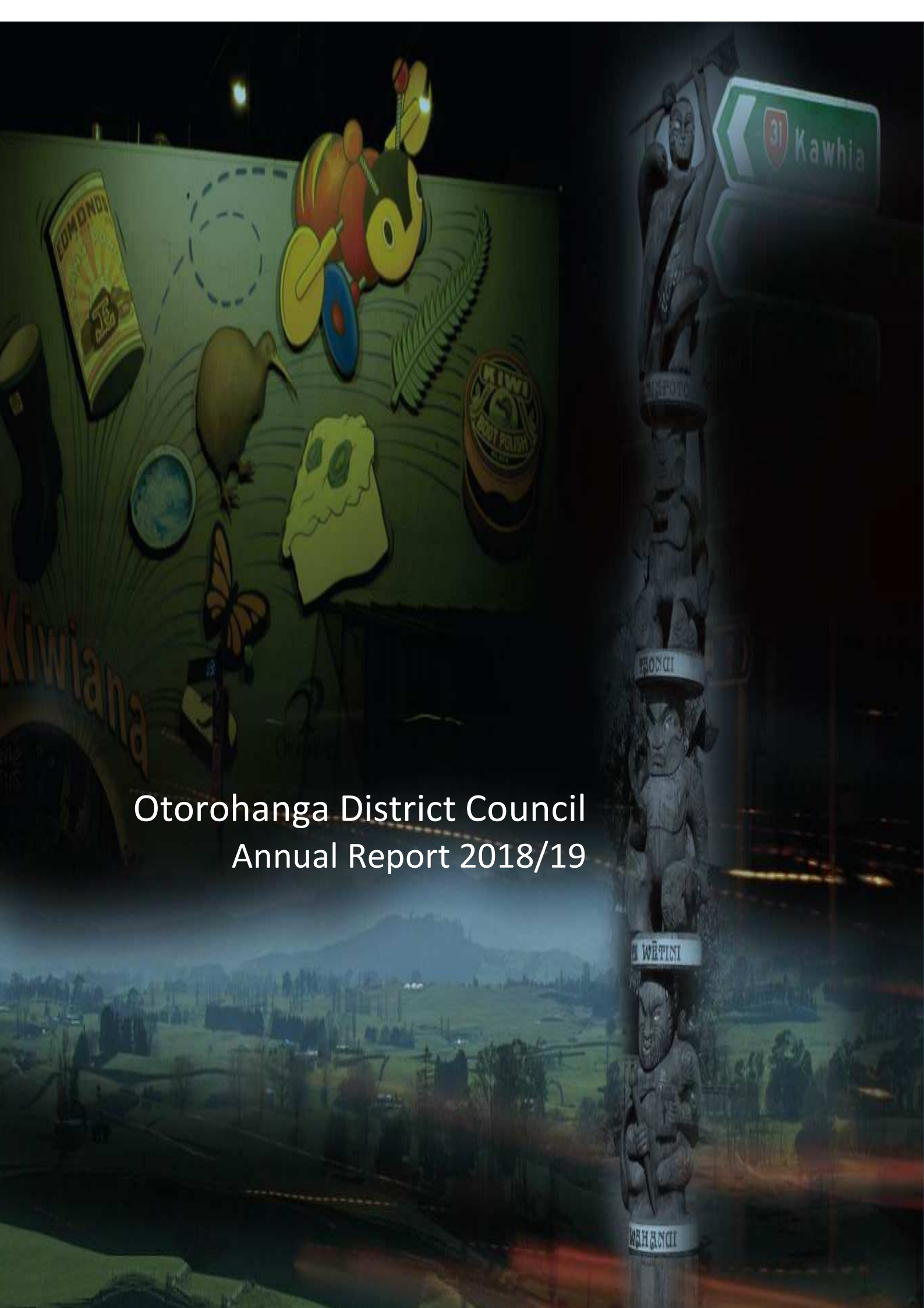


Otorohanga District Council
Annual Report 2018/19





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INTRODUCTION



COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

2018/19 ANNUAL REPORT

It is with pleasure that we present our 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

