

Ōtorohanga District Council

Summary Annual Report for the year ended 30 June 2023

COMMENTS FROM THE MAYOR AND THE 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 Summary 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, Roading 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/Ōpārau 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 Rangiātea 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

Tanya Winter
CHIEF EXECUTIVE

20 November 2023



Summary Financial Statements

ŌTOROHANGA DISTRICT COUNCIL SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2023

Actual 30 June 2022 (000's)		Budget 30 June 2023 (000's)	Actual 30 June 2023 (000's)
	Revenue		
13,842	Rates revenue	14,786	14,687
8,750	Other income	7,838	9,622
22,592	Total income	22,624	24,309
	Expenses		
37	Finance Costs	191	482
21,750	Other Expenditure	21,976	24,492
21,787	Total expenditure	22,167	24,974
805	Surplus/(deficit) for the year	457	(665)
	Other Comprehensive Revenue and Expenses		
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

ŌTOROHANGA DISTRICT COUNCIL SUMMARY BALANCE SHEET AS AT 30 JUNE 2023

Actual 30 June 2022 (000's)		Budget 30 June 2023 (000's)	Actual 30 June 2023 (000's)
	Assets		
11,762	Total current assets	4,221	11,202
390,673	Total non-current assets	341,156	404,020
402,435	Total assets	345,377	415,222
	Liabilities		
9,848	Total current liabilities	4,376	13,050
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	171,696	165,462
227,244	Reserves	166,796	236,222
392,100	Total equity attributable to ODC	338,492	401,684



**ŌTOROHANGA DISTRICT COUNCIL
SUMMARY 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		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

*In accordance with the transitional provisions in PBS 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). Refer page 5 and Note 22 of the full annual report for further details.

**ŌTOROHANGA DISTRICT COUNCIL
SUMMARY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

Actual 30 June 2022 (000's)		Budget 30 June 2023 (000's)	Actual 30 June 2023 (000's)
5,757	Net cash provided by Operating Activities	5,954	7,260
(8,604)	Net cash used in Investing Activities	(6,680)	(12,276)
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)
	Made up as follows:		
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

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

Total other income was \$1,784,000 over budget. This is due to a number of factors, including subsidies being \$2,083,000 over budget due to work being carried over into the 2022/23 year.

Other expenses is \$2,516,000 over budget. This is due to depreciation and amortisation being \$1,333,000 over budget due to a revaluation of infrastructural assets in the prior

year, as well as other expenses being over budget by \$2,086,000. This is due to road maintenance from carried over work, as well as unbudgeted items such as the Mayor's Taskforce for Jobs funding. This is offset by Employee Benefit Expenses being under budget by \$903,000 due to staff vacancies.

Balance Sheet

Total current assets are up on the budgeted figure by \$6,981,000. This is mainly due to an increase in the receivables of \$2,778,000 above budget, as well as loan receivables being \$4,656,000 over budget due to the loan given to NKC Developments.

Non-current assets are up on budget by \$62,864,000 due to the revaluation of roading



and 3 waters assets during the previous year which occurred after the budget was set.

Total current liabilities are \$8,674,000 above budget. This is due to payables under exchange transactions being up on budget by \$1,540,000, as well as short term borrowings of \$6,000,000, where there was a budget of \$2,000,000 for long term borrowings.

Statement of Cash flows

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

Cash flows from investing activities were \$5,596,000 above budget due to 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 to borrowings that were not budgeted during the year.

Basis of Preparation

These summary financial statements and summary statement of service performance (the Summary Report) have been prepared in accordance with PBE FRS-43: Summary Financial Statements. The Summary Report cannot provide as complete an understanding as the full Annual Report which is available at the Council Offices and District Libraries. This Summary report is for the year ended 30 June 2023. All figures are in New Zealand dollars rounded to the nearest \$1,000.

The Summary Report has been extracted from the full Ōtorohanga District Council 2022/23 Annual Report which was authorised for issue on 31 October 2023. The full financial statements received an unmodified audit opinion with an emphasis of matter relating to the Government's three waters reform programme dated 31 October 2023. The summary financial statements are presented in New Zealand dollars. The Summary Report was authorised by the Ōtorohanga District Council on 20 November 2023.

The primary objective of Ōtorohanga District Council is to provide goods or services for the community or social benefit rather than

making a financial return. The Ōtorohanga District Council is an individual entity for reporting purposes.

Ōtorohanga District Council has been determined to be a Tier 2 Public Benefit Entity and therefore has applied reduced disclosure requirements as the Council does not have public accountability and is not large as total expenses are less than \$30 million.

Summary of Other Notes

Reserves

	Actual 2022 (000's)	Actual 2023 (000's)
Restricted reserves	2,887	2,954
Fair value through Other Comprehensive Revenue and Expense Reserve	1	7,217
Asset Revaluation Reserves	222,520	225,553
Total Reserves	225,408	235,724

The movement in restricted reserves related to subdivision financial contributions received with resource consents and interest earned on those restricted reserves.

