



WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

Annual Report

ŌTOROHANGA DISTRICT COUNCIL

2023/2024



Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



Contents

INTRODUCTION	3
COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE	3
ELECTED MEMBERS.....	7
LEADERSHIP TEAM.....	8
DISTRICT BACKGROUND	9
STATISTICS.....	10
FINANCIAL STATEMENTS	11
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES	12
BALANCE SHEET	13
STATEMENT OF CHANGES IN EQUITY	14
STATEMENT OF CASH FLOWS.....	15
NOTES TO THE FINANCIAL STATEMENTS	16
PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY	59
PERFORMANCE DURING 2023/24.....	60
STATEMENT OF COMPLIANCE AND RESPONSIBILITY	61
REPORT ON LONG TERM PLAN AND POLICIES	62
BORROWING AND INVESTMENT POLICY.....	63
OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO COUNCILS’ DECISION-MAKING PROCESSES.....	64
COMBINED COST OF SERVICE STATEMENT	66
LAND TRANSPORT	68
WATER SUPPLY	72
WASTEWATER TREATMENT AND DISPOSAL	77
FLOOD PROTECTION	81
STORMWATER MANAGEMENT.....	84
WASTE MANAGEMENT AND MINIMISATION	88
COMMUNITY FACILITIES AND SERVICES	91
REGULATORY SERVICES	102
DISTRICT DEVELOPMENT	109
GOVERNANCE AND SUPPORT SERVICES	114
SUPPORTING INFORMATION	119
STATEMENT OF FINANCIAL INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS (CCO’s).....	120
ANNUAL REPORT DISCLOSURE STATEMENT	123
LOCAL GOVERNMENT ACT DISCLOSURES	130
AUDIT REPORT.....	131



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 2023/24 year. Council set a bold new direction in the 2021 Long Term Plan (LTP) and it has been very satisfying to see the continued implementation of that work programme. While this Annual Report completes the reporting cycle for the 2021 LTP, many of our projects will continue into the next three years and this has been reflected in the 2024 Long Term Plan which was adopted by Council in June.

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

- After significant community engagement, adopting our 2024 Long Term Plan, which is centred around ‘People, Place and Partnerships’,
- Continuing to build our relationships with iwi/Māori as we move toward upholding partnership under Te Tiriti o Waitangi. More details can be found on page 64
- Enhancing the ways we communicate and engage with our community through a mixture of kanohi ki te kanohi (face to face), and electronic channels
- Adopting the Kāwhia, Aotea & Opārau Concept Plan and the Rural Concept Plan
- Continuing to implement the Ōtorohanga Town Concept Plan, including progressing the Multipurpose Hub, Reserve Management Strategy/Plan, and a Development Plan for Huipūtea Reserve (which is of immense importance to Ngāti Maniapoto)
- Adopting an Economic Wellbeing Strategy
- Contributing to the development of the Ōtorohanga District Housing Plan
- Advancing our journey of continuous improvement by focusing on our systems and processes, and preparing for a CouncilMARK reassessment in late 2024

We have focused on getting key plans and strategies in place and laying a roadmap for future partnerships and projects. While we don’t want to be an organisation that develops a bunch of plans and strategies that then lay on shelves gathering dust, it is important that we work with our community to plan for the future. It is also important that we implement these plans, and this year we have got underway implementing the Ōtorohanga Town Concept Plan which has seen a number of key projects kicked off.

Our ambitious three year capital works program is largely complete with only one significant wastewater project carrying forward into next year.

The election of a new government in October 2023 has seen new reforms replacing the major reforms of the Labour government. As staff and elected members scramble to stay on top of what is coming next, we are grateful that we belong to a sector that collaborates rather than competes. We have two strong national organisations in Local Government NZ and Taituarā, and, as a small Council, we rely heavily on them to keep us updated on the reform programme, leading advocacy on things that matter and making submissions on behalf of the sector. This past year we have increased our representation at sector forums, involving Community Board members as well as Councillors in these national conversations.

An area of central government change that Council took a stronger interest in this past year was the Māori Wards legislation. Council created the Rangiatea Ward in the 2022 election, and this representation has been working really well for us. We made a submission against the changes the government were proposing and a group of us went to Wellington to speak to our submission. In the end the legislation was passed, so we have made the decision to keep the Rangiatea Ward, which means we must hold a binding poll on this matter at the 2025 local body elections.



Growth in general has slowed down over the last 12 months, but we are noticing activity picking up again in both resource consents and building consents with recent interest rate drops. Building activity at Westridge has continued to drip feed steadily for stage 1, with stage 2 titles to be issued soon (followed by building consents for stage 2). Waikeria Prison building consent work has also been steady, and there will be a push in October for final inspections and all building work to be “signed off”, ahead of the formal opening planned for November.

Under the expert eye of independent Chair, Peter Stubbs, our Risk and Assurance Committee has gone from strength to strength. Now with a full annual workplan, this Committee is doing a lot of heavy lifting and making recommendations to Council that really add value to decision-making.

Council’s financial position remains strong despite these challenging economic conditions. As signalled in our 2021 LTP, we have taken on debt to fund some of our large infrastructure projects that will benefit multiple generations. We extended the term of the loan to the Kiwi House so that they may complete their redevelopment project, and we were paid back the loan we made to facilitate the Westridge subdivision. We also achieved or partly achieved 64% of our non-financial performance measures.

We continue to strive to strike the balance between affordability and desirability, and we were very pleased to be able to adopt our 2024 Long Term Plan this year with one of the lowest rates increases in the country. We have a responsibility to ensure that we are building and maintaining infrastructure and delivering services that are required to keep our community functioning and thriving. We also owe it to you – our community – to ensure we are running a “tight ship” internally, so our focus on improving our organisational efficiency is a high priority for us. We have not achieved all of this on our own. We are lucky to live in a community that supports us, gives us constructive feedback, and works alongside us to make the district a fabulous place. In closing we are reminded of the powerful whakataukī (Māori proverb):

“Nāu te rourou, nāku te rourou, ka ora ai te iwi.”

With your food basket (contribution), and my contribution, the people will prosper.

Ngā mihi nui, Max and Tanya

Max Baxter
MAYOR

22 October 2024

Tanya Winter
CHIEF EXECUTIVE

22 October 2024



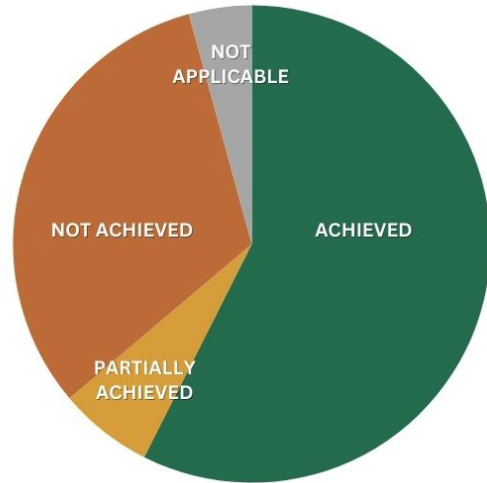


Non-financial performance

Otorohanga 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 15 of our targets, two of which we need your help to achieve



Waste Minimisation
Increase recycling

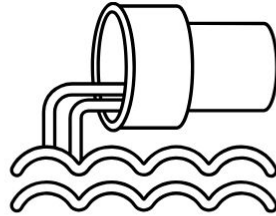


Known Dogs Registered





**The following measure was achieved this year,
after not being achieved last year**



Wastewater
Overflows



**The following customer satisfaction measures were achieved
for the third 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

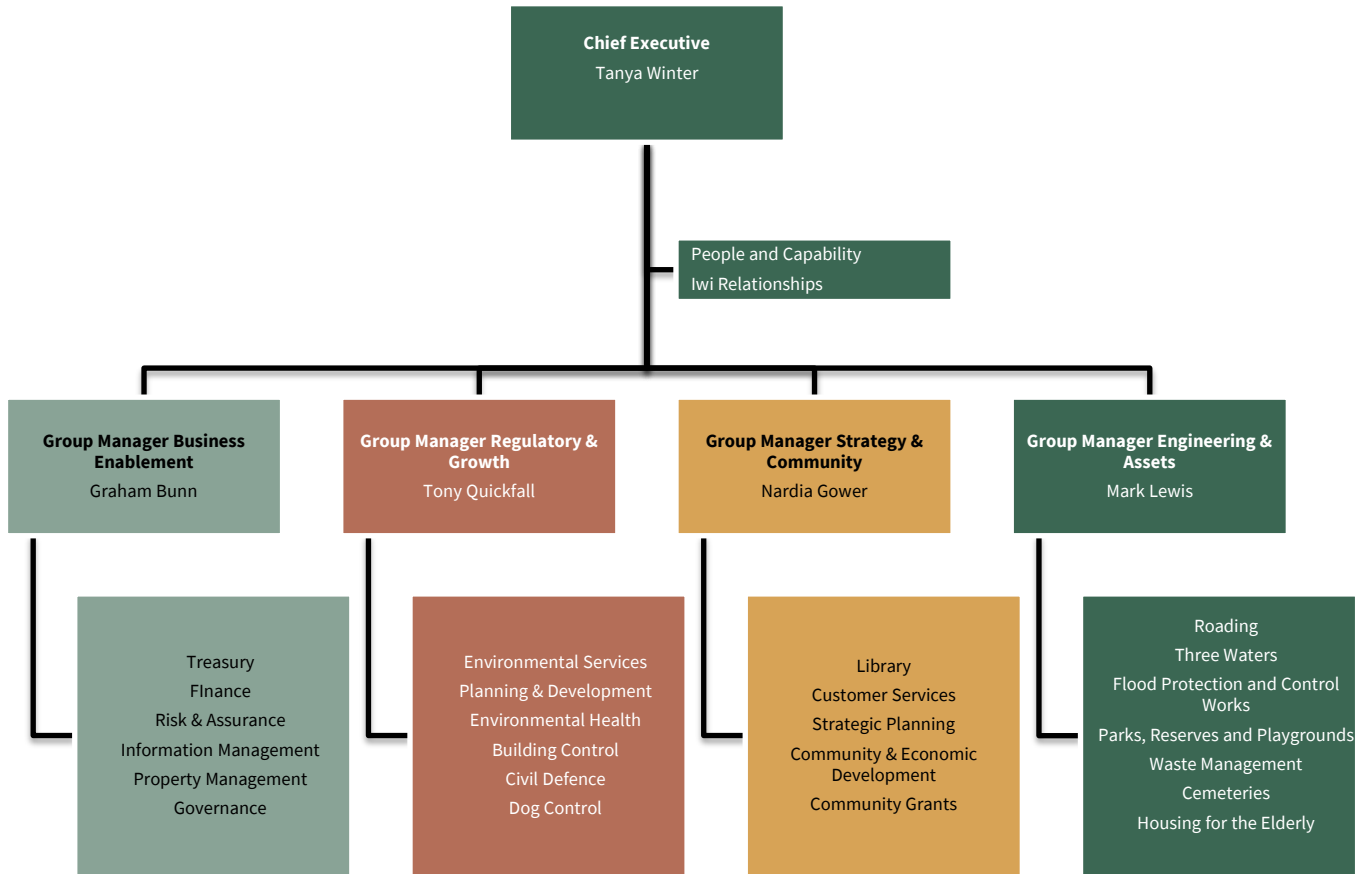
Hinga Whiu

(021) 181 1009





LEADERSHIP TEAM



Postal Address:

Council Chambers:

Telephone Number:

0800 Number:

Email:

Bankers:

Auditors:

Solicitors:

PO Box 11, Ōtorohanga 3900
Maniapoto Street, Ōtorohanga

07 - 873 4000

0800 734 000

Info@otodc.govt.nz

Bank of New Zealand

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

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. It is also home to the Ōtorohanga Kiwi House, with its nationally recognised breeding, education and conservation programmes.

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 (2023 Census figures)	10,410

Communities

	Area	Population
Ōtorohanga	507 ha	3,180
Kāwhia	161 ha	378
Rural	196,932 ha	6,852
	197,600 ha	10,410

Valuation

Rateable Properties (No. of)	5,206
Non Rateable Properties (No. of)	386
Rateable Capital Value	\$6,550,663,450
Date of Last revision of Values	1 October 2022

Rates and Rating 2023/24

Total Rates (Excluding GST)	\$15,792,335
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/24

Public Debt Outstanding	\$9,447,613
-------------------------	-------------

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 2024

Actual 30 June 2023 (000's)	Note	Budget 30 June 2024 (000's)	Actual 30 June 2024 (000's)
Revenue			
13,003	2	13,798	13,867
37		10	243
1,684	2	1,994	1,847
7,627	2	5,830	8,248
426	2	15	381
1,745	2	2,185	8,710
(213)		-	15
24,309		23,832	33,311
Expenses			
5,123	3	6,452	5,825
6,982	11	6,852	7,380
12,387	4	11,851	14,226
482		190	807
24,974		25,345	28,238
(665)		(1,513)	5,073
Other Comprehensive Revenue and Expenses			
<i>Items that will not be reclassified to surplus/(deficit)</i>			
3,033		56,167	4,414
731		-	(124)
3,764		56,167	4,290
3,099		54,654	9,363
Total Comprehensive Revenue and Expenses for the year			
Total comprehensive revenue and expense attributable to:			
3,099		54,654	9,363
3,099		54,654	9,363

The accompanying notes on pages 16-58 form part of these financial statements.