31st October 2019

Tanya Winter
CHIEF EXECUTIVE

31st October 2019





ELECTED MEMBERS

Mayor:
Max Baxter

Phone (Bus):
Fax:
Postal:
Website:

(07) 873 4000
(07) 873 4300
PO Box 11, Otorohanga
www.otodc.govt.nz

Deputy Mayor:
Deborah Pilkington – Kawhia/Tihiroa Ward – until 12 October 2019 (027) 332 6725

Councillors:
Roy Johnson – Waipa Ward (07) 873 0909
Ken Phillips – Kiokio/ Korakonui Ward – until 12 October 2019 (027) 294 3130
Paul McConnell – Otorohanga Ward (027) 290 1922
Annette Williams – Kawhia/Tihiroa Ward (07) 873 7715
Robyn Klos – Wharepuhunga Ward (07) 872 4594
Katrina Christison – Otorohanga Ward (07) 873 7779
Bryan Ferguson – Kiokio/Korakonui Ward – from 12 October 2019 (07) 873 6014
Kit Jeffries – Kawhia/Tihiroa Ward – from 12 October 2019 (07) 871 0891

Otorohanga Community Board:

Paul McConnell – Chair (027) 290 1922
Peter Coventry – Deputy (07) 873 8982
Alan Buckman (07) 873 6535
Liz Cowan (07) 873 0849
Neville Gadd (021) 192 4933
Katrina Christison (07) 873 7779

Kawhia Community Board:

Kit Jeffries – Chair (07) 871 0891
Deborah Pilkington - Deputy (027) 332 6725
Dave Walsh (07) 871 0552
Alan Rutherford (021) 654 187
George Fletcher (07) 846 2228



MANAGEMENT STRUCTURE



Postal Address: PO Box 11, Otorohanga 3900

Council Chambers: Maniapoto Street, Otorohanga

Telephone Number: 07 - 873 4000

0800 Number: 0800 734 000

Fax Number: 07 - 873 4300

Email: Info@otodc.govt.nz

Bankers: Bank of New Zealand

Auditors: Deloitte Limited, on behalf of the Office of the Auditor General

Solicitors: Gallie Miles, Te Awamutu
Tompkins Wake, Hamilton



DISTRICT BACKGROUND

Otorohanga District is located some 50 kilometres south of Hamilton. The area administered by the Council covers 1976 sq.km. and extends from the Kawhia 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 Otorohanga and Kawhia.

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 Otorohanga 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 Kawhia County was amalgamated into the District on 1 April 1956. On 1 November 1971, the County of Otorohanga and the Borough of Otorohanga were united to form a new County of Otorohanga. 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.

The Council believes that it is able to function as an effective and independently viable unit of the local government with adequate staff and resources to administer a comprehensive range of services for its constituent ratepayers and residents.

A roading network, totalling 901.5 km in length, provides access. State Highways 3, 31 and 39 account for 94.5km of this and are maintained by Transfield under contract to New Zealand Transport Agency at no cost to Council. The balance of 807km comprises 514km of sealed pavements of varying widths and 293km of metalled roads. Of these, 28km of sealed roads are within the urban Communities of Otorohanga and Kawhia as is 0.5km of the unsealed roads. Within the Council maintained roading network are 154 bridges totalling 1995m in length and including 28 stock access structures. Since the Otorohanga Council was first constituted, the prime aim of Council has been extension and improvement of the roading system as a means of encouraging land development and stimulating primary production.

The Council Office is located in the Community of Otorohanga 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.

Otorohanga is centrally placed, being within easy driving distance of Auckland, Hamilton, Tauranga, Rotorua, Taupo and New Plymouth. The town has a population of 2,661 and is an important focus for tourist activities in the North King Country area. Being 16 kilometres north-west of Waitomo, Otorohanga is the closest town to the world famous glow worm caves.

