

# Otorohanga District Council Summary Annual Report for the year ended 30 June 2019

## COMMENTS FROM THE MAYOR AND THE CHIEF EXECUTIVE

It is with pleasure that we present our Summary Annual Report that records Council's performance across a range of indicators for the 2018/19 year.

Council's financial position remains strong, with external debt at \$3.5 million at year end. Significant capital expenditure including major roading works on Mangaorongo Road were completed during the year. We also achieved 68% of our non-financial performance measures, which is a pleasing result.

In 2018 we said farewell to Dave Clibbery, who had dedicated fourteen years to leading the organisation as Chief Executive. Dave left Council in great financial heart, and we would like to say thank you to him for that and wish him well for the future. In February 2019 we welcomed Tanya Winter as our new Chief Executive. With over twenty years' experience in local government, and a community development background, Tanya has come to us at just the right time with Council's focus on engaging more with the community than ever before.

Development in the district has continued with the extension of Waikeria Prison commencing, Happy Valley Milk obtaining all its required consents, and a new hotel being built at Kawhia. Residential building activity also increased across the district in the last year.

The community continues to "punch well above its weight" with a lot of community funded projects completed. The Kiwiana Playground was opened in December 2018 and a brand new state of the art medical centre was also community funded and opened in April 2019. While Council hasn't been directly involved in these projects we

have seen ourselves as enablers – perhaps underwriting loans or supplying land. Council has also recently developed a 3.5km walking and cycling shared pathway running alongside the town centre, which is proving popular and has added to the vibrancy of the town.

Elected members on both Council and Community Boards have demonstrated sound leadership across a range of financial, policy and community issues, and have worked together well as a team. Staffing levels have largely been stable and we are delighted that we have been able to attract some high-calibre people into key roles. We want Otorohanga District Council to be seen as a desirable place to work.

We are excited about the future of the Otorohanga district. As a Council we will need to adapt our business model to meet the opportunities and challenges that are coming at us. To do this we will have a focus on community engagement, fostering our relationships with iwi, growing our internal capability, and preparing early to take our community with us on our next Long Term Plan journey. We will do all of this whilst remaining an efficient, effective, customer-focused organisation.



*Max Baxter*  
**MAYOR**



*Tanya Winter*  
**CHIEF EXECUTIVE**

29<sup>th</sup> November 2019



## Summary Financial Statements

### OTOROHANGA DISTRICT COUNCIL SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2019

Actual 30 June 2018 (000's)		Budget 30 June 2019 (000's)	Actual 30 June 2019 (000's)
	<b>Revenue</b>		
12,574	Rates revenue	12,690	12,608
9,626	Other income	7,993	9,110
22,200	<b>Total income</b>	20,683	21,718
	<b>Expenses</b>		
365	Finance Costs	525	263
16,822	Other Expenditure	18,595	16,950
17,187	<b>Total expenditure</b>	19,120	17,213
5,013	Surplus/(deficit) for the year	1,563	4,505
	<b>Other Comprehensive Revenue and Expenses</b>		
(619)	Gain/(loss) on property revaluation	64	20,394
(9)	Gain/(loss) on available for sale financial assets	-	-
(628)	<b>Total other comprehensive revenue and expenses</b>	64	20,394
4,385	<b>Total Comprehensive Revenue and Expenses for the year</b>	1,627	24,899

### OTOROHANGA DISTRICT COUNCIL SUMMARY BALANCE SHEET AS AT 30 JUNE 2019

Actual 30 June 2018 (000's)		Budget 30 June 2019 (000's)	Actual 30 June 2019 (000's)
	<b>Assets</b>		
9,871	Total current assets	6,268	7,619
298,265	Total non-current assets	301,880	322,233
308,136	<b>Total assets</b>	308,148	329,852
	<b>Liabilities</b>		
3,710	Total current liabilities	4,199	3,565
6,563	Total non-current liabilities	9,544	3,525
10,273	<b>Total liabilities</b>	13,743	7,090
297,863	<b>Net Assets</b>	294,405	322,762
	<b>Equity</b>		
159,734	Accumulated comprehensive revenue and expenses	158,066	164,178
138,129	Reserves	136,339	158,584
297,863	<b>Total equity attributable to ODC</b>	294,405	322,762



**OTOROHANGA DISTRICT COUNCIL  
SUMMARY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

Actual 30 June 2018 (000's)	Note	Budget 30 June 2019 (000's)	Actual 30 June 2019 (000's)
293,478	<b>Balance at 1 July</b>	292,778	297,863
4,385		1,627	24,899
297,863	<b>Balance at 30 June</b>	294,405	322,762

**OTOROHANGA DISTRICT COUNCIL  
SUMMARY STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

Actual 30 June 2018 (000's)		Budget 30 June 2019 (000's)	Actual 30 June 2019 (000's)
5,622	Net cash provided by Operating Activities	7,020	8,369
(1,570)	Net cash used in Investing Activities	(11,388)	(7,475)
(3,060)	Net cash provided by/(used in) Financing Activities	2,967	(3,033)
<b>992</b>	<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>(1,401)</b>	<b>(2,139)</b>
<b>992</b>	Made up as follows: <b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>(1,401)</b>	<b>(2,139)</b>
4,266	Cash, cash equivalents and bank overdrafts at the beginning of the year	1,547	5,258
<b>5,258</b>	<b>Cash and cash equivalents at the end of the year.</b>	<b>146</b>	<b>3,119</b>

**Explanation of major variances against budget**

Explanations for major variations from the Council estimate figures in the 2018/28 Long Term Plan are as follows:

**Statement of Comprehensive Revenue and Expenses**

Total other income was \$1,117,000 above budget. This is due to a number of factors, including vested assets of \$2,025,000 offset by a decrease in user fees and charges.

Finance costs are \$262,000 under budget. This is due to savings in interest costs made from borrowing from the Local Government Funding Agency, as well as an overall reduction in external borrowing.

**Balance Sheet**

Total current assets are up on the budgeted figure by \$1,351,000. This is mainly due to an increase in the cash and cash equivalent of \$2,973,000 above budget and an increase in trade and other receivables of \$1,509,000, offset by a reduction in assets held for sale of \$3,534,000.

Non-current assets are up on budget by \$20,353,000 due to the revaluation of land and roading assets undertaken in the current year.

Total current liabilities are \$634,000 below budget. This is predominantly due to a reduction in trade and other payables.

Total non-current liabilities are \$6,019,000 below budget due to reduced borrowings as the planned subdivision was not undertaken.

**Statement of Cash flows**

Cash flows from operating activities were up on budget by \$1,349,000, as a result of



decreased payments to suppliers and increased receipts from other revenues.

Cash flows from investing activities were \$3,913,000 below budget due to the deferral of some capital expenditure projects, as well as property sales being budgeted that did not eventuate due to the development project being delayed.

### **Basis of Preparation**

These summary financial statements and summary statement of service performance (the Summary Report) have been prepared in accordance with PBE FRS-43: Summary Financial Statements. The Summary Report cannot provide as complete an understanding as the full Annual Report which is available at the Council Offices and District Libraries. This Summary report is for the year ended 30 June 2019. All figures are in New Zealand dollars rounded to the nearest \$1,000.

The Summary Report has been extracted from the full Otorohanga District Council 2018/19 Annual Report which was authorised for issue on 31<sup>st</sup> October 2019. The full financial statements received an unmodified audit opinion dated 31<sup>st</sup> October 2019. The summary financial statements are presented in New Zealand dollars. The Summary Report was authorised by the Otorohanga District Council on 29<sup>th</sup> November 2019.

The primary objective of Otorohanga District Council is to provide goods or services for the community or social benefit rather than making a financial return. The Otorohanga District Council is an individual entity for reporting purposes.

Otorohanga District Council has been determined to be a Tier 2 Public Benefit Entity and therefore has applied reduced disclosure requirements as it sees fit.



## Summary of Other Notes

### Reserves

	Actual 2018 (000's)	Actual 2019 (000's)
Restricted reserves	3,095	3,180
Available for Sale Revaluation Reserves	1	1
Asset Revaluation Reserves	135,033	155,403
<b>Total Reserves</b>	<b>138,129</b>	<b>158,584</b>

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

The movement in the asset revaluation reserves related to revaluations of land and roading assets undertaken during the year.

### Property, plant and equipment

#### Current year revaluations

An independent valuation of the Council's land was performed in the current financial year by Quotable Value, independent registered valuers not related to the Council, 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 2019 in which the total fair value of land valued by Quotable Value was \$15,689,000.

As at 30 June 2019 a fair value calculation was undertaken of which the result was a material increase to the carrying value of the roading assets. This calculation was undertaken by in-house staff and reviewed by WSP Opus International Consultants Ltd. The fair value was determined by this calculation as at 30 June 2019 was \$259,552,000.

#### Events after balance sheet date

No significant events after balance date.



## Summary of Significant Activities

### Summary of Significant Service Levels and Performance Targets

Activity	Number of Performance Targets	Achieved	Partially Achieved	Not Measured	Not Achieved
Roads and Footpaths	6	3	-	-	3
Water Supply	7	1	2	-	4
Sewerage Treatment and Disposal	4	3	1	-	-
Flood Protection and Control Works	1	1	-	-	-
Stormwater Drainage	4	4	-	-	-
Community Services	20	14	2	2	2
Regulatory Services	14	8	-	2	4
Community Development	3	1	-	-	2
Governance & Leadership	14	12	-	2	-

#### Roads and Footpaths

Roads and Footpaths targets achieved included average quality of ride, percentage of sealed road network resealed and unsealed road metalling. Targets not achieved include change in total number of fatalities and serious injuries and footpath network condition.

#### Water Supply

Water Supply targets achieved included the median resolution times for call-outs. The measure around median response times was partially achieved, as targets were met for urgent call-outs but not for non-urgent call-outs. Also partially achieved was percentage of real water loss, which was achieved in Otorohanga but not in Kawhia. Not achieved measures related to drinking water standards for protozoa and bacteria, number of complaints per 1000 connections and average consumption per resident per day.

#### Sewerage Treatment

Sewerage Treatment targets achieved relate to compliance with resource consents, dry weather overflows and complaints per 1000 connections. Median response times for overflows was partially achieved as attendance time was not achieved but resolution time was.

#### Flood Protection

The Flood Protection target achieved was regarding an assessment of the flood protection assets.

#### Stormwater Drainage

The Stormwater drainage targets achieved were for median response time to attend a flooding event, number of flooding events in the district and compliance with resource consents.

#### Community Services

Overall across all community activities a total of 20 performance targets exist, of which fourteen were achieved, two were partially achieved, two were not achieved and two were not measured. Those achieved included safe outdoor structures, safe and high quality park furniture, adequate paths and tracks, increase in recycling volumes, publication dates of library books, swimming pool water quality tests, cemetery website visits, compliance with resource consents for closed landfills and complaints about kerbside collection.

The two partially achieved targets were pensioner housing occupancy rates, where the target was achieved in Otorohanga but not in Kawhia, and material issued by the library, where physical items were not up 2% but e-book issues were.



The targets not achieved were cemetery website visits and complaints about roadside litter.

The two not measured related to Sport Waikato, due to no contract currently existing with them, and number of people participating in library programmes, as this was a new measure.

### **Regulatory Services**

There are fourteen performance measures across Regulatory Services, which covers Building Control, Planning & Development, Environmental Health, Rural Fire, Civil Defence, Dog Control and Stock Ranging. Of these measures, eight were achieved, two were not measured and four were not achieved. These related to swimming pool inspections, formal civil defence training exercises, processing times for resource consents and processing times for building consents.

Some of the targets achieved for Regulatory Services included percentage of dogs impounded, complaints about roaming dogs, civil defence meetings, and liquor and food premise licensing.

### **Community Development**

There are three performance measures for Community Development, of which one was achieved during the year. The achieved measure related to Tourism Waikato providing 6 monthly reports. The measures not achieved related to the Otorohanga District Development Board providing quarterly reports to Council and the measure regarding property development.

### **Governance and Leadership**

Governance and Leadership covers Democratic Process, Policy Development, Council Support, Corporate Planning and Support Services. There are fourteen performance targets across Governance and Leadership, and of these twelve were achieved during the year and two were not measured.

Some of the major performance targets related to Council business conducted in open meetings, availability of meeting agendas, provision of Council grants, adopting of Annual

Plan and Annual Report, and reviews of bylaws.



## Statement of Compliance

The Council and Management of Otorohanga 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 Otorohanga District Council accept responsibility for the preparation of the annual Summary Financial Statements and the judgements used in them.

The Council and Management of Otorohanga 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 Otorohanga District Council, the Summary Financial Statements for the year ended 30 June 2019 fairly reflect the financial position and operations of Otorohanga District Council.

Max Baxter  
**MAYOR**

Tanya Winter  
**CHIEF EXECUTIVE**

Graham Bunn  
**GROUP MANAGER**  
**CORPORATE**

29<sup>th</sup> November 2019

## Otorohanga District Statistics

### Area and Population

Area (Square kilometres)	1,976
Population (2013 Census figures)	9,513

### Communities

	Area	Population
Otorohanga	507 ha	2,568
Kawhia	161 ha	345
Rural	196,932 ha	6,600
	<b>197,600 ha</b>	<b>9,513</b>

### Valuation

Rateable Properties (No. of)	4,908
Non Rateable Properties (No. of)	303
Rateable Capital Value	\$4,168,107,175
Date of Last revision of Values	1 Sept 2016

### Rates and Rating 2018/19

Total Rates(Excluding GST)	\$12,608,274
System of Rating	Capital Value

### Public Debt Outstanding as at 30/06/19

Public Debt Outstanding	\$3,481,057
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### Date of Constitution of District

1 November 1989

## Contact Information

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Otorohanga

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## Audit Report

**Deloitte.**

### INDEPENDENT AUDITOR'S REPORT

#### TO THE READERS OF OTOROHANGA DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The summary of the annual report was derived from the annual report of the Otorohanga District Council (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 2 to 8:

- the Summary Balance Sheet as at 30 June 2019;
- the Summary Statement of Comprehensive Revenue and Expenses, Summary Statement of Changes in Equity and Summary Statement of Cash Flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary Statement of Service Performance (referred to as 'Summary of Significant Activities') of the District Council.

#### Opinion

In our opinion:

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

#### Summary of the annual report

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

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

#### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 31 October 2019.

#### Council's responsibility for the summary of the annual report

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

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in

**Deloitte.**

the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

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

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.

**Melissa Youngson, Partner  
for Deloitte Limited**  
On behalf of the Auditor-General  
Hamilton, New Zealand  
29 November 2019