ŌTOROHANGA DISTRICT COUNCIL
BALANCE SHEET
AS AT 30 JUNE 2024

Actual 30 June 2023 (000's)	Note	Budget 30 June 2024 (000's)	Actual 30 June 2024 (000's)
Assets			
Current assets			
2,207	Cash and cash equivalents 5	4,529	2,272
4,625	Receivables from non-exchange transactions 6	2,231	4,829
334	Receivables from exchange transactions 6	-	97
4,000	Loan Receivable 7	-	-
-	Prepayments	-	171
36	Inventory	30	31
11,202	Total current assets	6,790	7,400
Non-current assets			
7,799	Investments 8	631	7,675
394,510	Property, plant and equipment 9	388,938	411,335
1,706	Loan Receivable 7	2,000	1,467
5	Intangible assets 10	55	109
404,020	Total non-current assets	391,624	420,586
415,222	Total assets	398,414	427,986
Liabilities			
Current Liabilities			
4,328	Payables under exchange transactions 12	2,653	4,958
1	Provisions 13	1	1
517	Employee benefit liabilities 14	390	585
527	Development and financial contributions in advance 16	541	567
1,677	Income in Advance 15	720	1,126
6,000	Borrowings 17	-	9,000
13,050	Total current liabilities	4,305	16,237
Non-current liabilities			
13	Provisions 13	16	12
27	Employee benefit liabilities 14	45	34
448	Borrowings 17	448	448
488	Total non-current liabilities	509	494
13,358	Total liabilities	4,814	16,731
401,684	Net Assets	393,600	411,255
Equity			
165,462	Accumulated Comprehensive Revenue and Expenses 18	165,294	173,527
498	Council Controlled Reserves 18	184	(2,429)
2,954	Reserve Funds 18	2,972	3,104
232,770	Revaluation Reserves 18	225,150	237,053
401,684	Total equity	393,600	411,255

The accompanying notes on pages 16-58 form part of these financial statements.





ŌTOROHANGA DISTRICT COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

Actual 30 June 2023	Note	Budget 30 June 2024	Actual 30 June 2024
(000's)		(000's)	(000's)
392,100	Balance at 1 July	338,946	401,684
6,485	Adjustments on adoption of PBE IPSAS 41	-	-
398,585	Adjusted balance at 1 July	338,946	401,684
3,099	Total comprehensive revenue and expense for the year	54,654	9,363
401,684	Balance at 30 June	393,600	411,047
	<i>Total comprehensive revenue and expense attributable to:</i>		
3,099	Ōtorohanga District Council	54,654	9,363
3,099	Total comprehensive revenue and expense	54,654	9,363

* 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 16-58 form part of these financial statements.



ŌTOROHANGA DISTRICT COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

Actual 30 June 2023 (000's)	Notes	Budget 30 June 2024 (000's)	Actual 30 June 2024 (000's)
	Cash flows from operating activities		
14,665	Receipts from rates revenue	17,593	15,224
8,799	Receipts from other revenue	9,730	9,903
426	Interest received	14	380
21	Dividends received	4	23
(16,169)	Payments to suppliers and employees	(17,275)	(19,300)
(482)	Interest paid	(50)	(807)
7,260	Net cash provided by Operating Activities	10,016	5,423
	Cash flows from investing activities		
89	Proceeds from Sale of Property, Plant and Equipment	90	78
(9,627)	Purchase of property, plant and equipment	(6,992)	(12,552)
(2,735)	Purchase of investments	50	4,238
(3)	Purchase of intangible assets	(20)	(122)
(12,276)	Net cash (used in) Investing Activities	(6,872)	(8,358)
	Cash flows from financing activities		
2,000	Proceeds from borrowings	-	3,000
-	Repayment of borrowings	-	-
2,000	Net cash provided by/(used in) Financing Activities	-	3,000
(3,016)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	3,144	65
5,223	Cash, cash equivalents and bank overdrafts at the beginning of the year	1,385	2,207
2,207	Cash and cash equivalents at the end of the year.	4,529	2,272

The accompanying notes on pages 16-58 form part of these financial statements.



**ŌTOROHANGA DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024**

1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	17
2.	REVENUE.....	20
3.	PERSONNEL COSTS.....	25
4.	OTHER EXPENSES.....	27
5.	CASH AND CASH EQUIVALENTS.....	29
6.	RECEIVABLES.....	29
7.	LOAN RECEIVABLE.....	31
8.	INVESTMENTS.....	33
9.	PROPERTY, PLANT AND EQUIPMENT.....	35
10.	INTANGIBLE ASSETS - COMPUTER SOFTWARE.....	43
11.	DEPRECIATION AND AMORTISATION.....	44
12.	PAYABLES UNDER EXCHANGE TRANSACTIONS.....	45
13.	PROVISIONS.....	46
14.	EMPLOYEE BENEFIT LIABILITIES.....	48
15.	INCOME IN ADVANCE.....	49
16.	DEVELOPMENT AND FINANCIAL CONTRIBUTIONS IN ADVANCE.....	49
17.	BORROWINGS.....	50
18.	EQUITY.....	51
19.	CONTINGENCIES.....	54
20.	RELATED PARTY TRANSACTIONS.....	55
21.	EVENTS AFTER BALANCE SHEET DATE.....	55
22.	FINANCIAL INSTRUMENTS.....	56
23.	EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET.....	57



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

1. Summary of significant accounting policies.

Reporting Entity

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

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

The financial statements of ŌDC are for the year ended 30 June 2024. The financial statements were authorised for issue by Council on 22 October 2024.

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 ŌDC 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 ŌDC 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:

Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

- 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 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 2024 in accordance with the accounting policies set out on pages 16 to 56. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to any 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 ŌDC for the preparation of the financial statements.

Cost Allocation

The cost of service for each significant activity of ŌDC 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.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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 2024 - 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 2024 - 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 2024 - continued****Breakdown of rates and further information**

	Actual 2023	Actual 2024
	(000's)	(000's)
General Rates	6,891	7,465
Targeted rates attributable to activities		
Water	299	320
Sewerage	708	774
Refuse	291	339
Land Transport	4,547	4,624
Security	74	94
Erosion Protection	39	43
Halls	27	30
Rates penalties	127	178
Total revenue from rates	13,003	13,867
Metered Water Charges	1,684	1,847
Total Water by Volume Rates	1,684	1,847

Breakdown of Subsidies and Grants

	Actual 2023	Actual 2024
	(000's)	(000's)
Subsidies		
NZTA government grants	5,881	6,771
Other Subsidies	1,746	1,477
Total Subsidies	7,627	8,248

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 2024 - continued

Breakdown of Other Income

	Actual 2023	Actual 2024
	(000's)	(000's)
Other Income		
User charges	693	820
Regulatory revenue	807	704
Petrol tax	90	89
Vested assets revenue	134	7,075
Dividend income	21	22
Total other income	1,745	8,710

Breakdown of Interest Income

	Actual 2023	Actual 2024
	(000's)	(000's)
Interest Income		
Interest income for financial assets not at fair value through profit and loss		
- cash and cash equivalents	138	165
- Loan receivable interest earned	-	152
- Loan receivable accruals	288	64
	426	381



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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 2024/25 financial year is \$32,306,879 (2023: \$23,591,444).

Total revenue from exchange transactions includes the revenue from interest, rental, royalties and other revenue. Total exchange revenue for the 2024/25 financial year is \$989,186 (2023: \$930,474).

	Actual 2023	Actual 2024
	(000's)	(000's)
Non-exchange revenue	23,591	32,307
Exchange revenue	931	989
Total Revenue	24,522	33,296
Total revenue per statement of comprehensive revenue and expenses	24,309	33,311
Add back: Other gains/(losses) on asset disposal	213	(15)
Classified revenue per statement of comprehensive revenue and expenses	24,522	33,296

Operating leases as lessor

ŌDC 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 2023	Actual 2024
	(000's)	(000's)
Non-cancellable operating leases as lessor		
Not later than one year	21	13
Later than one year and not later than five years	50	49
Later than five years	229	217
Total non-cancellable operating leases	300	279

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2024 - continued****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 2023 (000's)	Actual 2024 (000's)
Salaries and wages	4,961	5,611
Employer contributions to defined contribution plans	119	139
Increase/(decrease) in employee benefit liabilities	43	75
Total employee benefit expenses	5,123	5,825

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 ŌDC related to the defined contribution plans.

Key management personnel compensation

	Actual 2023 (000's)	Actual 2024 (000's)
Councillors		
Full -time equivalent members	10	10
Remuneration	351	409
Senior Management Team, including Chief Executive		
Full—time equivalent members	5	5
Remuneration	891	975
Total full-time equivalent personnel	15	15
Total key management personnel remuneration	1,242	1,384

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



**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2024 - continued****Chief Executive**

The Chief Executive received the following remuneration:

	Cost during the financial year	
	Actual 2023	Actual 2024
	(000's)	(000's)
Salary	258	270
Motor Vehicle	8	10
Fringe Benefit Tax	6	10
Total Chief Executive's remuneration	272	290

Elected representatives

	Total remuneration	
	Actual 2023	Actual 2024
	(000's)	(000's)
Max Baxter, Mayor	102	107
Roy Johnson	30	28
Robyn Klos – until 13 October 2022	8	-
Annette Williams	33	40
Katrina Christison	31	33
Christopher Jeffries	33	40
Bryan Ferguson – until 13 October 2022	7	-
Rodney Dow	28	29
Cathy Prendergast – from 14 October 2022	20	40
Steve Hughes – from 14 October 2022	21	34
Jaimee Tamaki – from 14 October 2022	19	29
Roy Willison – from 14 October 2022	19	29





Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

Council Employees

	Actual 2023	Actual 2024
Total remuneration by band for employees as at 30 June		
< \$60,000	30	26
\$60,000 – \$79,999	11	12
\$80,000 – \$99,999	9	9
\$100,000 – \$139,999	6	15
\$140,000 – \$279,999	6	6
Total Employees	62	68

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 51 (2023: 44) full-time employees, with the balance of 17 part time employees representing 6.9 (2023: 7.1) 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 2024 ŌDC made a severance payment of \$24,111 to one employee (2023: \$nil).

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 ŌDC 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 ŌDC’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.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

	Actual 2023	Actual 2024
	(000's)	(000's)
Fees for financial statement audit - current year	202	228
Fees for financial statement audit – 2022 scope variation	26	0
Fees for long term plan audit	-	105
Fees for other assurance services	8	8
Minimum lease payments under operating leases	13	24
Activity operation	1,680	1,762
Asset maintenance	643	778
Road maintenance	4,863	4,555
Grants and Subsidies	526	492
Insurance	189	234
Youth Initiatives	491	508
Regional Initiatives	187	148
Other expenses	3,559	5,384
Total other expenses	12,387	14,226

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

Operating leases as lessee

ŌDC 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. ŌDC 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 2023	Actual 2024
	(000's)	(000's)
Non-cancellable operating leases as lessee		
Not later than one year	28	27
Later than one year and not later than five years	95	65
Later than five years	-	-
Total non-cancellable operating leases	123	92



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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 2023 (000's)	Actual 2024 (000's)
Cash and cash equivalents	2,207	2,272
Total cash and cash equivalents	2,207	2,272

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 \$443,906 (2023: \$341,222)

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

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.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

	Actual 2023	Actual 2024
	(000's)	(000's)
Rates receivables	869	993
Other receivables	778	1,277
Sundry debtors	3,503	2,777
	5,150	5,047
Less provision for impairment of receivables	(191)	(121)
	4,959	4,926
Represented by:		
Receivables from non-exchange transactions	4,625	4,829
Receivables from exchange transactions	334	97
	4,959	4,926

Rates are struck on the 1st of July each year, and are charged in two instalments. In the year ended 30 June 2024 these instalments were due on 25th August 2023 and 23rd February 2024. A charge of 10% is added to all rates levied and due for the 2023/24 year that remains unpaid after 25th August 2023 and 23rd February 2024. A further 10% charge is added to all rates that have been levied in any financial year previous to 1st July 2023 which remained unpaid as at that 1st July 2023.

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.

Impairment

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

	Actual 2023	Actual 2024
	(000's)	(000's)
Balance at beginning of the year	(416)	(191)
Amounts remitted	-	-
(Increase)/decrease in provision	225	70
Balance at end of the year	(191)	(121)

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.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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 2023	Actual 2024
	(000's)	(000's)
Current portion		
Loan receivable	4,000	-
Total current portion	4,000	-
Non-current portion		
Balance at end of the year	1,706	1,468
Total non-current portion	1,706	1,468

The face value of loans receivable is \$2M (2023: \$6M). The terms of these loans is 20 years (2023: 18 months to 10 years), and the interest rates range from 2.95%-5.4% (2023: 2.95%-7.0%). One of the loans has an interest free period of 6 years (2023: 4 years interest free).

Council was a joint lender to a third party. The Council's portion of the loan was \$4M which was 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 was in place with the joint lender. Interest was charged on the loan at 7% per annum. This loan was repaid in full during February and March 2024.

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% (2023: 5.3% to 5.4%).

Movements in the carrying value of loans are as follows:





Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

	Actual 2023	Actual 2024
	(000's)	(000's)
At 1 July		
- Current portion	1,886	4,000
- Non-Current portion	985	1,706
Total at 1 July	2,871	5,706
Amount of new loans granted during the year	3,129	-
Fair value adjustment on initial recognition	(308)	(301)
Loans repaid during the year (principal and interest)	-	(4,000)
Unwind of discount and interest charged	14	63
At 30 June		
- Current portion	4,000	-
- Non-Current portion	1,706	1,468
Total at 30 June	5,706	1,468



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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.

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).



**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2024 - continued**

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.

	Actual 2023	Actual 2024
	(000's)	(000's)
Investment in other entities		
Unlisted shares – Waikato Regional Airport Ltd	7,311	7,150
Unlisted shares – Ballance Agri-nutrients	11	18
Unlisted shares – Local Government Funding Agency	469	502
Unlisted shares – Civic Financial Services	8	5
Total equity investments	7,799	7,675

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%





Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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.

Restricted assets – Restricted assets are mainly parks and reserves and related buildings owned by ŌDC 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 ŌDC. 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

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2024 - continued**

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 ŌDC 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 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	5-27	3.7-20%
- Structure	5-73	1.4-20%
- Roof	5-58	1.7-20%
- Plant	5-23	4.3-20%
- Services	5-43	2.3-20%
- 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%

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2024 - continued**

<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%

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 ŌDC 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





Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then ŌDC could be over or under estimating the annual depreciation charge recognised as an expense in the profit or loss. To minimise this risk ŌDC'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 ŌDC's asset management planning activities, which gives ŌDC 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.

Critical judgements in applying ŌDC's accounting policies

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

1. Classification of property

ŌDC 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 ŌDC'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, ŌDC 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 ŌDC 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 Roothing 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 2024 - continued

2024

	Cost /revaluation 1 July 2023	Accumulated depreciation	Carrying amount	Additions	Disposals (cost)	Disposals (accumulated depreciation)	Transfers out of Fixed Assets	Revaluation Movement	Depreciation	Cost /revaluation 30 June 2024	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	11,052	-	11,052	5	-	-	-	386	-	11,443	-	11,443
Buildings	9,121	885	8,236	73	-	-	-	2,710	483	10,536	-	10,536
Plant & Machinery/ Motor Vehicles	1,946	894	1,052	306	144	109	-	-	228	2,108	1,013	1,095
Furniture & Equipment/ Library Books	1,428	684	744	195	-	-	(207)	-	244	1,995	1,093	902
Heritage Assets	257	-	257	-	-	-	-	-	-	257	-	257
Total operational assets	23,804	2,463	21,341	579	144	109	(207)	3,096	955	26,339	2,106	24,233
Council infrastructural assets												
Sewerage system	10,036	-	10,036	2,146	17	2	-	-	358	12,165	356	11,809
Water system	10,263	-	10,263	2,189	-	-	-	-	443	12,452	443	12,009
Rural water supply	13,585	-	13,585	2,224	11	1	-	-	391	15,798	390	15,408
Drainage network	11,560	-	11,560	4,075	-	-	-	-	273	15,635	273	15,362
Stopbanks	3,617	-	3,617	-	-	-	-	-	-	3,617	-	3,617
Roading, Bridges & Culverts	310,060	4,552	305,508	7,310	184	189	-	-	4,728	317,186	9,091	308,095
Work In Progress	1,933	-	1,933	2,849	1,933	-	-	-	-	2,849	-	2,849
Total infrastructural assets	361,054	4,552	356,502	20,793	2,145	192	-	-	6,193	379,702	10,553	366,300
Council restricted assets												
Land	10,210	-	10,210	20	-	-	-	(975)	-	9,255	-	9,255
Buildings	6,736	468	6,268	301	-	-	-	2,293	216	8,645	-	8,645
Work In Progress	189	-	189	57	189	-	-	-	-	57	-	57
Total restricted assets	17,135	468	16,667	378	189	-	-	1,318	216	17,957	-	17,957
Total ŌDC property, plant and equipment	401,993	7,483	394,510	21,750	2,478	301	(207)	4,414	7,449	423,998	12,659	408,490

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



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2024 - continued

2023

	Cost /revaluation 1 July 2022	Accumulated depreciation	Carrying amount	Cost /revaluation 30 June 2023	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Council Operational assets						
Land	11,046	-	11,046	11,052	-	11,052
Buildings	6,572	408	6,164	9,121	885	8,236
Plant & Machinery/ Motor Vehicles	1,844	847	997	1,946	894	1,052
Furniture & Equipment/ Library	1,967	1,226	741	1,428	684	744
Books						
Heritage Assets	256	-	256	257	-	257
Total operational assets	21,685	2,481	19,204	23,804	2,463	21,341
Council infrastructural assets						
Sewerage system	9,549	-	9,549	10,036	-	10,036
Water system	9,520	-	9,520	10,263	-	10,263
Rural water supply	11,026	-	11,026	13,585	-	13,585
Drainage network	10,733	-	10,733	11,560	-	11,560
Stopbanks	3,617	-	3,617	3,617	-	3,617
Roading, Bridges and Culverts	306,993	-	306,993	310,060	4,552	305,508
Work In Progress	1,514	-	1,514	1,933	-	1,933
Total infrastructural assets	352,952	-	352,952	361,054	4,552	356,502
Council restricted assets						
Land	10,193	-	10,193	10,210	-	10,210
Buildings	6,700	241	6,459	6,736	468	6,268
Work In Progress	187	-	187	189	-	189
Total restricted assets	17,080	241	16,839	17,135	468	16,667
Total ŌDC property, plant and equipment	391,717	2,722	388,995	401,993	7,483	394,510

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



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

An independent valuation of the entity's buildings was performed in 30 June 2024 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 2024 in which the total fair value of buildings valued by Quotable Value was \$19,181,600.

An independent valuation of the entity's land was performed in 30 June 2024 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 2024 in which the total fair value of land valued by Quotable Value was \$20,698,100.

In June 2023, 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.

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 2024 is \$4,045,100 (2023: \$2,899,220).



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

	Closing book value	Additions		Estimated replacement cost	Date of Estimate
		Constructed by Council	Assets transferred to Council		
2024	(000's)	(000's)	(000's)	(000's)	
Infrastructural Assets					
Water treatment plants & facilities	3,433	394	-	8,163	30 June 2023
Other water assets	23,984	3,125	894	32,467	30 June 2023
Wastewater treatment plants & facilities	2,338	41	-	4,321	30 June 2023
Other wastewater assets	9,471	957	1,148	16,809	30 June 2023
Stormwater drainage	11,311	310	3,765	16,651	30 June 2023
Flood protection and control works	4,051	-	-	5,615	30 June 2023
Roads & footpaths	308,095	6,042	1,268	408,271	30 June 2022
Total infrastructural assets - 2024	362,683	10,869	7,075	492,297	
2023					
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	

Capital commitments

	Actual 2023	Actual 2024
	(000's)	(000's)
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	4,309	1,643



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

Other Expenditure Commitments		
Maintenance Contracts	5,616	4,529

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%
---------------------------------	---------	-------

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.



**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2024 - continued**

	Actual 2023	Actual 2024
	(000's)	(000's)
Balance as at 1 July		
Cost	482	482
Accumulated amortisation	(472)	(477)
Opening carrying amount	10	5
Year ended 30 June		
Additions	-	122
Disposals – cost	-	(84)
Disposals – accumulated amortisation	-	84
Amortisation charge	(5)	(18)
Movement	(5)	104
Balance at 30 June		
Cost	482	520
Accumulated amortisation	(477)	(411)
Closing carrying amount	5	109

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

ŌDC 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 2023	Actual 2024
	(000's)	(000's)
Depreciation	6,977	7,362
Amortisation	5	18
Total depreciation and amortisation	6,982	7,380





Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

Depreciation by group of activity

	Actual 2023	Actual 2024
	(000's)	(000's)
Roads and Footpaths	4,710	4,728
Water Supply	715	853
Sewerage Treatment & Disposal	283	374
Flood Protection & Control Works	33	39
Stormwater Drainage	179	235
Waste Management	8	8
Community Services	548	537
Regulatory Services	6	2
Governance & Leadership	500	604
	6,982	7,380

12. Payables under exchange transactions

Accounting Policy

Payables under exchange transactions

Payables under exchange transactions are recognised when ŌDC 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.

	Actual 2023	Actual 2024
	(000's)	(000's)
Trade payables	3,032	3,887
Deposits and bonds	465	784
Accrued expenses	831	287
Total payables under exchange transactions	4,328	4,958

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.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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

ŌDC, 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 2024 - continued

Provisions

	Actual 2023	Actual 2024
	(000's)	(000's)
Opening Balance	15	14
Maintenance and Monitoring Costs	(1)	(1)
Closing balance	14	13
Represented by:		
Current portion	1	1
Non-current provisions	13	12
	14	13

Landfill aftercare provision

ODC gained resource consents to operate its Otorohanga 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 Otorohanga 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% (2023: 7.00%).





Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

14. Employee benefit liabilities

Accounting Policy

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settle 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 2023	Actual 2024
	(000's)	(000's)
Accrued pay	214	233
Annual leave	303	352
Long service leave	22	24
Sick leave	5	10
Total employee benefit liabilities	544	619
Comprising:		
Current	517	585
Non-current	27	34
Total employee benefit liabilities	544	619



**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2024 - continued****15. Income in advance**

	Actual 2023	Actual 2024
	(000's)	(000's)
Rates	614	624
Metered Water Charges	55	47
Debtors	230	195
Government Subsidies	697	188
Dog Registrations	70	60
Trade Waste	6	7
Health Licences	5	5
Total income in advance	1,677	1,126

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 2023	Actual 2024
	(000's)	(000's)
Roading Safety Improvements	511	368
Thomson/Harper Water Main	1	1
Ōtorohanga Stormwater Capacity Upgrade	7	47
Ōtorohanga Community Water Treatment	8	9
Ōtorohanga Community Wastewater	-	84
Ōtorohanga Community Reservoir	-	58
Total development and financial contributions in advance	527	567





Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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.

	Actual 2023 (000's)	Actual 2024 (000's)
Current		
Secured loans	6,000	9,000
Total current borrowings	6,000	9,000
Non-current		
Concessionary loan	448	448
Total non-current borrowings	448	448

Fixed-rate debt

ŌDC's secured debt of \$9,000,000 (2023: \$6,000,000) is issued at a fixed rate of 5.80% (2023: 3.28% to 5.88%). The effective net interest rate charged after discount is 5.80% (2023: 3.28% to 5.88%).

Total borrowing from the Local Government Funding Agency (LGFA) as at 30 June 2024 is \$9,000,000 (2023: \$6,000,000).

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2023: \$200,000). There are no restrictions on the use of this facility.

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

Refinancing

ŌDC 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% (2023: 0%). This loan is a suspensory loan with a 20 year term. Should ŌDC 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 2024 - 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 ŌDC and which may not be revised by ŌDC 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.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

	Actual 2023	Actual 2024
	(000's)	(000's)
Accumulated Funds		
Balance at 1 July	166,692	165,960
Transfers to restricted reserves	(67)	(150)
Transfers from property revaluation reserves on disposal	-	7
Transfers to fixed assets	-	208
Transfers from restricted reserves	-	-
Surplus/(deficit) for the year	(665)	5,073
Total Accumulated Funds at 30 June	165,960	171,098
<i>Represented by:</i>		
Accumulated Comprehensive Revenue and Expenses	165,462	173,319
Council Controlled Reserves	498	(2,429)
	165,960	171,098
Restricted Reserves		
Balance at 1 July	2,887	2,954
Transfers to accumulated funds	-	-
Transfers from accumulated funds	67	150
Total Restricted Reserves at 30 June	2,954	3,104
Asset Revaluation Reserves		
Balance at 1 July	222,521	232,770
Adjustments on adoption of PBE IPSAS 41	6,485	-
Net revaluation gains	3,764	4,290
Transfer to accumulated funds on disposal of property	-	(7)
Balance 30 June	232,770	237,053
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	8,506	8,892
Buildings	3,471	6,181
<i>Infrastructural assets</i>		
Sewerage system	6,815	6,815
Water system	5,310	5,309
Drainage network	9,220	9,220
Rural Water Supply	9,963	9,961
Roading network	167,581	167,580
Floodbank	2,443	2,443
<i>Restricted assets</i>		
Land	6,582	5,606
Buildings	5,662	7,954
Total Asset Revaluation Reserves	225,553	229,961
Fair Value Through Other Comprehensive Revenue and Expense Reserve		
Balance at 1 July	1	7,217
Adjustment on adoption of PBE IPSAS 41	6,485	-
Net change in fair value	731	(125)
Balance at 30 June	7,217	7,092
Total Asset Revaluation Reserves at 30 June	232,770	237,053

Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - 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
	(000's)	(000's)	(000's)	(000's)
2024				
Roads and Footpaths	(389)	15,272	(17,289)	(2,406)
Water Supply	(1,962)	5,995	(4,572)	(539)
Sewerage	(569)	2,054	(2,144)	(659)
Flood Protection	34	122	(178)	(22)
Waste Management	247	590	(666)	171
Regulatory Services	(32)	228	(253)	(57)
Community Facilities & Services	36	454	(418)	72
Governance and Leadership	538	318	(912)	(56)
District Development	16	127	(109)	34
General Funds	2,579	7,681	(9,227)	1,033
Total Council Controlled Reserves - 2023	498	32,841	(35,768)	(2,429)
2023				
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 - 2022	1,836	32,886	(34,224)	498

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 2024 - continued

19. Contingencies

Contingent Liabilities

	Actual 2023 (000's)	Actual 2024 (000's)
Guarantees	70	70
Uncalled Capital – Local Government Funding Agency	100	100
Uncalled Capital – Waikato Local Authority Shared Services	6	6
	176	176

Guarantees

The value of guarantees disclosed as contingent liabilities reflects ŌDC'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 2024, the Council is one of 31 local authority shareholders and 69 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 2024, NZLGFA had borrowings totalling \$20,549m (2023: \$17,684m).

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.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

Uncalled Capital

The uncalled share capital for Waikato Local Authority Shared Services amounts to \$5,717 as at 30 June 2024 (2023: \$5,717). At present ŌDC is not aware of any plan to call the capital soon.

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 (2023: \$nil).

21. Events after balance sheet date

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



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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 2023 (000's)	Actual 2024 (000's)
FINANCIAL ASSETS		
<i>Amortised cost</i>		
Cash and cash equivalents	2,207	2,272
Receivables from non-exchange transactions	4,625	4,829
Receivables from exchange transactions	334	97
Borrower Notes	-	-
Loan receivable	5,706	1,467
<i>Total amortised cost</i>	12,872	8,665
<i>Fair value through other comprehensive revenue (FVTOCRE)</i>		
Listed shares	-	-
Unlisted shares	7,794	7,675
<i>Total FVTOCRE</i>	7,794	7,675
FINANCIAL LIABILITIES		
<i>Financial liabilities at amortised cost</i>		
Payables under exchange transactions	4,328	4,958
Borrowings		
- secured loans	6,448	9,448
<i>Total financial liabilities at amortised cost</i>	10,776	14,406

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. ŌDC is risk averse and seeks to minimise exposure from its treasury activities. ŌDC 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.

Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

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.

23. Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2023/24 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expenses

Subsidies were \$2,418,000 over budget. This is due to the carry over of from previous year that was completed in the 2023/24 financial year. This particularly relate to roading projects, as this was the final year of the three year National Land transport Programme (NLTP) and the last year for using the associated subsidy.

Other income is over budget by \$6,525,000. This is due to vested assets of \$7,075,000 recorded during the year from the large subdivision at Westridge in Ōtorohanga.

Other expenses is above budget by \$2,375,000. This is related to road maintenance carried over from the previous year, as well as increases in other expenses due to contract increases.

Employee benefit expenses was down on budget by \$627,000. This related to 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 \$528,000 above budget. This reflects both additional depreciation for new assets acquired in the 2022/23 financial year after the budgets were finalised and 2023/24 financial year additions. There was also additional depreciation due to the revaluation of the 3 waters assets in 2022/23, which was not reflected in the budgets.

Other Comprehensive Revenue and Expenses is below budget by \$51,877,000. This is due to a the budgeted revaluation of 3 waters assets not happening as it was revalued in the 2022/23 year, and the value held at year end being a fair value for those assets.

Balance Sheet

Receivables are \$2,598,000 over budget due to the timing of invoicing and payments of some larger debtors, including subsidy claims for NZTA subsidy, as well as the receipt of GST refunds.

Investments is \$7,044,000 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 \$533,000 below budget due to the recognition of the fair value of the loan to the Ōtorohanga Kiwi House.

Property, plant and equipment is above budget by \$22,186,000 due to the revaluation of 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 vested assets from the Westridge subdivision.

Payables under exchange transactions is \$2,305,000 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 \$9,000,000 due to the loans being taken during the year being for a larger amount than was budgeted. This was done to cover the significant capital expenditure during the year.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2024 - continued

Revaluation reserves were above budget by \$11,903,000 due to the revaluation of all 3 waters assets in the prior year being completed after the budgets were done, plus the revaluation of land and buildings in the current year.

Statement of Cash Flows

Cash flows from operating activities was below budget by \$4,593,000, mostly as a result of decreased receipts from rates revenue of \$2,369,000, offset with an increase in payments to suppliers and employees of \$2,025,000.

Cash flows from investing activities is above budget by \$1,486,000, 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 \$3,000,000 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 2023/24

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 2024 fairly reflect the financial position and operations of Ōtorohanga District Council.

Max Baxter

MAYOR

Tanya Winter

CHIEF EXECUTIVE

22 October 2024





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 2023/24 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 2023/24 year was the third 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 has taken significant steps to improving our partnership with iwi/Māori and providing opportunities for Māori to contribute to decision-making as a commitment under Te Tiriti o Waitangi.

Of particular note was the submission that Council made in June to the Justice Committee opposing the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Bill. The proposed bill of the Coalition Government would affect the Rangīātea Māori Ward that Council established in 2021 amidst strong support from Elected Members and iwi/Māori. In good faith to the process that Council followed in establishing the Rangīātea Ward, and in line with the aspirations of Elected Members and iwi/Māori, Council endeavour to hold fast to our current representation model with the Rangīātea Māori Ward and to continue building on the positive momentum to date with regard to partner relations.

Throughout the rest of the year, Council marked a number of milestones with iwi/Māori. The signing of the Joint Management Agreement with Te Nehenehenui Trust and partner local authorities signalled our collective commitment to working together toward positive outcomes for the Waipā river, tributaries and communities. Council also provided a letter in support of Ngāti Te Wehi and their right to seek customary marine title with regard to Aotea harbour. These moments in our journey reaffirm Council's commitment to honouring partnership principles and working alongside iwi/Māori.

As an organisation, Council have engaged with iwi/Māori across multiple plans and strategies including the:

- Long Term Plan 2024-2034
- Kāwhia, Aotea, Ōpārau and Rural Concept Plans,
- Economic Wellbeing Strategy,
- Reserves Management Plan and Strategy,
- and the Ōtorohanga Multipurpose Community Hub.

Iwi/Māori contributed to hearing panels, recruitment panels, an evaluation panel and working groups across these projects which enabled decision-making that reflect the aspirations of iwi/Māori.

To enhance the ways in which Council engages with iwi/Māori, Council is also developing a Māori Engagement Framework. This will be created with the input of iwi/Māori and Council staff and elected members, and will complement the work being done within the organisation to develop cultural competency.

Moving forward, Council continues to work toward building enduring relationships with iwi/Māori across the district, and creating opportunities for iwi/Māori to meaningfully contribute to decision-making.





SIGNIFICANT ACTIVITIES



COMBINED COST OF SERVICE STATEMENT

For the Year ended 30 June 2024

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING REVENUE		
9,665	Activity Revenue	8,030	10,263
7,668	Targeted Rates	8,205	8,072
37	Development Contributions	10	243
7,018	General Rates	7,587	7,643
9,600	Other General Sources	10,933	10,396
33,988	TOTAL OPERATING REVENUE	34,765	36,617
	Reconciling Items:		
(9,600)	Internal Recoveries	(10,933)	(10,396)
(213)	Gains/(losses) on asset disposal	-	15
134	Assets vested in Council	-	7,075
24,309	TOTAL OPERATING REVENUE PER STATEMENT OF COMPREHENSIVE INCOME	23,832	33,311
	OPERATING EXPENDITURE		
11,995	Land Transport	11,433	11,901
4,546	Water Supply	4,418	3,919
916	Wastewater	990	1,053
313	Stormwater	315	387
163	Flood Protection	161	164
515	Waste Management	677	631
2,582	Regulatory Services	3,124	3,003
3,672	Community Facilities & Services	4,326	4,539
2,736	District Development	2,865	3,758
6,840	Governance	7,762	8,411
34,278	TOTAL OPERATING EXPENDITURE	36,069	37,766
	Reconciling Items:		
(9,600)	Internal Recoveries	(10,933)	(10,396)
71	Interest difference	209	798
225	Doubtful Debt Provision adjustment	-	70
24,974	TOTAL OPERATING EXPENDITURE PER STATEMENT OF COMPREHENSIVE INCOME	25,346	28,238
(665)	NET PROFIT/(LOSS)	(1,514)	5,073



Whole of Council Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2022/23 Actual \$ (000's)	2023/24 Annual Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	6,628	7,018	7,587	7,642
Targeted Rates (other than a targeted rate for water supply)	8,269	7,668	8,205	8,072
Subsidies and grants for operating purposes	2,846	4,439	2,973	4,175
Fees and charges	1,571	993	1,592	957
Interest and dividends from investments	16	446	19	403
Local authorities fuel tax, fines, infringement fees and other receipts	659	695	590	656
Total Operating Funding	19,989	21,259	20,966	21,905
Applications of operating funding				
Payments to staff and suppliers	15,121	16,539	17,591	18,623
Finance Costs	175	482	190	807
Other operating funding applications	889	1,563	1,018	1,630
Total application of operating funding	16,185	18,584	18,800	21,060
Surplus (deficit) of operating funding	3,804	2,675	2,166	845
Sources of Capital Funding				
Subsidies and grants for capital expenditure	2,699	3,091	2,857	4,073
Development and financial contributions	-	24	10	98
Increase (decrease) in debt	6,615	2,207	626	3,725
Gross proceeds from sale of assets	93	89	90	78
Lump sum contributions	-	-	-	-
Total sources of capital funding	9,407	5,411	3,582	7,974
Application of capital funding				
Capital expenditure				
- To meet additional demand	649	11	150	19
- To improve the level of service	6,482	1,708	414	3,501
- To replace existing assets	6,526	7,622	7,889	8,368
Increase (decrease) in reserves	(447)	(1,255)	(2,705)	(3,069)
Increase (decrease) of investments	-	-	-	-
Total application of capital funding	13,210	8,086	5,748	8,819
Surplus (deficit) of capital funding	(3,803)	(2,675)	(2,166)	(845)
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 2024 of \$1,660,556. During the year no additional borrowing was taken, but repayments totalling \$410,964 were made. Interest on internal borrowings was paid of \$31,073.

Capital Expenditure

	2023/24 AP Estimate \$	2023/24 Actual \$
	(000’s)	(000’s)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	4,596	6,122
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	-

Key Land Transport Level of Service Targets and Performance

You can expect	How we measure our performance	2022/23	2023/24	Achieved/ Not Achieved	2023/24
		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	Not Achieved	2
Footpaths will be fit for purpose	The percentage of footpaths within the District that fall within the level of service standard of 3 or better (minor cracking only) for the condition of footpaths	60.9%	90%	Not Achieved	61.84%



You can expect	How we measure our performance	2022/23	2023/24	Achieved/ Not	2023/24
		Actual	Target	Achieved	Actual
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	9.0%	6%	Achieved	7.8%
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	61.4%	90%	Not Achieved	66.74%

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 while there was a slight increase in the condition as compared with the 2022/23 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 2022/23 financial year.

Sealed Road Quality

There has been no change in ride quality when compared with the previous year. A round of roughness measurement was completed in 23/24. 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 in relation to catching up on work that was delayed during COVID lockdowns.

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.





Land Transport – Cost of Service Statement

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING INCOME		
5,988	Activity Revenue	5,754	6,880
4,546	Targeted Rates	4,612	4,624
-	Development Contributions	-	143
-	General Rates	-	-
1,112	Other General Sources	1,544	1,167
11,646	TOTAL OPERATING INCOME	11,910	12,814
	OPERATING EXPENDITURE		
10,882	Land Transport	9,889	10,735
1,112	Engineering Business Unit	1,544	1,167
11,994	TOTAL OPERATING EXPENDITURE	11,433	11,902
(348)	NET COST OF SERVICE	477	912





Land Transport Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 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)	4,745	4,542	4,624
Subsidies and grants for operating purposes	2,776	2,849	2,963
Fees and charges	-	-	1
Internal charges and overheads recovered	1,353	1,374	1,167
Local authorities fuel tax, fines, infringement fees and other receipts	78	81	109
Total Operating Funding	8,952	8,846	8,864
Applications of operating funding			
Payments to staff and suppliers	4,501	4,552	5,163
Finance costs	41	33	31
Internal charges and overheads applied	1,996	2,089	1,963
Other operating funding applications	10	10	6
Total application of operating funding	6,548	6,684	7,163
Surplus (deficit) of operating funding	2,404	2,162	1,701
Sources of capital funding			
Subsidies and grants for capital expenditure	2,623	2,819	3,807
Development and financial contributions	-	-	-
Increase (decrease) in debt	(417)	(411)	(411)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	2,206	2,408	3,396
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	244	251	-
- To replace existing assets	4,284	4,597	6,122
Increase (decrease) in reserves	83	(278)	(1,025)
Increase (decrease) of investments			
Total application of capital funding	4,611	4,570	5,097
Surplus (deficit) of capital funding	(2,405)	(2,162)	(1,701)
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 2024 of \$4,781,635. During the year \$3,274,206 of additional borrowing was taken, and repayments totalling \$115,171 were made. Interest on internal borrowings was paid of \$24,339.

Key Water Supply Level of Service Targets and Performance

You can expect	How we measure our performance	2022/23	2023/24	Achieved/ Not	2023/24
		Actual	Target	achieved	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	Partially complies	Complies	Not measured	Not measured
	b) Part 5: Protozoal Compliance Criteria	Partially complies	Complies	Not measured	Not measured
Losses from the water supply network are minimised	The percentage of real water loss from the Council's networked reticulation system				
	- Ōtorohanga **	Method 1 42%	<26%	Not Achieved	34%
	- Kāwhia	Method 2 28%			
		Method 1 35%	<26%	Achieved	11%

Capital Expenditure

	2023/24 AP Estimate \$	2023/24 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	982	1,546
- Growth (Improving Service Capacity)	50	-
- Level of Service (Improvements to Service)	10	1,972



You can expect	How we measure our performance	2022/23	2023/24	Achieved/ Not achieved	2023/24
		Actual	Target		Actual
q	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	19 complaints received for the whole district	≤ 5 complaints	Not Achieved	18 complaints received for the whole district
	The average consumption of drinking water per day per resident within the Ōtorohanga District	269 litres/ person/day	< 300 litres/ person/day	Achieved	286 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	1.05 hours	< 1.5 hours	Not Achieved	2.2 hours
	Resolution	1.65 hours	< 18 hours	Achieved	2.9 hours
Non-Urgent Call-outs:					
	Attendance	4.65 hours	< 36 hours	Achieved	19.65 hours
	Resolution	4.95 hours	< 36 hours	Achieved	25.1 hours





Bacterial and Protozoa Compliance

From 1 January 2023, new Drinking Water Quality Assurance Rules (DWQAR) introduced by Taumata Arowai took effect. These DWQAR replaced the existing water drinking standards, meaning that Council was unable to measure compliance with the Standards as per the performance measure above.

In August 2024, the Department of Internal Affairs adopted updated performance measures to align with the new DWQAR. However, these did not take effect until 21 August 2024, so do not apply to the 2023/24 financial year.

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.

Percentage of real water loss

Significant assumptions

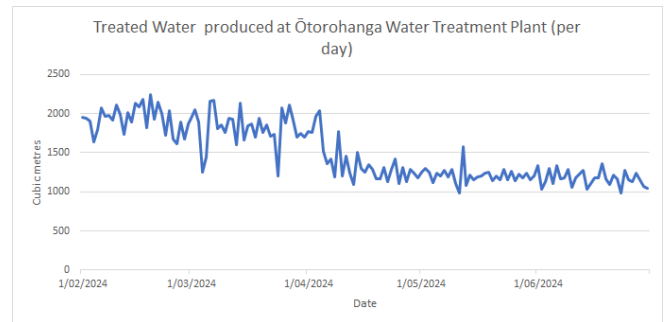
There are two methods used for determining water loss of a network. They are **Method 1**, which is total water treated less total water consumed. This is the method that has been used in Ōtorohanga since the installation of water meters. **Method 2**, Minimum Night Flow (MNF) where flow from the reservoir 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.

As both the Councils schemes have water meters installed for all users, this means that the use of Method 1 has been used for both schemes this year. This is different to the prior year where all the meters had not yet been installed in Kāwhia for a year, so it was not possible to easily use water meter data for measuring water loss.

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

Leak detection work was undertaken during the 2023/24 financial year, which resulted in finding some large leaks which were repaired later in the year, as can be seen in the graph of treated water produced during the year below.





Water Supply Cost of Service Statement

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING INCOME		
578	Activity Revenue	5	33
1,982	Targeted Rates	2,315	2,167
7	Development Contributions	-	1
143	General Rates	149	156
1,843	Other General Sources	1,647	1,047
4,553	TOTAL OPERATING INCOME	4,117	3,404
	OPERATING EXPENDITURE		
354	Arohena RWS	335	345
91	Ranginui RWS	85	116
400	Tihiroa RWS	417	421
367	Waipa RWS	363	183
1,122	Ōtorohanga Water Supply	1,197	823
681	Ōtorohanga Water Treatment Station	588	592
12	Ōtorohanga Water Supply Loan	43	12
353	Kāwhia Water Supply	376	375
1,167	Water Services	1,015	1,053
4,547	TOTAL OPERATING EXPENDITURE	4,418	3,920
6	NET COST OF SERVICE	(301)	(516)





Water Supply Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	140	144	156
Targeted rates (other than a targeted rate for water supply)	2,271	2,578	2,168
Subsidies and grants for operating purposes	-	-	-
Fees and charges	14	22	27
Internal charges and overheads recovered	1,702	1,736	1,047
Local authorities fuel tax, fines, infringement fees and other receipts	3	3	6
Total operating funding	4,130	4,483	3,404
Applications of operating funding			
Payments to staff and suppliers	1,387	1,426	1,359
Finance costs	104	137	24
Internal charges and overheads applied	1,963	1,992	1,652
Other operating funding applications	60	62	70
Total application of operating funding	3,514	3,617	3,105
Surplus (deficit) of operating funding	616	866	299
Sources of capital funding			
Subsidies and grants for capital expenditure	76	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,125	250	3,159
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	3,201	250	3,159
Application of capital funding			
Capital expenditure			
- To meet additional demand	52	53	-
- To improve the level of service	3,120	11	1,972
- To replace existing assets	565	803	1,546
Increase (decrease) in reserves	82	248	(60)
Increase (decrease) of investments	-	-	-
Total application of capital funding	3,819	1,115	3,458
Surplus (deficit) of capital funding	(618)	(865)	(299)
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 2024 of \$1,551,915. During the year additional borrowing of \$612,867 was taken, and repayments totalling \$100,488 were made. Interest on internal borrowings was paid of \$15,593.

Capital Expenditure

	2023/24 AP Estimate \$	2023/24 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	1,599	82
- Growth (Improving Service Capacity)	50	19
- Level of Service (Improvements to Service)	-	1,119

Key Wastewater Treatment and Disposal Levels of Service Targets and Performance

You can expect	How we measure our performance	2022/23	2023/24	Achieved/ Not achieved	2023/24
		Actual	Target		Actual
Wastewater operations are optimised.	The number of dry weather sewerage overflows from the Ōtorohanga sewerage system, per 1000 connections	5.2 overflows	0 overflows	Achieved	0 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 Infringements notices;	0 non-compliance actions	0 non-compliance actions	Not Achieved	1 non-compliance action



You can expect	How we measure our performance	2022/23	2023/24	Achieved/	2023/24
		Actual	Target	Not achieved	Actual
	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 3 minutes	< 50 minutes	Not Achieved	1hr 48 minutes
	Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault	1 hr 35 minutes	< 24 hours	Achieved	3 hr 30 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	7 complaints	< 20 complaints	Achieved	4 complaints



Response Times

The Attendance Time not being achieved is partly due to the nature of the district, as if all staff are out working on areas at the fringes of the district, it can take almost as much time to get back to town to attend a sewerage overflow as the target.

Compliance with Resource Consents

The one issue of non-compliance related to an abatement notice that was issued by Waikato Regional

Council in February 2024. This abatement notice related to unauthorised discharge of contaminants. ŌDC responded in March 2024 with the actions we were going to take to resolve the issues noted. The identified actions were undertaken towards the end of the year and an ongoing improvement programme is in place.

Wastewater Treatment and Disposal Cost of Service Statement

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING INCOME		
215	Activity Revenue	65	360
708	Targeted Rates	775	774
6	Development Contributions	-	2
42	General Rates	37	95
-	Other General Sources	-	-
971	TOTAL OPERATING INCOME	877	1,231
	OPERATING EXPENDITURE		
896	Ōtorohanga Sewerage	898	1,035
20	Ōtorohanga Sewerage Loan	92	18
-	Kāwhia Sewerage	-	-
916	TOTAL OPERATING EXPENDITURE	990	1,053
55	NET COST OF SERVICE	(113)	178





Wastewater Treatment and Disposal Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	40	38	94
Targeted rates (other than a targeted rate for water supply)	815	813	774
Subsidies and grants for operating purposes	-	-	-
Fees and charges	67	69	94
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	922	920	962
Applications of operating funding			
Payments to staff and suppliers	304	312	386
Finance costs	66	93	16
Internal charges and overheads applied	197	199	269
Other operating funding applications	26	27	115
Total application of operating funding	593	631	786
Surplus (deficit) of operating funding	329	289	176
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	265
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,370	397	512
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	2,370	397	777
Application of capital funding			
Capital expenditure			
- To meet additional demand	545	53	19
- To improve the level of service	1,883	374	1,119
- To replace existing assets	257	265	82
Increase (decrease) in reserves	14	(6)	(619)
Increase (decrease) of investments	-	-	-
Total application of capital funding	2,699	686	601
Surplus (deficit) of capital funding	(329)	(289)	(176)
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 2024 of \$243,206. During the year no additional borrowing was taken, and repayments totalling \$13,742 were made. Interest on internal borrowings was paid of \$3,854.

Capital Expenditure

	2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	30	-
- 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	2022/23	2023/24	Achieved/ Not achieved	2023/24
		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

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING INCOME		
108	Activity Revenue	161	108
-	- Targeted Rates	-	-
-	- Development Contributions	-	-
-	- General Rates	-	-
-	- Other General Sources	-	-
108	TOTAL OPERATING INCOME	161	108
	OPERATING EXPENDITURE		
163	Ōtorohanga Flood Protection	161	164
163	TOTAL OPERATING EXPENDITURE	161	164
(55)	NET COST OF SERVICE	-	(56)





Flood Protection Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 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	138	144	108
Total operating funding	138	144	108
Applications of operating funding			
Payments to staff and suppliers	47	48	63
Finance costs	7	6	4
Internal charges and overheads applied	33	33	51
Other operating funding applications	1	1	7
Total application of operating funding	88	88	125
Surplus (deficit) of operating funding	50	56	(17)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(17)	(17)	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(17)	(17)	(14)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	31	32	-
Increase (decrease) in reserves	2	7	(31)
Increase (decrease) of investments	-	-	-
Total application of capital funding	33	39	(31)
Surplus (deficit) of capital funding	(50)	(56)	17
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 2024 of \$361,862. During the year no additional borrowing was taken, and repayments totalling \$53,241 were made. Interest on internal borrowings was paid of \$6,227.

Capital Expenditure

	2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	50	-
- Growth (Improving Service Capacity)	50	-
- Level of Service (Improvements to Service)	-	-

Key Stormwater Management Levels of Service Targets and Performance

You can expect	How we measure our performance	2022/23	2023/24	Achieved/ Not achieved	2023/24
		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	2022/23	2023/24	Achieved/ Not achieved	2023/24
		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	1 complaint	≤ 2 complaints	Achieved	0 complaints

Stormwater Complaints

No complaints on stormwater were received during the year.





Stormwater Management Cost of Service Statement

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING INCOME		
-	Activity Revenue	-	-
-	Targeted Rates	-	-
-	Development Contributions	-	-
313	General Rates	315	387
-	Other General Sources	-	-
313	TOTAL OPERATING INCOME	315	387
	OPERATING EXPENDITURE		
242	Ōtorohanga Stormwater	246	311
71	Kāwhia Stormwater	68	76
313	TOTAL OPERATING EXPENDITURE	315	387
-	NET COST OF SERVICE	-	-





Stormwater Management Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	258	271	387
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	258	271	387
Applications of operating funding			
Payments to staff and suppliers	40	41	29
Finance costs	17	17	6
Internal charges and overheads applied	42	41	86
Other operating funding applications	22	23	31
Total application of operating funding	121	122	152
Surplus (deficit) of operating funding	137	149	235
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	62	(44)	(53)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	62	(44)	(53)
Application of capital funding			
Capital expenditure			
- To meet additional demand	52	53	-
- To improve the level of service	-	-	-
- To replace existing assets	135	33	-
Increase (decrease) in reserves	12	19	182
Increase (decrease) of investments	-	-	-
Total application of capital funding	199	105	182
Surplus (deficit) of capital funding	(137)	(149)	(235)
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 2024 of \$71,645. During the year no additional borrowing was taken, and repayments totalling \$25,625 were made. Interest on internal borrowings was paid of \$1,459.

Key Waste Management and Minimisation Levels of Service Targets and Performance

You can expect	How we measure our performance	2023/24 Performance			
		2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 Actual
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	94.9% satisfaction	≥ 90% user satisfaction	Achieved	97.0% satisfaction
Waste minimisation to be actively promoted	Increase in recycling volumes over previous year, as measured through the contract report	9.6% decrease	10% increase	Not Achieved	4.45% increase

Capital Expenditure

	2023/24 AP Estimate \$	2023/24 Actual \$
Capital Expenditure	(000's)	(000's)
- Renewals (Maintaining Service Capacity)	16	10
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	75	-



User Satisfaction

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 97.0%

The annual residents survey had a total of 134 respondents. The following are the results of 67 responses of the 67 that said they receive the weekly kerbside collection

Very Satisfied (40.3%)

Satisfied (46.3%)

OK (10.4%)

Unsatisfied (1.5%)

Very unsatisfied (1.5%)

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

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING INCOME		
106	Activity Revenue	43	178
291	Targeted Rates	291	339
-	Development Contributions	-	-
115	General Rates	228	62
-	Other General Sources	-	-
512	TOTAL OPERATING INCOME	562	579
	OPERATING EXPENDITURE		
470	Refuse & Recycling	514	631
45	Litter Control	66	-
515	TOTAL OPERATING EXPENDITURE	580	631
(3)	NET COST OF SERVICE	(18)	(52)

Waste Management and Minimisation Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	244	264	62
Targeted rates (other than a targeted rate for water supply)	286	334	339
Subsidies and grants for operating purposes	38	39	171
Fees and charges	5	5	7
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	573	642	579
Applications of operating funding			
Payments to staff and suppliers	440	480	547
Finance costs	2	2	1
Internal charges and overheads applied	134	137	69
Other operating funding applications	1	1	1
Total application of operating funding	577	620	618
Surplus (deficit) of operating funding	(4)	22	(39)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	44	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(26)	(15)	(26)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(26)	29	(26)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	79	10
- To replace existing assets	1	17	-
Increase (decrease) in reserves	(31)	(45)	(75)
Increase (decrease) of investments	-	-	-
Total application of capital funding	(30)	51	(65)
Surplus (deficit) of capital funding	4	(22)	39
Funding balance	-	-	-



COMMUNITY FACILITIES AND SERVICES

Internal Borrowing

The Community facilities & Services group of activities has internal borrowing as at 30 June 2024 of \$1,463,846. During the year \$733,705 of additional borrowing was taken, and repayments totalling \$84,228 were made. Interest on internal borrowings was paid of \$12,215.