Kawhia, a small holiday resort on the west coast, is also within the District. It is located on the shores of the Kawhia Harbour some 57 kilometres west of Otorohanga via State Highway 31, and has a permanent population of 345 with this increasing to over 3000 at peak holiday periods. Kawhia is the home of the Tainui people who settled there 600 to 700 years ago. The Kawhia 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 (2013 Census figures)	9,513

Communities

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

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 September 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



FINANCIAL STATEMENTS



**OTOROHANGA DISTRICT COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
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)
	Revenue			
11,831	Rates revenue	2	11,936	11,887
91	Contributions		10	120
743	Water by volume rates	2	754	721
4,016	Subsidies	2	5,158	5,375
4,497	Other income	2	2,600	3,702
1,022	Other gains/(losses) on asset disposal		225	(87)
22,200	Total revenue		20,683	21,718
	Expenses			
3,623	Employee benefit expenses	3	4,161	3,822
5,451	Depreciation and amortisation	11	5,484	5,438
7,748	Other expenses	4	8,950	7,690
365	Finance costs		525	263
17,187	Total expenses		19,120	17,213
5013	Surplus/(deficit) for the year		1,563	4,505
	Other Comprehensive Revenue and Expenses			
(619)	Gain/(loss) on property revaluation		64	20,394
(9)	Gain/(loss) on available for sale financial assets		-	-
(628)	Total other comprehensive revenue and expenses		64	20,394
4,385	Total Comprehensive Revenue and Expenses for the year		1,627	24,899
	Total comprehensive revenue and expense attributable to:			
4,385	Otorohanga District Council		1,627	24,899
4,385			1,627	24,899

The accompanying notes on pages 16-51 form part of these financial statements.



OTOROHANGA DISTRICT COUNCIL
BALANCE SHEET
AS AT 30 JUNE 2019

Actual 30 June 2018 (000's)		Note	Budget 30 June 2019 (000's)	Actual 30 June 2019 (000's)
	Assets			
	Current assets			
5,258	Cash and cash equivalents	5	146	3,119
4,283	Receivables from non-exchange transactions	6	2,558	3,910
299	Receivables from exchange transactions	6	-	157
-	Loan Receivable	6	-	400
31	Inventory		30	33
-	Assets held for sale	8	3,534	-
9,871	Total current assets		6,268	7,619
	Non-current assets			
679	Investments	7	2,101	631
297,507	Property, plant and equipment	9	299,658	321,512
79	Intangible assets	10	121	90
298,265	Total non-current assets		301,880	322,233
308,136	Total assets		308,148	329,852
	Liabilities			
	Current Liabilities			
2,244	Payables under exchange transactions	12	2,751	2,064
1	Provisions	13	1	1
354	Employee benefit liabilities	14	330	269
387	Development and financial contributions in advance	16	457	365
724	Income in Advance	15	660	866
-	Borrowings	16	-	-
3,710	Total current liabilities		4,199	3,565
	Non-current liabilities			
17	Provisions	13	16	17
32	Employee benefit liabilities	14	47	27
6,514	Borrowings	17	9,481	3,481
6,563	Total non-current liabilities		9,544	3,525
10,273	Total liabilities		13,743	7,090
297,863	Net Assets		294,405	322,762
	Equity			
154,830	Accumulated Comprehensive Revenue and Expenses	18	161,432	159,216
4,904	Council Controlled Reserves	18	(3,366)	4,962
3,095	Reserve Funds	18	3,050	3,180
135,034	Revaluation Reserves	18	133,289	155,404
297,863	Total equity		294,405	322,762

The accompanying notes on pages 16-51 form part of these financial statements.



**OTOROHANGA DISTRICT COUNCIL
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	Balance at 1 July	292,778	297,863
4,385	Total comprehensive revenue and expense for the year	1,627	24,899
297,863	Balance at 30 June	294,405	322,762
	<i>Total comprehensive revenue and expense attributable to:</i>		
4,385	Otorohanga District Council	1,627	24,899
4,385	Total comprehensive revenue and expense	1,627	24,899

The accompanying notes on pages 16-51 form part of these financial statements.