The movement in the fair value through other Comprehensive Revenue and Expense reserve relates to the introduction of PBE IPSAS 41 and the implications on the carrying value of Councils investments, particularly in regards to the Waikato Regional Airport Limited and the Local Government Funding Agency. In previous year, these were held at cost value based on the original purchase price of the shares owned by council. The movement in the values of the shares results from the change in valuation method to fair value through other comprehensive revenue and expenses.

The movement in the asset revaluation reserves related to revaluations of three waters assets undertaken during the year.



Property, plant and equipment

Current year revaluations

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).

Events after balance sheet date

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

Summary of Significant Activities

Summary of Significant Service Levels and Performance Targets

Activity	Number of Performance Targets	Achieved	Partially Achieved	Not Measured	Not Achieved
Land Transport	5	2	-	-	3
Water Supply	5	2	1	-	2
Wastewater Treatment and Disposal	4	2	1	-	1
Flood Protection	1	1	-	-	-
Stormwater Management	4	3	-	1	-
Waste Management and Minimisation	2	1	-	-	1
Community Facilities and Services	11	10	-	-	1
Regulatory Services	8	5	-	-	3
District Development	4	3	-	-	1
Governance and Support Services	3	3	-	-	-

Land Transport

Land Transport targets achieved included percentage of sealed road network resealed and change in total number of fatalities and serious injuries. Targets not achieved include footpath network condition, average quality of ride on sealed roads and service request responses.

Water Supply

The Water Supply targets achieved were related to average consumption per day per resident and attendance and resolution times for urgent and non-urgent call-outs. Not achieved was for the percentage of water loss from the network and the number of water complaints received. Partially achieved relates to the compliance with Bacterial and Protozoal standards.

Wastewater Treatment and Disposal

The Wastewater Treatment and Disposal target achieved related to compliance with resource consents and complaints per 1,000 connections. The not achieved measure related to dry weather overflows. Median response times for overflows was partially achieved as attendance time was not achieved but resolution time was.

Flood Protection

The Flood Protection target achieved was regarding the maintenance and renewal of the flood protection.

Stormwater Management

The Stormwater Management targets achieved were for number of flooding events in the district, number of complaints received and compliance with resource consents. The not



measured target related to median response time to attend a flooding event, as there were no flooding events to respond to.

Waste Management and Minimisation

The achieved Waste Management target related to satisfaction with kerbside collection services, while the increase in recycling volumes was not achieved.

Community Facilities and Services

Overall across all community activities a total of 11 performance targets exist, of which 10 were achieved. Those achieved included satisfaction surveys related to parks & reserves, libraries and housing for the elderly. There were also other achieved measures related to the number of complaints received about public conveniences and cemeteries, as well as occupancy rates for housing for the elderly, the number of participants in library programmes, maintenance of the Aotea seawall and civil defence community response plans and training effectiveness measurement. The not achieved measures related to swimming pool compliance.

Regulatory Services

There are eight performance measures across Regulatory Services, which covers Building Control, Planning & Development, Environmental Health, and Animal Control. Of these measures, five were achieved and three were not achieved. The not achieved measures related to processing times for resource consents and processing times for building consents and known dogs registered.

Some of the targets achieved for Regulatory Services included complaints about roaming dogs, swimming pool inspections and Council's accreditation, food premise monitoring and noise complaints.

District Development

There are four performance measures for Community Development, of which three were achieved during the year. The achieved measures related to community groups and organisations fulfilling their funding obligations, the scoping of external funding opportunities and the economic development agencies fulfilling their funding obligations. The measure

not achieved related to the measure regarding reviews of bylaws and policies.

Governance and Support Services

Governance and Support Services covers Democracy, Iwi Liaison and Support Services. There are three performance targets across Governance and Support Services, and all of these were achieved during the year.

The achieved measures related to residents satisfaction with Council communication, the rating of Iwi leaders of their relationship with Council and public 'meet the Council' sessions.



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 Summary Financial Statements 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 Summary 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**

20 November 2023

Ōtorohanga District Statistics

Area and Population

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

Communities

	Area	Population
Ōtorohanga	507 ha	3,027
Kawhia	161 ha	384
Rural	196,932 ha	6,693
	197,600 ha	10,104

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 Oct 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
-------------------------	-------------

Date of Constitution of District

1 November 1989

Contact Information

Postal Address: PO Box 11,
Ōtorohanga, 3900

Council Chambers: 17 Maniapoto Street,
Ōtorohanga

Telephone Number: 07 - 873 4000

0800 Number: 0800 734 000

Fax Number: 07 - 873 4300

Email: Info@otodc.govt.nz

INDEPENDENT AUDITOR'S REPORT

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

The summary of the annual report was derived from the annual report of the Otorohanga District Council (the District Council) for the year ended 30 June 2023.

The summary of the annual report comprises the following information on pages 3 to 7:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance (referred to as summary of significant activities).

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 31 October 2023.

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

Without modifying our opinion, we draw attention to Note 1 on page 18 of the full annual report, 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.



Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to 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.

A handwritten signature in black ink, appearing to read "M. Laing", written over a faint circular stamp or watermark.

Matt Laing

for Deloitte Limited

On behalf of the Auditor-General

Hamilton, New Zealand

20 November 2023