Capital Expenditure

	2023/24 AP Estimate \$	2023/24 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	226	169
- Growth (Improving Service Capacity)	-	1
- Level of Service (Improvements to Service)	222	285

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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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	92.2% satisfaction overall (95.8% variety, 88.6% quality)	≥ 90% satisfaction	Achieved	92.8% satisfaction overall (94.8% variety, 90.8% 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	11 complaints	<12 complaints	Not achieved	16 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 94.8%.

The annual residents survey had a total of 134 respondents. The following are the results of 134 responses when asked if ŌDC has a good VARIETY of parks and reserves.

Very Satisfied (22.4%)

Satisfied (50%)

OK (22.4%)

Unsatisfied (4.5%)

Very Unsatisfied (0.7%)

Quality of Parks and Reserves

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 90.8%

The annual residents survey had a total of 130 respondents. The following are the results of 130 responses when asked if ŌDC has a good QUALITY of parks and reserves

Very Satisfied (12.3%)

Satisfied (47.7%)

OK (30.8%)

Unsatisfied (8.5%)

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.

(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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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	97.9% satisfaction	≥ 90% user satisfaction	Achieved	100% satisfaction
	The number of participants in Library programmes and activities, and service users is increasing, as measured in the Library reports to Council	39,521 participants	10% increase in participants per year	Not achieved	36,035 participants – 8.8% decrease

Library Satisfaction

Using the rating of OK and above, and removing responses ‘I don’t know’ the total satisfaction rating is 100%

The libraries annual residents survey had a total of 113 submissions. The following are the results of 113 responses.

Very Satisfied (65.5%)

Satisfied (32.7%)

OK (1.8%)



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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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	90% comfort 100% safety	> 95% satisfaction	Achieved	93.4% comfort 100% safety
	Percentage occupancy rate, expressed as an annualised monthly average	97.5% Ōtorohanga 100% Kāwhia	> 95% combined average	Achieved	96.8% Ōtorohanga 94.9% Kāwhia 96.4% combined average

Comfort of the unit

Using the rating of OK and above the total satisfaction rating is 93.4%

The annual residents survey had a total of 15 respondents from a total of 28 units. The following are the results of 15 responses.

Very Satisfied (46.7%)

Satisfied (46.7%)

Unsatisfied (6.7%)

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

The annual residents survey had a total of 14 respondents from a total of 28 units. The following are the results of 14 responses.

Very Satisfied (42.9%)

Satisfied (57.1%)

Safety of the unit



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 Community Leisure Management (trading as 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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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	91.17% compliance	> 95% compliance	Not Achieved	90.75% 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.



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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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

Number of Complaints

This complaint was 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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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	Increase in evaluation score	Increasing trend	Not Achieved	Evaluation score remained the same as the previous year

Community Response Plans

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

This year’s exercise was held in early June, and was a combined exercise between Waitomo, Ōtorohanga and Waipā District Councils, under our shared service agreement. The 3 councils retained a combined score of “Advancing” which means we are operating at a “comprehensive” level with areas of excellence and areas of improvement. This is a good result and one below the top score of “Mature”,



Aotea Sea Wall

Key Aotea Sea Wall Level of Service Targets and Performance

You can expect	How we measure our performance	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING REVENUE		
427	Activity Revenue	404	495
66	Targeted Rates	69	73
24	Development Contributions	10	98
2,306	General Rates	2,431	2,638
593	Other General Sources	566	663
3,416	TOTAL OPERATING REVENUE	3,481	3,967
	OPERATING EXPENDITURE		
957	Parks and Reserves	873	1,117
144	Public Conveniences	164	159
12	Aotea Seawall	40	131
73	Halls	88	84
65	Harbour Services	83	67
504	Library	504	570
391	Swimming Pools	432	436
272	Pensioner Housing	281	259
117	Cemeteries	1126	129
593	Engineering Services	566	649
156	Civil Defence	171	174
390	Council Property	998	764
3,674	TOTAL OPERATING EXPENDITURE	4,326	4,539
(258)	NET COST OF SERVICE	(845)	(572)





Community Services Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,292	2,344	2,638
Targeted rates (other than a targeted rate for water supply)	78	69	73
Subsidies and grants for operating purposes	-	-	-
Fees and charges	82	84	78
Internal charges and overheads recovered	692	705	663
Local authorities fuel tax, fines, infringement fees and other receipts	425	436	416
Total operating funding	3,569	3,638	3,868
Applications of operating funding			
Payments to staff and suppliers	1,770	1,833	2,504
Finance costs	26	44	12
Internal charges and overheads applied	912	925	1,214
Other operating funding applications	154	158	248
Total application of operating funding	2,862	2,960	3,978
Surplus (deficit) of operating funding	707	678	(110)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	98
Increase (decrease) in debt	1,008	730	649
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,008	1,008	747
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	1
- To improve the level of service	1,131	974	285
- To replace existing assets	385	238	169
Increase (decrease) in reserves	199	198	182
Increase (decrease) of investments			
Total application of capital funding	1,715	1,410	637
Surplus (deficit) of capital funding	(707)	(678)	110
Funding balance	-	-	-



REGULATORY SERVICES

Internal Borrowing

The Regulatory Services group of activities has no internal borrowing as at 30 June 2024. Subsequently, no interest was paid during the year.

Capital Expenditure

	2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	-	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	7	6

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	2022/23	2023/24 Target	Achieved/ Not achieved	2023/24
		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.	97.65% compliance	100% compliance	Not Achieved	98.73% 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.	44%	>33% of pools inspected – as an annual average over 3 year period	Achieved	90%
Council maintains its Building Control Authority (BCA) status	Biennial BCA Accreditation retained	Accreditation retained	BCA Accreditation retained	Achieved	BCA Accreditation retained



Accreditation

BCA Accreditation has been retained for 2024. An online building consent management system 'Objective Build' is to be implemented 2024/2025 and this will require a further IANZ audit in 2025.

Building Consent Applications

At 30 June 2024, 158 building consents were issued, 156 of these were completed within 20 working days. The remaining two 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 55 Commercial, and 103 Residential building consents issued. This was a decrease of 12 from the number of consents issued last year.

The percentage of building consents did not meet the 100% target; however the outcome is a good result and will meet IANZ expectations. At 30 June 2024, 146 Code Compliance Certificates were issued, 145 of these were completed within 20 working days.

Swimming Pool Inspections

At 30 June 2024, there are 207 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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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.	68.52% compliance	100% compliance

Non-notified Consents

A total of 57 non-notified consents were issued during the year. The processing time for fourteen 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 used consultants exclusively for processing resource consents. Council employed a full time Planning Manager in June 2024, so processing timeframes are expected to improve in the coming year.



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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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.	92.2% 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

On 30 June 2024 there were 1857 dogs registered in the Ōtorohanga District. This was a decrease of 309 from the number of registrations in the previous year. There are a total number of 1,325 dog owners in the Ōtorohanga District Council. As of November 2023, 54 dogs were impounded, 8 of these were adopted, 3 euthanised and the remaining 43 were returned to their owner/s.

Animal and dog control has operated under a shared service agreement with Waitomo District Council since November 2023. This arrangement has seen an

improved level of service around dog control including education, response and compliance. The decrease in dogs registered relates to staffing changes and “lag” between the period of reporting (ending 30 June 2024), and late payments being received after the reporting period. Council also has a contract with Inframax for the control of wandering stock.



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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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.	100% compliance	100%
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.	100% compliance	100%	Achieved	100% compliance

Food Premise Monitoring

There are 53 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 food premises that have a Food Plan in place, these are inspected as per frequency in accordance to the level of risk prescribed in the Food Act 2014. The LAP (Local Alcohol Policy) has been reviewed and in accordance with the Local Government Act and was adopted and in force by November 2024.

Noise Complaints

The current contract for provision of noise control services ‘Sterling Security Systems Limited’ has been operating since May 2023. Council received 97 noise complaints in the 2023/24 financial year in which Sterling Security attended to.





Regulatory Services Cost of Service Statement

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING REVENUE		
809	Activity Revenue	1,413	706
-	Targeted Rates	-	-
-	Development Contributions	-	-
970	General Rates	703	1,408
765	Other General Sources	965	847
2,544	TOTAL OPERATING INCOME	3,081	2,961
	OPERATING EXPENDITURE		
920	Building Control	1,161	1,147
437	Planning & Development	463	517
260	Animal Control	273	273
200	Environmental Health	261	214
765	Regulatory Services	965	851
2,582	TOTAL OPERATING EXPENDITURE	3,124	3,002
(38)	NET COST OF SERVICE	(42)	(41)





Regulatory Services Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	678	634	1,408
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,354	1,424	701
Internal charges and overheads recovered	707	726	847
Local authorities fuel tax, fines, infringement fees and other receipts	13	14	5
Total operating funding	2,752	2,798	2,961
Applications of operating funding			
Payments to staff and suppliers	1,717	1,731	1,615
Finance costs	-	-	-
Internal charges and overheads applied	1,040	1,072	1,364
Other operating funding applications	8	8	23
Total application of operating funding	2,765	2,811	3,002
Surplus (deficit) of operating funding	(13)	(13)	(41)
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	6
- To replace existing assets	-	-	-
Increase (decrease) in reserves	(15)	(15)	(47)
Increase (decrease) of investments	-	-	-
Total application of capital funding	(13)	(13)	(41)
Surplus (deficit) of capital funding	13	13	41
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 2024 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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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.	Better Off Fund and DIA Transition funding	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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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 with 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

Level of Service	How we measure our performance	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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 reprioritisation by Council)
- Stock Movement Bylaw (due to reprioritisation by Council)
- Structures and Works in Public Spaces (due to reprioritisation by Council)
- Dangerous and Insanitary Buildings Policy (due to reprioritisation by Council)
- 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

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING REVENUE		
958	Activity Revenue	45	1,059
74	Targeted Rates	55	94
-	Development Contributions	-	-
1,701	General Rates	2,725	2,621
-	Other General Sources	-	-
2,733	TOTAL OPERATING REVENUE	2,865	3,774
	OPERATING EXPENDITURE		
1,038	District Development	639	1,769
259	Council Support	267	258
1,325	Corporate Planning	1,659	1,602
15	District Plan	178	19
101	Security Patrol	123	110
2,738	TOTAL OPERATING EXPENDITURE	2,865	3,758
(5)	NET COST OF SERVICE	-	16





District Development Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,596	2,164	2,621
Targeted rates (other than a targeted rate for water supply)	75	64	94
Subsidies and grants for operating purposes	31	32	1,039
Fees and charges	18	19	19
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	1,720	2,279	3,773
Applications of operating funding			
Payments to staff and suppliers	782	1,332	1,589
Finance costs	-	-	-
Internal charges and overheads applied	470	482	1,119
Other operating funding applications	468	49	1,049
Total application of operating funding	1,720	2,293	3,757
Surplus (deficit) of operating funding	-	(14)	16
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)	16
Increase (decrease) of investments	-	-	-
Total application of capital funding	-	14	16
Surplus (deficit) of capital funding	-	14	(16)
Funding balance	-	-	-



GOVERNANCE AND SUPPORT SERVICES

Internal Borrowing

The Governance and Leadership group of activities has internal borrowings as at 30 June 2024 of \$2,127,500. No additional borrowings were taken in the financial year, with repayments of \$92,500 being paid. Interest paid for the year was \$33,300.

Capital Expenditure

	2023/24 AP Estimate \$	2023/24 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	391	440
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	100	119

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	2022/23	2023/24	Achieved/ Not achieved	2023/24
		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 8 Ōtorohanga 20	≥ 11 public sessions scheduled in each of Kāwhia and Ōtorohanga	Achieved	Kāwhia 8 Ōtorohanga 25
	Residents satisfied with Council communication, as measured by an annual survey	81.1%	≥ 60% rate council communication as acceptable or better	Achieved	84.7%



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 15

OCB 10

KCB 8

Council Communications

Using the rating of OK and above, and removing responses ‘I don’t know’ the total satisfaction rating is 84.7%



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 has assisted

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	2022/23 Actual	2023/24 Target	Achieved/ Not achieved	2023/24 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	75% rating	Iwi Leaders rate their relationship with Council as good or better

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 100%. 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 75% 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 7 respondents. The following are the results of 7 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 (43%)

It’s the same (29%)

I don’t know (29%)





Governance and Support Services Cost of Service Statement

2022/23 Actual \$ (000's)		2023/24 AP Estimate \$ (000's)	2023/24 Actual \$ (000's)
	OPERATING REVENUE		
475	Activity Revenue	51	436
-	Targeted Rates	-	-
-	Development Contributions	-	-
1,428	General Rates	1,057	276
5,287	Other General Sources	6,211	6,672
7,190	TOTAL OPERATING INCOME	7,318	7,384
	OPERATING EXPENDITURE		
1,303	Ōtorohanga District Council	1,530	1,521
190	Ōtorohanga Community Board	207	215
121	Kāwhia Community Board	129	125
5,226	Support Services	6,159	6,550
6,840	TOTAL OPERATING EXPENDITURE	8,024	8,411
350	NET COST OF SERVICE	(706)	(1,027)





Governance and Support Services Funding Impact Statement

	2022/23 Long Term Plan \$ (000's)	2023/24 Long Term Plan \$ (000's)	2023/24 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,379	1,581	276
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	31	32	30
Internal charges and overheads recovered	3,995	4,123	6,544
Local authorities fuel tax, fines, infringement fees and other receipts	18	73	407
Total operating funding	5,423	5,809	7,257
Applications of operating funding			
Payments to staff and suppliers	4,133	4,682	5,283
Finance costs	(87)	(137)	713
Internal charges and overheads applied	1,348	1,372	2,377
Other operating funding applications	139	142	165
Total application of operating funding	5,533	6,059	8,538
Surplus (deficit) of operating funding	(110)	(250)	(1,281)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	510	503	(93)
Gross proceeds from sale of assets	93	135	78
Lump sum contributions	-	-	-
Total sources of capital funding	603	638	(15)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	103	105	119
- To replace existing assets	868	928	440
Increase (decrease) in reserves	(479)	(647)	707
Increase (decrease) of investments	-	-	-
Total application of capital funding	492	386	1,266
Surplus (deficit) of capital funding	111	252	1,281
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 \$3,488,000 deficit for the year ended 30 June 2024 (2023: \$23,707,000 surplus).

A dividend of \$500,000 was paid in 2024 (2023: \$500,000).

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 2024	Statement of Corporate Intent
Earnings before tax, interest, depreciation & amortisation (EBITDA) excluding land sales <i>of at least</i>	\$5.84M	\$6.0M
Earnings before tax, interest, depreciation & amortisation (EBITDA) including land sales <i>of at least</i>	\$8.70M	\$7.5M
Net surplus/(deficit) before tax <i>no less than</i>	\$2.4M	\$1.0M
Net operating cash flow (excluding land sales) <i>of at least</i>	\$1.5M	\$6.0M
Net debt <i>a maximum of</i>	\$22.79M	\$35.0M
Shareholders funds to total assets <i>of at least</i>	84%	75%
Percentage of Non-Landing Charges to Total Revenue <i>of at least</i>	67%	60%
Land sales <i>of at least</i>	\$3.6M	\$3.0M
Interest Rate Cover <i>of at least</i>	3.9x	3.0x





Waikato Local Authorities Shared Services (WLASS)

	Ownership Interest	
	Actual 2023	Actual 2024
Waikato Local Authority Shared Services	0.26%	0.26%

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

For results of non-financial performance measures for this year check the Annual Report on 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 \$20.6 million	\$20.9 million	Achieved
Total operating expenses for the period to 30 June 2024	Less than \$10.0 million	\$11.8 million	Not Achieved
Total lending (short and long term) to Participating Borrowers at 30 June 2024	At least \$17,870 million	\$20,549 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 2023 survey outcome of 93%	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		90%	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
Maintain Toitū net Carbon Zero certification		Net Carbon-zero certification maintained	Achieved
Meet reduction targets outlined in our carbon reduction management plan.		Met targets	Achieved
Increase GSS lending book and Climate Action Loans	Two new GSS loans undertaken. Three new borrowers approved for CAL.	One new GSS loans undertaken. Four new borrowers approved for CAL.	Not Achieved Achieved
Meet all mandatory climate reporting standards	100%	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 2024.

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.

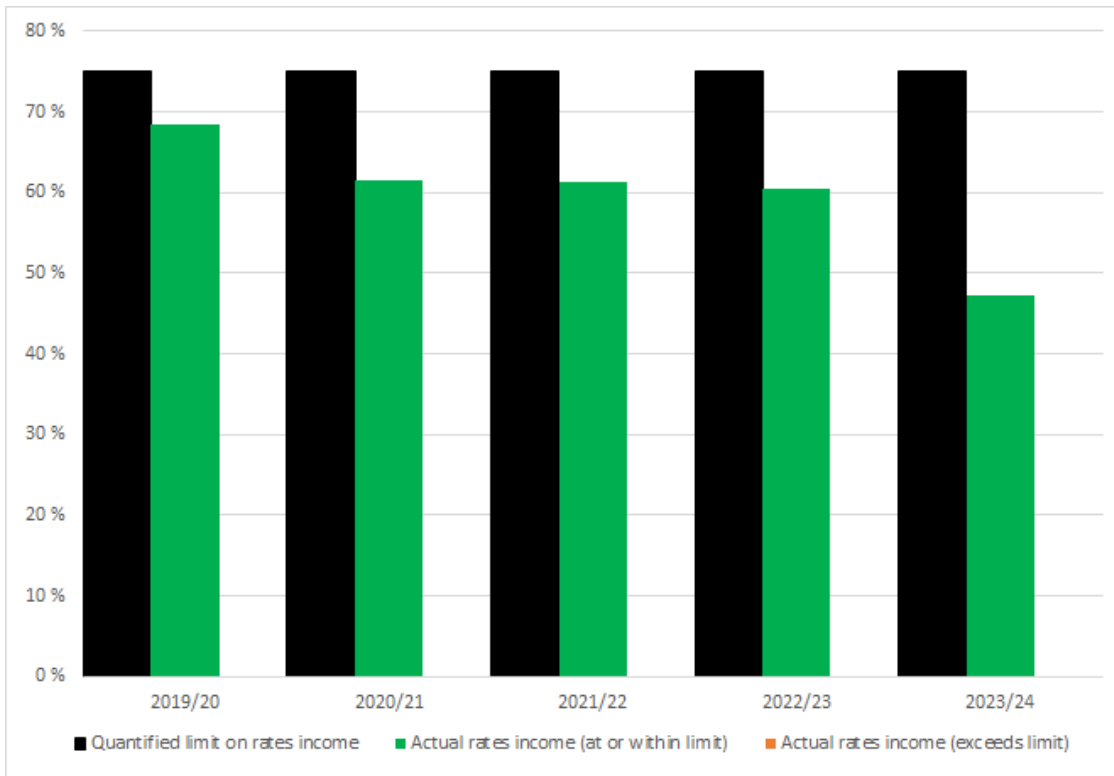
Rates affordability benchmark

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.



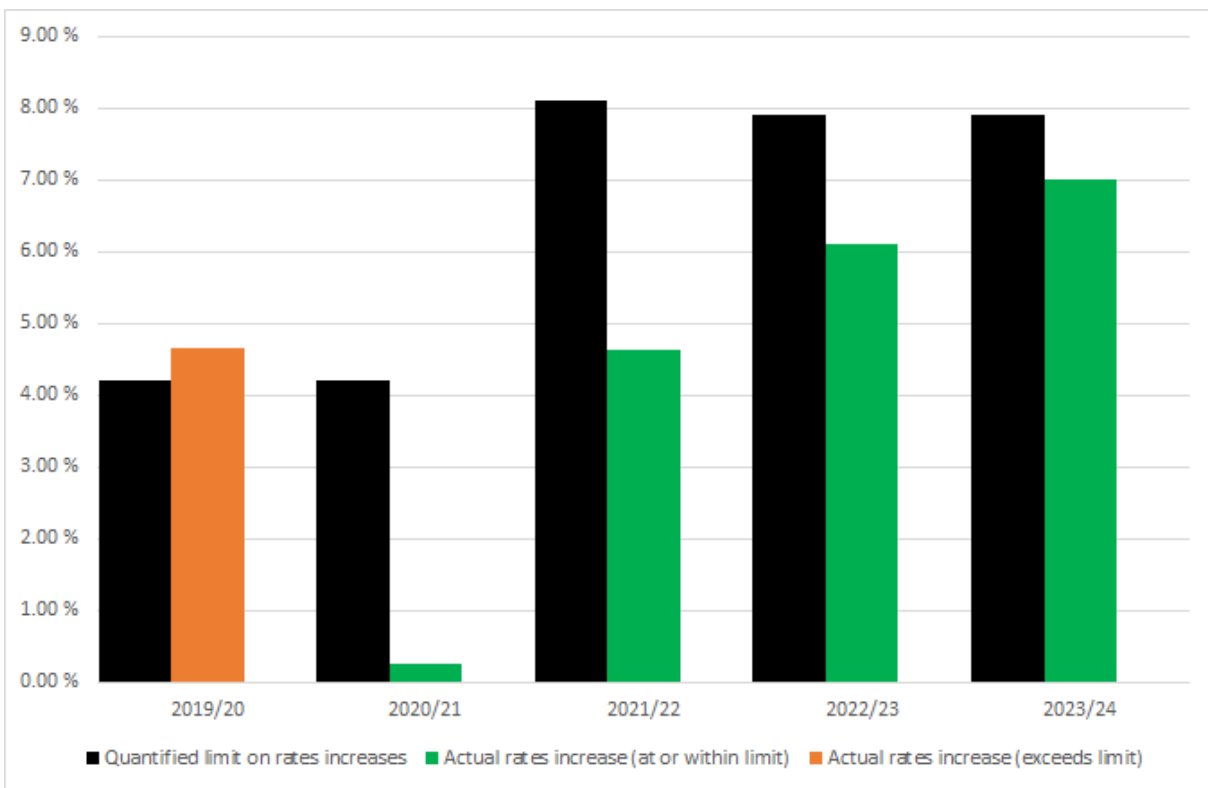


Rates (increases) affordability

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.

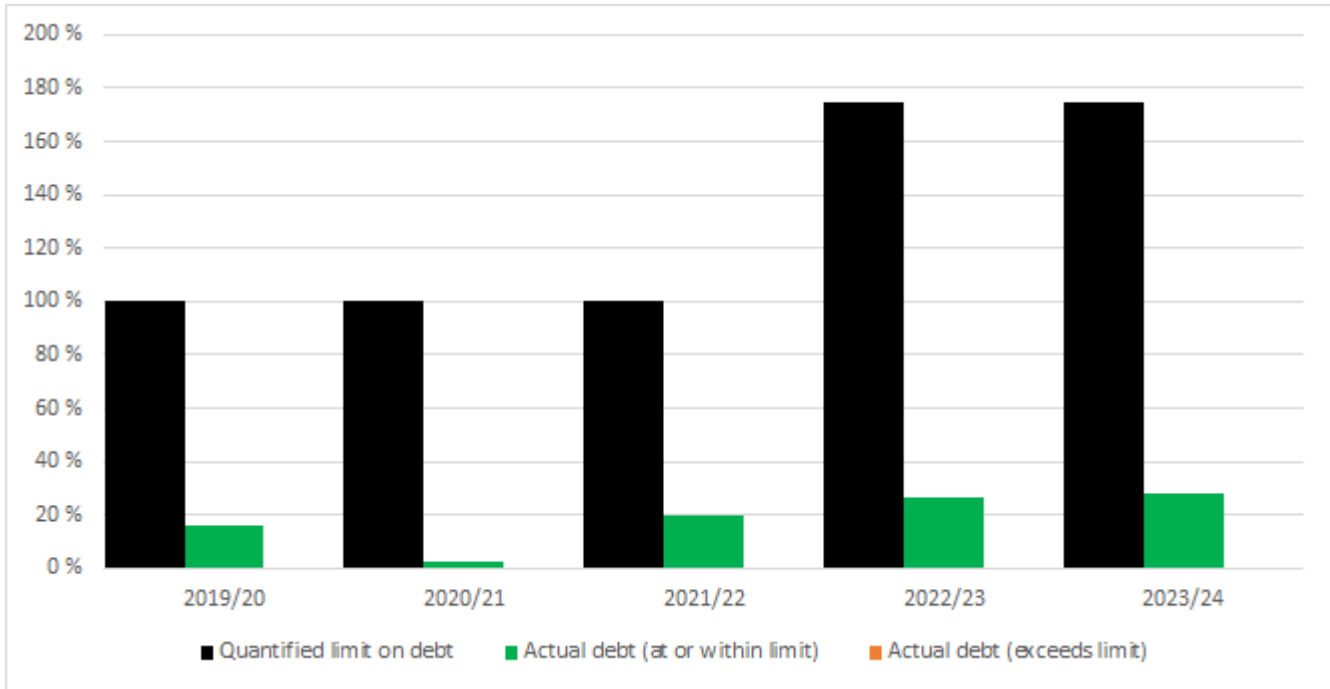




Debt affordability benchmark

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.





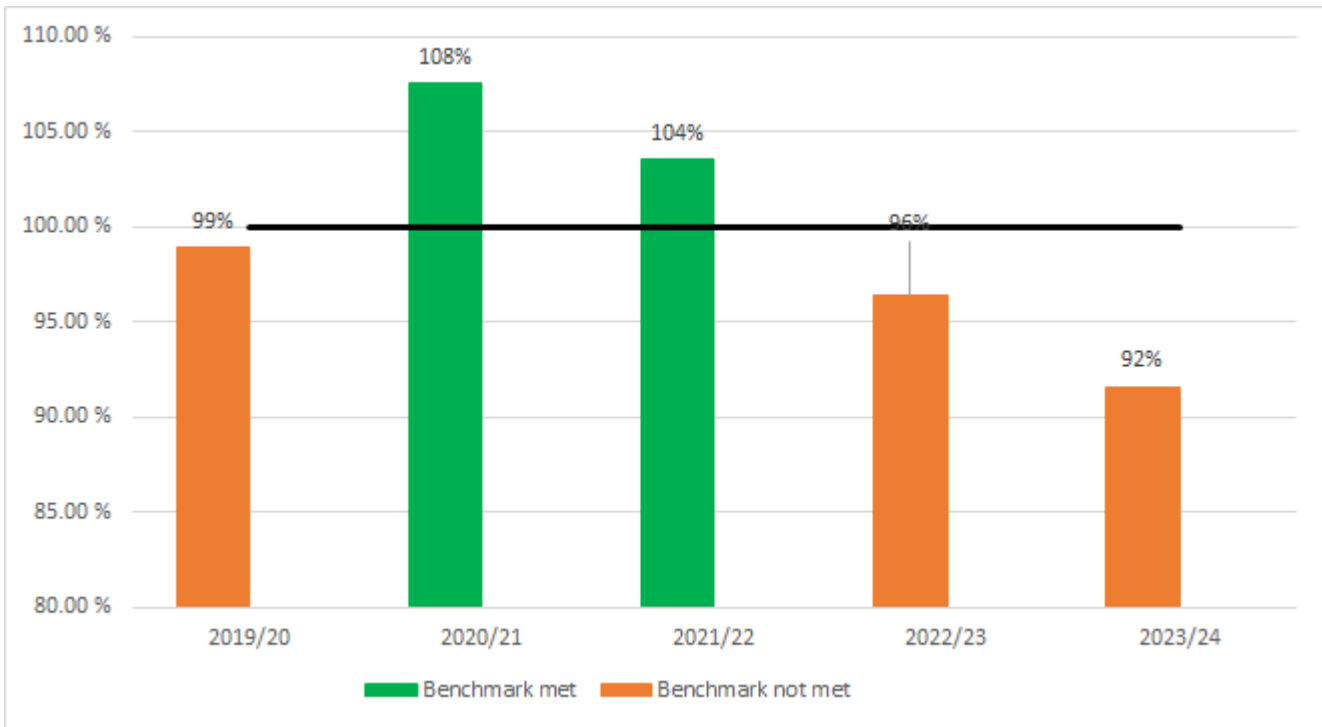
Balanced budget benchmark

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.

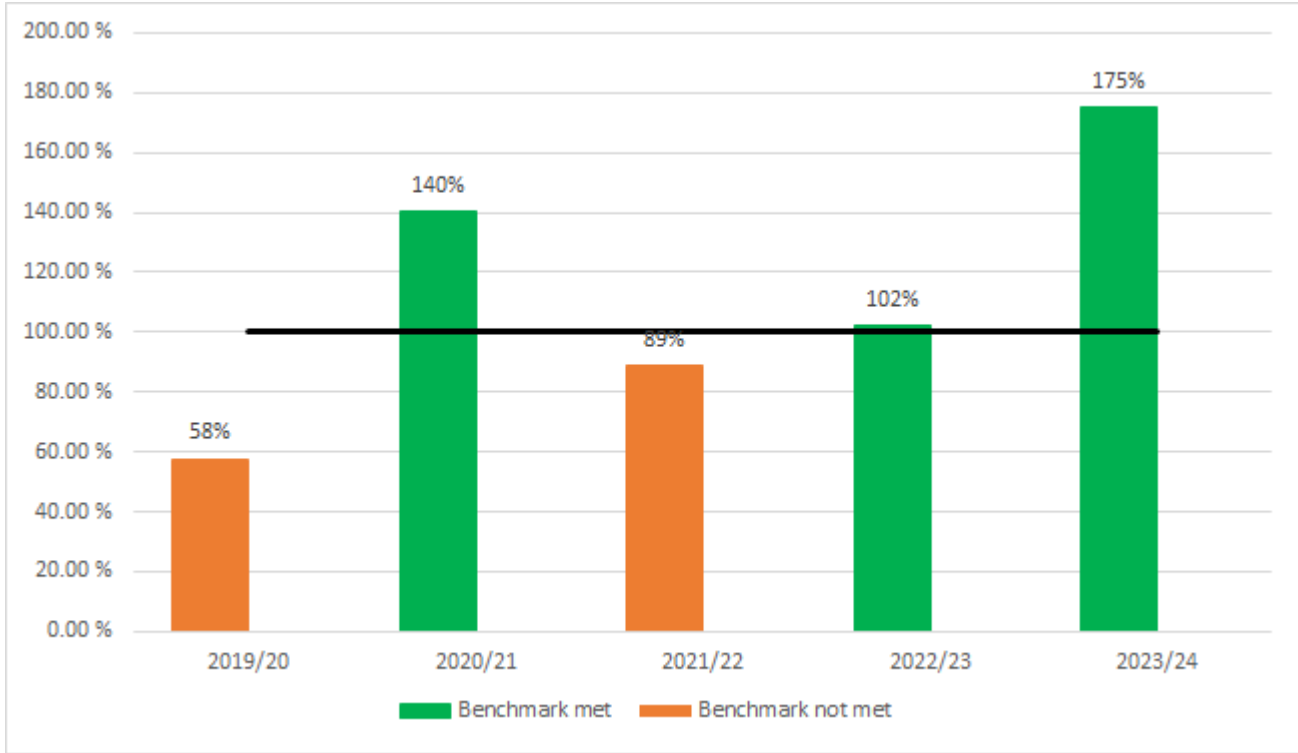
The decrease in the 2022/23 year relates to increased depreciation due to the revaluation of the 3 waters and roading assets in the 2021/22 year, which impacted on the 2022/23 year after the budget was set for the year. The decrease in the 2023/24 year again relates to increased depreciation from the revaluation of 3 waters assets in the 2022/23 year after the budgets were set.





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 112.9%.

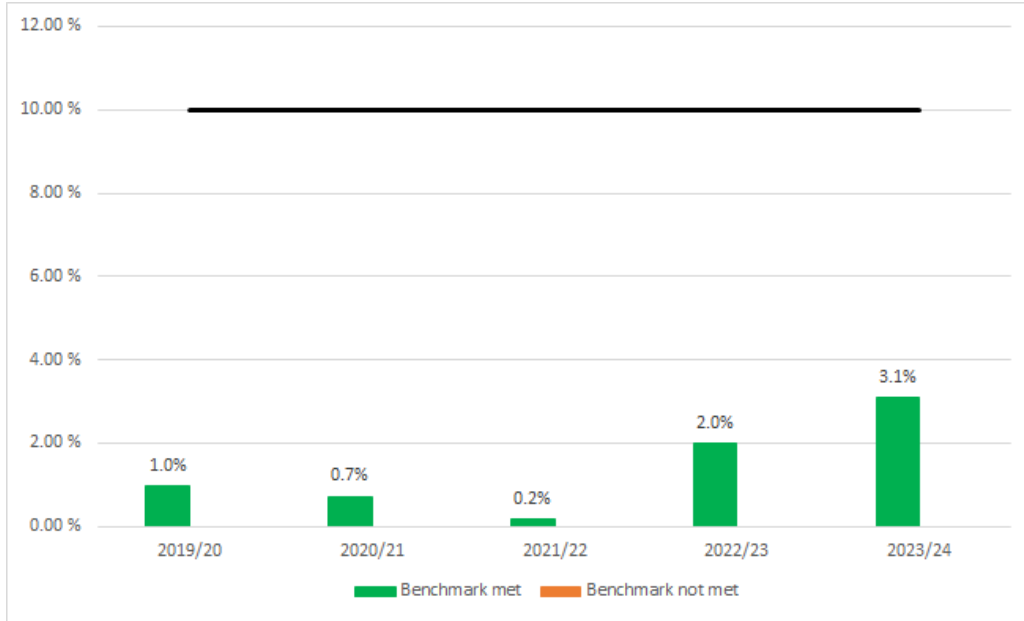




Debt servicing benchmark

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).

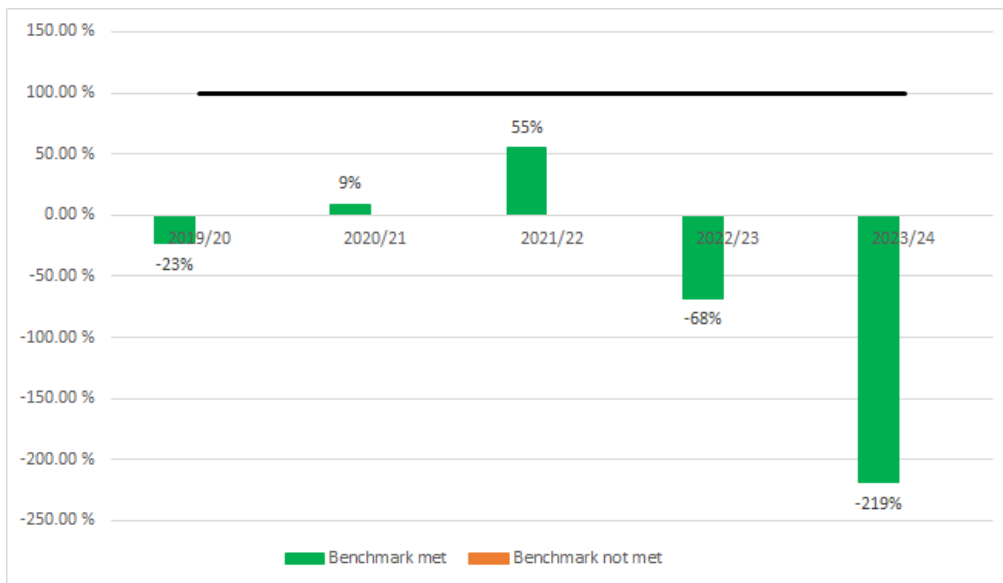
Because Statistics New Zealand projects the council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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.

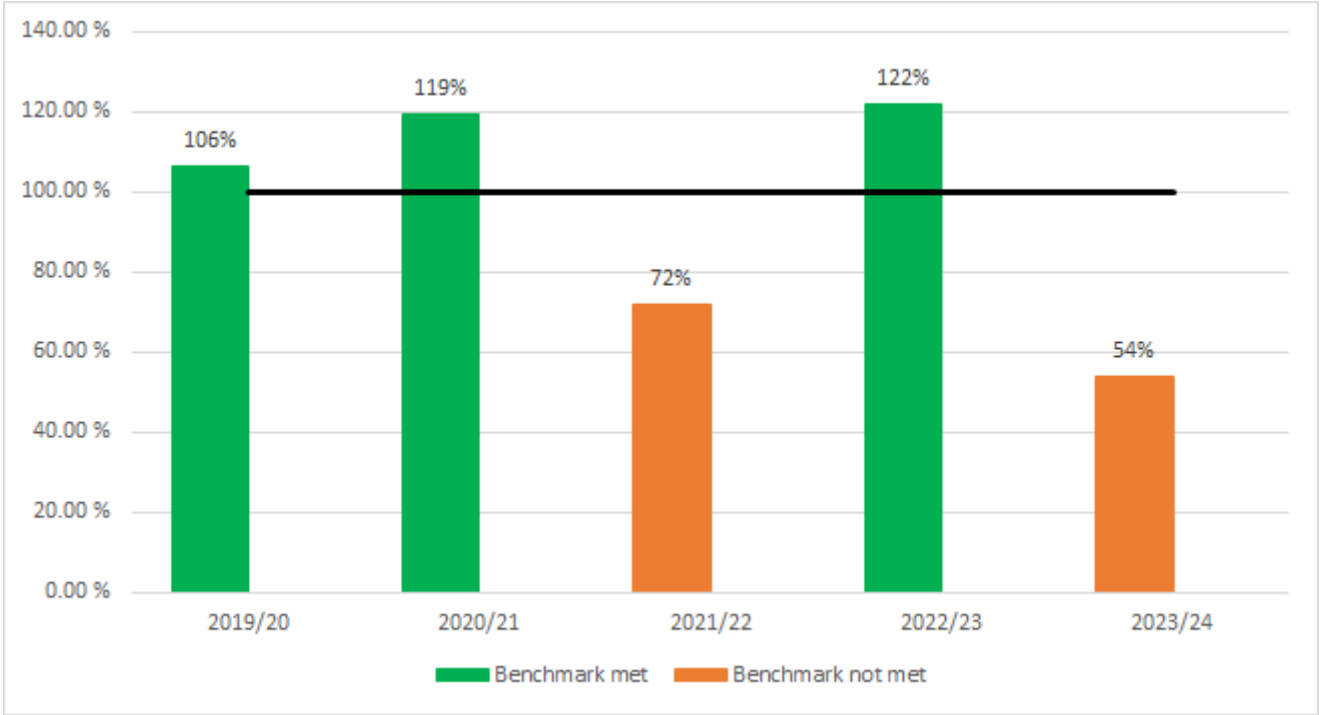




Operations control benchmark

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.

The operations control benchmark was not achieved in 2023/24 due to reduced income from rates receipts, offset by increased payments to suppliers and staff.





LOCAL GOVERNMENT ACT DISCLOSURES

Rating base information

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

	2024
Number of rating units	5,592
Total Capital value of rating units	\$6,695,706,400
Total Land value of rating units	\$4,451,059,250

Insurance

	Carrying value 30 June 2024	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	76,023	140,292	-	-

Please note for motor vehicles the cover is up to \$400,000 for any one vehicle, and \$20,000,000 for Third Party Liability in any one accident. The covered by insurance contracts figure above includes \$400,000, not the \$10,000,000.





AUDIT REPORT