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

Actual 30 June 2018 (000's)	Notes	Budget 30 June 2019 (000's)	Actual 30 June 2019 (000's)
	Cash flows from operating activities		
12,473	Receipts from rates revenue	12,689	12,692
4,150	Receipts from other revenue	6,866	7,605
94	Interest received	90	128
15	Dividends received	12	13
(10,745)	Payments to suppliers and employees	(12,112)	(11,806)
(365)	Interest paid	(525)	(263)
5,622	Net cash provided by Operating Activities	7,020	8,369
	Cash flows from investing activities		
86	Proceeds from Sale of Property, Plant and Equipment	-	135
2,350	Proceeds from Sale of development property held for sale	(66)	-
(4,098)	Purchase of property, plant and equipment	(11,265)	(7,193)
85	Purchase of investments	-	(352)
7	Purchase of intangible assets	(57)	(65)
(1,570)	Net cash (used in) Investing Activities	(11,388)	(7,475)
	Cash flows from financing activities		
-	Proceeds from borrowings	3,000	-
(3,060)	Repayment of borrowings	(33)	(3,033)
(3,060)	Net cash provided by/(used in) Financing Activities	2,967	(3,033)
992	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(1,401)	(2,139)
4,266	Cash, cash equivalents and bank overdrafts at the beginning of the year	1,547	5,258
5,258	Cash and cash equivalents at the end of the year.	146	3,119

The accompanying notes on pages 16-51 form part of these financial statements.



**OTOROHANGA DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

1. Summary of significant accounting policies.

Reporting Entity

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

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

The financial statements of ODC are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 31st October 2019. These financial statements comprise solely of the ODC financial results.

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 assets.

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

Statement of Compliance

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

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

Presentation currency and rounding

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

Borrowing costs

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

Goods and Services Tax (GST)

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

Commitment and contingencies are disclosed exclusive of GST.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

Budget figures

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

Cost Allocation

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

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

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

Changes in Accounting Policies

No significant changes in accounting policies during the year.

2. Revenue

Accounting Policy

Revenue is measured at the 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 when the invoices are raised.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

New Zealand Transport Agency roading subsidies

ODC receives government grants from New Zealand 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.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

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.

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



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

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.

Breakdown of rates and further information

	Actual 2018 (000's)	Actual 2019 (000's)
General Rates	4,728	5,122
Targeted rates attributable to activities		
Water	802	778
Sewerage	488	475
Refuse	270	245
Land Transport	5,246	4,992
Security	37	73
Erosion Protection	26	24
CBD Development	34	32
Halls	18	19
Rates penalties	182	127
Total revenue from rates	11,831	11,887
Metered Water Charges	743	721
Total Water by Volume Rates	743	721

Breakdown of Subsidies and Grants

	Actual 2018 (000's)	Actual 2019 (000's)
Subsidies		
Land Transport NZ government grants	3,949	5,313
Other Subsidies	67	62
Total Subsidies	4,016	5,375

Other subsidies include waste minimisation subsidies, Sport NZ and Creative Communities funding.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

Breakdown of Other Income

	Actual 2018 (000's)	Actual 2019 (000's)
Other Income		
User charges	635	647
Metal Royalties	-	-
Regulatory revenue	1,194	808
Petrol tax	84	81
Vested assets revenue	2,475	2,025
Interest income for financial assets not at fair value through profit and loss		
- cash and cash equivalents	94	128
Dividend income	15	13
Total other income	4,497	3,702

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 2018/19 financial year is \$21,156,748 (2018: \$20,010,901).

Total revenue from exchange transactions includes the revenue from interest, rental, royalties and other revenue. Total exchange revenue for the 2018/19 financial year is \$648,357 (2018: \$1,167,306).

	Actual 2018 (000's)	Actual 2019 (000's)
Non-exchange revenue	20,011	21,157
Exchange revenue	1,167	648
Total Revenue	21,178	21,805
Total revenue per statement of comprehensive revenue and expenses	22,200	21,718
Add back: Other gains/(losses) on asset disposal	(1,022)	87
Classified revenue per statement of comprehensive revenue and expenses	21,178	21,805

Operating leases as lessor

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



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued

	Actual 2018 (000's)	Actual 2019 (000's)
Non-cancellable operating leases as lessor		
Not later than one year	93	104
Later than one year and not later than five years	284	106
Later than five years	34	278
Total non-cancellable operating leases	411	488

