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF OTOROHANGA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Otorohanga District Council (the 'District Council'). The Auditor-General has appointed me, Matt Laing using the staff and resources of Deloitte Limited to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 12 to 56:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the funding impact statement on page 65, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan.
- the statement of service provision (referred to as significant activities) on pages 63 to 113:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and

- the statement about capital expenditure for each group of activities on pages 63 to 113, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Annual Plan; and
- the funding impact statement for each group of activities on pages 63 to 113, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 118 to 124, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter - The Government's three waters reform programme

Without modifying our opinion, we draw attention to Note 1 on page 18, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in note 1 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Basis for our opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the "*Responsibilities of the auditor for the audited information*" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.



Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 11, 57 to 62, 114 to 117 and 125 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out an assurance engagement on trustee reporting, which is compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council.



Matt Laing
for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand