

Otorohanga District Council

Summary Annual Report for the year ended 30 June 2016

COMMENTS FROM THE MAYOR AND THE CHIEF EXECUTIVE

The 2015/16 year was another year of steady performance by Council.

Whilst there were some operational challenges, none are considered to have had a major adverse impact on service delivery, and satisfactory levels of service and organisational performance continued to generally be achieved.

77% of performance targets for the year were met or exceeded, and of those targets that were not met in most cases the margin of failure was small or the aspect was not considered critical to overall performance.

The most significant infrastructure project during the year was the installation of water meters on most of the residential properties in Otorohanga. This is considered an important step towards achieving greater fairness and efficiency in water supply, and which appears to have been generally accepted by the community.

The other most notable large infrastructure project was the upgrading of a section of Ouruwhero Road, as part of a continuing strategy to enhance the linkage of Otorohanga and its rural surrounds to the strongly growing central Waikato region to the north. Improving these connections can make our District more viable as a place of residence for people working to the north, and vice versa.

In respect of operational activities, Council continues to seek efficiencies, and some significant savings have been achieved, particularly in respect of road maintenance.

The overall financial result for the year - a surplus of \$754,000 - was pleasing and in line with previous estimates.

The path towards continuing reduction of Council debt has also been followed, with external debt at \$9.66 million, and a substantial amount of cash also held at the year end.

Council recognises the economic challenges that have continued to be faced by the dairy sector, and has endeavoured to ease associated burdens where it can, such as deferring requirements for the installation of stock underpasses, and restricting rates increases to essential levels.

The year did however see the emergence of some exciting prospects for future population and economic growth in the District, in part driven by the pressures on Auckland, which are now flowing on to the provinces. This has in turn started to drive changes in Council strategic planning, to ensure that advantage is taken of the opportunities that may exist.

Doing so may require some additional investment by Council, but the continuing sound performance of Council, as demonstrated in the 2015/16 year, has put Council in a sound position to make these investments.



Max Baxter
MAYOR



Dave Clibbery
CHIEF EXECUTIVE

4th October 2016



Summary Financial Statements

OTOROHANGA DISTRICT COUNCIL SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2016

Actual 30 June 2015 (000's)		Budget 30 June 2016 (000's)	Actual 30 June 2016 (000's)
	Revenue		
11,623	Rates revenue	11,956	11,768
4,550	Other income	4,540	4,802
16,173	Total income	16,496	16,570
	Expenses		
473	Finance Costs	563	440
13,364	Other Expenditure	14,987	15,376
15,837	Total expenditure	15,550	15,816
336	Surplus/(deficit) for the year	946	754
	Other Comprehensive Revenue and Expenses		
42,312	Gain/(loss) on property revaluation	-	(103)
(1)	Gain/(loss) on available for sale financial assets	-	3
42,311	Total other comprehensive revenue and expenses	-	(100)
42,647	Total Comprehensive Revenue and Expenses for the year	946	654

OTOROHANGA DISTRICT COUNCIL SUMMARY BALANCE SHEET AS AT 30 JUNE 2016

Actual 30 June 2015 (000's)		Budget 30 June 2016 (000's)	Actual 30 June 2016 (000's)
	Assets		
4,606	Total current assets	3,907	5,093
299,609	Total non-current assets	284,478	299,450
304,215	Total assets	288,385	304,543
	Liabilities		
2,976	Total current liabilities	3,256	2,739
9,820	Total non-current liabilities	9,760	9,731
12,796	Total liabilities	13,016	12,470
291,419	Net Assets	275,369	292,073
	Equity		
154,766	Accumulated comprehensive revenue and expenses	155,117	155,333
136,653	Reserves	120,252	136,740
291,419	Total equity attributable to ODC	275,369	292,073



**OTOROHANGA DISTRICT COUNCIL
SUMMARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Accumulated comprehensive revenue and expenses	Available for Sale Reserves	Asset Revaluation Reserves	Restricted Reserves	Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Balance as at 1 July 2014	154,320	9	93,574	869	248,772
Surplus/(deficit) for the year	336	-	-	-	336
Other Comprehensive Revenue and Expenses					
Gain/(loss) on revaluations	-	(1)	42,312	-	42,311
Total Comprehensive Revenue and Expenses	336	(1)	42,312	-	42,647
Transfers (to)/from accumulated comprehensive revenue and expenses	110	-	(105)	(5)	-
Balance 30 June 2015	154,766	8	135,781	864	291,419
Surplus/(deficit) for the year	754	-	-	-	754
Other Comprehensive Revenue and Expenses					
Gain/(loss) on movement of reserves	-	3	(103)	-	(100)
Total Comprehensive Revenue and Expenses	754	3	(103)	-	(100)
Transfers (to)/from accumulated comprehensive revenue and expenses	(187)	-	6	181	-
Balance 30 June 2016	155,333	11	135,684	1,045	292,073

**OTOROHANGA DISTRICT COUNCIL
SUMMARY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

Actual 30 June 2015 (000's)		Budget 30 June 2016 (000's)	Actual 30 June 2016 (000's)
4,220	Net cash provided by Operating Activities	5,212	6,071
(4,246)	Net cash used in Investing Activities	(5,707)	(4,845)
(981)	Net cash provided by/(used in) Financing Activities	514	(93)
(1,007)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	19	1,133
	Made up as follows:		
(1,007)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	19	1,133
2,711	Cash, cash equivalents and bank overdrafts at the beginning of the year	813	1,704
1,704	Cash and cash equivalents at the end of the year.	832	2,837



Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2015/25 Long Term Plan are as follows:

Statement of Comprehensive Revenue and Expenses

Total other income was \$262,000 above budget. This is due to a number of factors, including contributions from Waipa Networks towards council projects, income from interest being \$49,000 over budget and increased regulatory revenue.

Total other expenses were \$389,000 above budget. This is due to a number of factors, mostly due to increased depreciation costs as a result of the change in methodology around disposing of some roading assets. Also road maintenance costs were higher than budgeted, which was offset by savings in other activities.

Finance costs are \$123,000 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 \$1,186,000. This is mainly due to an increase in the cash and cash equivalent of \$2,005,000 above budget, offset by reductions in trade and other receivables.

Non-current assets are above budget by \$14,972,000 due to higher than budgeted property, plant and equipment revaluation figures in the previous year.

Total current liabilities are \$517,000 below budget and non-current liabilities is \$29,000 below budget. This is predominantly due to the timing of end of year creditor payments.

Statement of Cash flows

Cash flows from operating activities were above budget by \$859,000, as a result of decreased payments to suppliers and increased cash revenue inflows.

Cash flows from investing activities were \$862,000 below budget due to the deferral of some capital expenditure projects, as well as savings made on some roading projects due to favourable market conditions.

Cash flows from financing activities were \$607,000 above budget due to better cash flow management requiring less borrowing.

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 2016. 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 2015/16 Annual Report which was authorised for issue on 4th October 2016. The full financial statements received an unmodified audit opinion dated 4th October 2016. The summary financial statements are presented in New Zealand dollars. The Summary Report was adopted and authorised by the Otorohanga District Council on 4th October 2016.

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 2015 (000's)	Actual 2016 (000's)
Restricted reserves	864	1,045
Available for Sale Revaluation Reserves	8	11
Asset Revaluation Reserves	135,781	135,684
Total Reserves	136,653	136,740

The movement in restricted reserves related to subdivision financial contributions received with resource consents and interest earned on those restricted reserves. There was also a transfer of money to cover some capital expenditure in the Otorohanga Community.

Events after balance sheet date

In August 2016, the final property in the Progress Park subdivision was sold. This section was recorded in property held for resale valued at \$75,000 and was sold for \$100,000. This transaction will be reflected in the 30 June 2017 financial year.



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	2	-	-	4
Water Supply	7	5	2	-	-
Sewerage Treatment and Disposal	4	2	-	-	2
Flood Protection and Control Works	1	1	-	-	-
Stormwater Drainage	4	2	1	-	1
Community Services	21	17	1	1	2
Regulatory Services	17	15	-	-	2
Community Development	3	1	-	1	1
Governance & Leadership	14	10	-	3	1

Roads and Footpaths

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

Water Supply

Most Water Supply targets were achieved and included the compliance with drinking water standards, percentage of real water loss, average consumption per person per day and number of complaints received per 1000 connections. The two measures around median response and median resolution times were partially achieved, as targets were met for urgent call-outs but not for non-urgent call-outs.

Sewerage Treatment

Sewerage Treatment targets achieved relate to compliance with resource consents and complaints per 1000 connections. Targets not achieved related to dry weather sewerage overflows per 1000 connections and median response and resolution times for overflows.

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 number of complaints of flooding and compliance with resource consents. The partially achieved related to number of flooding events in the district. The not achieved target related to median response time to attend a flooding event.

Community Services

Overall across all community activities a total of 21 performance targets exist, of which seventeen were achieved and two were not achieved. One was partially achieved and two were not measured. Those achieved included safe outdoor structures, safe and high quality park furniture, adequate paths and tracks, publication dates of library books, pensioner housing occupancy rates, swimming pool water quality tests, cemetery website visits, compliance with resource consents for closed landfills and complaints about kerbside collection and roadside litter.

The targets not achieved were increase in recycling volumes and library visits per capita.



The partial achievement was for library material issued, and the one not measured related to Sport Waikato, due to no contract currently existing with them.

Regulatory Services

There are seventeen 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, fifteen were achieved and two were not achieved. These related to swimming pool inspections and rural fire permits issued within 3 days.

Some of the targets achieved for Regulatory Services included processing days for building consents, percentage of dogs impounded, complaints about roaming dogs, stock wandering on roads and liquor licensing.

Community Development

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

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 ten were achieved during the year. Three were not measured and the remaining one was not achieved.

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

The target not achieved related to distribution of funds from Creative NZ and Sport NZ.

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 2016 fairly reflect the financial position and operations of Otorohanga District Council.

Max Baxter
MAYOR

Dave Clibbery
CHIEF EXECUTIVE

Graham Bunn
**FINANCE AND
ADMINISTRATION
MANAGER**

4th October 2016



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
	197,600 ha	9,513

Valuation

Rateable Properties (No. of)	4,970
Non Rateable Properties (No. of)	475
Rateable Capital Value	\$3,503,344,450
Date of Last revision of Values	1 Sept 2013

Rates and Rating 2015/16

Total Rates(Excluding GST)	\$11,768,098
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/16

Public Debt Outstanding	\$9,659,783
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Date of Constitution of District

1 November 1989

Contact Information

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Audit Report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF OTOROHANGA DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The summary annual report was derived from the annual report of Otorohanga District Council (the District Council) for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 2 to 7:

- the summary balance sheet as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (referred to as 'summary of significant activities') of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 4 October 2016.

Opinion

In our opinion:

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

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.



Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

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

Bruno Dente
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand
4 October 2016