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 2018 (000's)	Actual 2019 (000's)
Salaries and wages	3,516	3,803
Employer contributions to defined contribution plans	98	108
Increase/(decrease) in employee benefit liabilities	9	(89)
Total employee benefit expenses	3,623	3,822

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

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

Key management personnel compensation

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

	Actual 2018 (000's)	Actual 2019 (000's)
Salaries and other short term employee benefits	872	959
Post-employment benefits (defined contribution plan)	39	41
	911	1,000



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

Chief Executive

The Chief Executive received the following remuneration:

	Cost during the financial year	
	Actual 2018	Actual 2019
	(000's)	(000's)
Salary – Dave Clibbery	229	198
Telephone rental – Dave Clibbery	1	1
Memberships – Dave Clibbery	1	1
Salary – Tanya Winter	-	77
Motor Vehicle – Tanya Winter	-	3
Fringe Benefit Tax – Tanya Winter	-	2
Total Chief Executive's remuneration	231	282

Dave Clibbery's last day was 15th February 2019 and Tanya Winter's first day was 18th February 2019.

Elected representatives

	Total remuneration	
	Actual 2018	Actual 2019
	(000's)	(000's)
Max Baxter, Mayor	67	75
Deborah Pilkington, Deputy Mayor	44	41
Ken Phillips	17	18
Roy Johnson	17	18
Robyn Klos	19	20
Annette Williams	17	18
Paul McConnell	31	32
Katrina Christison	24	25

Council Employees

	Actual 2018	Actual 2019
Total remuneration by band for employees as at 30 June		
< \$60,000	32	30
\$60,000 - \$80,000	11	10
\$80,000 - \$100,000	5	5
\$100,000 - \$220,000	6	5
Total Employees	54	50

Total remuneration includes non-financial benefits provided to employees.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

At balance date, the Council employed 45 (2018: 43) full-time employees, with the balance of 7 part time employees representing 2 (2018: 2) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

Councillors

At balance date, the Council consisted of 7 Councillors and 1 Mayor (2018: 7 Councillors and 1 Mayor). These equate to approximately 1 FTE.

Severance payments

For the year ended 30 June 2019 ODC made no severance payments to employees (2018: no severance payments).

4. Other Expenses

Accounting policy

Grant expenditure

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

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

Operating Leases

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

	Actual 2018 (000's)	Actual 2019 (000's)
Deloitte fees for financial statement audit	126	121
Deloitte fees for other assurance services	4	4
Deloitte fees for long term plan audit	79	-
Minimum lease payments under operating leases	8	10
Activity operation	1,449	1,628
Asset maintenance	771	695
Road maintenance	3,518	3,816
Other expenses	1,793	1,416



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

Total other expenses	7,748	7,690
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Otorohanga District Council is exempt from tax under the Income Tax Act 2007.

The impairment of receivables relates to the writing off of rates debtors after the statutory deadline of 7 years, as well as writing off rates debtors that were deemed to be uncollectible.

Operating leases as lessee

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

	Actual 2018 (000's)	Actual 2019 (000's)
Non-cancellable operating leases as lessee		
Not later than one year	10	10
Later than one year and not later than five years	31	21
Later than five years	-	-
Total non-cancellable operating leases	41	31

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, 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 2018 (000's)	Actual 2019 (000's)
Cash and cash equivalents	5,258	3,119
Total cash and cash equivalents	5,258	3,119



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

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 \$171,920 (2018: \$141,449)

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

Receivables are recorded at their face value, less any provision for impairment.

	Actual 2018 (000's)	Actual 2019 (000's)
Rates receivables	916	978
Other receivables	710	666
Sundry debtors	3,027	2,512
	4,653	4,156
Less provision for impairment of receivables	(71)	(89)
	4,582	4,067
Represented by:		
Receivables from non-exchange transactions	4,283	3,910
Receivables from exchange transactions	299	157
	4,582	4,067

Rates are struck on the 1st of July each year, and are charged in two instalments. In the year ended 30 June 2019 these instalments were due on 31st August 2018 and 25th January 2019. A charge of 10% is added to all rates levied and due for the 2018/19 year that remains unpaid after 31st August 2018 and 25th January 2019. A further 10% charge is added to all rates that have been levied in any financial year previous to 1 July 2018 which remained unpaid as at that date.

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.

Loan receivable is \$400,000 (2018: \$nil). This loan receivable relates to a loan to the Otorohanga District and Community Charitable Trust for the construction of the Otorohanga Medical Hub at an interest rate of 3.98%. This loan was fully repaid in October 2019.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

Impairment

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

	Actual 2018 (000's)	Actual 2019 (000's)
Balance at beginning of the year	(71)	(71)
Amounts remitted	3	7
(Increase)/decrease in provision	(3)	(25)
Balance at end of the year	(71)	(89)

The impairment relates entirely to rates receivables.

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

7. Investments

Accounting Policy

Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs except for those financial assets classified as fair value through surplus and deficit in which case the transaction costs are recognised in the surplus or deficit. Financial liabilities are recognised initially at fair value net of transaction costs.

Purchases and sales of investments are recognised on trade-date, the date on which ODC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and ODC has transferred substantially all the risks and rewards of ownership.

ODC classifies its financial assets into the following four categories:

- fair value through surplus or deficit;
- held-to-maturity investments;
- loans and receivables; and
- available for sale financial assets.

ODC currently only has loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. 'Trade and other receivables' are classified as loans and receivables.

Available for sale financial assets

Available for sale financial assets are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intended to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:

- Investments that it intended to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

After initial recognition the shareholdings in listed and unlisted companies are measured at their fair value. Where no fair value is available then the assets are valued at cost.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation is reclassified from equity to the surplus or deficit.

Impairment of financial assets

At each balance sheet date ODC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Critical judgements in applying ODC's accounting policies

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2019:

1. Classification of investments

ODC owns a number of investments in other companies. The dividends received from these investments are incidental to holding the investments. These investments are held for strategic purposes, and are intended to be held for the long term. As such these investments have been classified as available for sale financial assets.

	Actual 2018 (000's)	Actual 2019 (000's)
Available for sale Financial Assets		
Unlisted shares – Waikato Regional Airport Ltd	464	464
Unlisted shares – Ballance Agrinutrients	11	11
Unlisted shares – Local Government Funding Agency	100	100
Borrower Notes – Local Government Funding Agency	96	48
Unlisted shares – Civic Financial Services	8	8
Total equity investments	679	631



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

Unlisted shares

The fair value of unlisted shares of Ballance Agrinutrients, the NZ Local Government Insurance Corporation Ltd and the Local Government Funding Agency are not able to be determined reliably and as such have been measured at cost. A range of estimates within which the fair values would be likely to lie are unable to be determined.

ODC holds a 0.26% shareholding in Waikato Local Authority Shared Services Limited, a company established by the 13 territorial and regional councils in the Waikato region. This share has a value of \$1,000, but the capital has not been called yet, and therefore no investment has been recognised in the balance sheet. Refer to note 19 – Contingencies for a discussion of the uncalled capital.

Council has considered if the investment in the available for sale financial assets is in any way impaired. Based on the information available to the Council, no impairment of the investments is believed to exist at this time.

8. Assets Held For Sale

Accounting policy

Assets held for sale

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the surplus or deficit .

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Assets are not depreciated or amortised while they are classified as held for sale.

During the year there was plans for the development of a 63 lot residential subdivision at Westridge in Otorohanga budgeted. This subdivision was to be undertaken with the help of a private developer. As at 30 June 2019 this development had not commenced, and so there was no assets held for sale at year end.

The development properties held for sale are shown at cost as at balance date.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - 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 ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

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

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

Revaluation

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

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

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

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

Additions

The cost of an item or 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.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

Disposals

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

Subsequent costs

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

Depreciation

Depreciation is provided on a straight-line basis or diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated 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	40-100	1-2.5%
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	50-80	1.25-2%
Equipment	20-50	2-5%
Other	20	5%
<u>Water Reticulation</u>		
Piping	15-80	1.25-6.66%
Equipment	5-30	3.33-20%
Other	25	4%
<u>Wastewater</u>		
Piping	50-80	1.25-2%
Equipment	10-60	1.66-10%
Other	20-80	1.25-5%
<u>Stormwater</u>		
Piping	20-80	1.25-5%
Equipment	10-60	1.66-10%
Other	25	4%
<u>Roading</u>		
<i>Pavement (Basecourse)</i>		
- Sealed	30-60	1.66-3.33%
- Unsealed	5-10	10-20%
Seal	5-15	6.7-20%
Culverts	10-80	1.25-10%
Bridges	12-94	1-8.5%
Kerb & Channel/ Catchpits	45	2.2%
Footpaths	20-55	1.8-5%



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

Streetlights	5-46	2-20%
Signposting	5-20	5-20%
Delineators/ RPMs	3-7	14.3-33.3%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Impairment of property, plant and equipment

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

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

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

Critical accounting estimates and assumptions

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

Infrastructural assets

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

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



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

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 ODC's accounting policies

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2019:

1. Classification of property

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

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

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

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

3. Fair value versus carrying value assessment

During an assessment of the carrying value versus fair value of assets during the year, Land assets, both operational and restricted, and Roding assets were found to be materially different from their fair value. A full revaluation of Land assets was undertaken by Quotable Value, and a high level adjustment was made based on a calculation of the movement reviewed by WSP-Opus.

Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

2019

	Cost /revaluation 1 July 2018	Accumulated depreciation	Carrying amount	Additions	Disposals (cost)	Disposals (accumulated depreciation)	Transfers out of Fixed Assets	Revaluation Movement	Depreciation	Cost /revaluation 30 June 2019	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	5,751	-	5,751	-	-	-	-	2,438	-	8,189	-	8,189
Buildings	5,527	211	5,316	49	-	-	-	-	216	5,576	427	5,149
Plant & Machinery/ Motor Vehicles	994	494	500	599	288	182	-	-	149	1,305	461	844
Furniture & Equipment/ Library Books	1,732	1,195	537	114	27	17	-	-	124	1,819	1,302	517
Heritage Assets	250	-	250	-	-	-	-	-	-	250	-	250
Total operational assets	14,254	1,900	12,354	762	315	199	-	2,438	489	17,139	2,190	14,949
Council infrastructural assets												
Sewerage system	8,033	259	7,774	188	-	-	-	-	233	8,221	492	7,729
Water system	7,359	223	7,136	531	-	-	-	-	212	7,890	435	7,455
Rural water supply	7,470	207	7,263	139	-	-	-	-	171	7,609	378	7,231
Drainage network	6,696	108	6,588	378	-	-	-	-	106	7,074	214	6,860
Stopbanks	3,617	-	3,617	-	-	-	-	-	-	3,617	-	3,617
Roading, Bridges & Culverts	244,064	3,957	240,107	6,642	116	10	300	16,612	4,003	267,502	7,950	259,552
Work In Progress	157	-	157	597	157	-	-	-	-	597	-	597
Total infrastructural assets	277,396	4,754	272,642	8,475	273	10	300	16,612	4,725	302,510	9,469	293,041
Council restricted assets												
Land	6,446	-	6,446	10	-	-	(300)	1,344	-	7,500	-	7,500
Buildings	6,199	154	6,045	73	-	-	-	-	158	6,272	312	5,960
Work In Progress	20	-	20	62	20	-	-	-	-	62	-	62
Total restricted assets	12,665	154	12,511	145	20	-	(300)	1,344	158	13,834	312	13,522
Total ODC property, plant and equipment	304,315	6,808	297,507	9,382	608	209	-	20,394	5,372	333,483	11,971	321,512

Land under roads included in Roothing network totals \$42,116,035.

Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

2018

	Cost /revaluation 1 July 2017	Accumulated depreciation	Carrying amount	Cost /revaluation 30 June 2018	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Council Operational assets						
Land	7,126	-	7,126	5,751	-	5,751
Buildings	5,663	-	5,663	5,527	211	5,316
Plant & Machinery/ Motor Vehicles	1,020	531	489	994	494	500
Furniture & Equipment/ Library Books	1,765	1,190	575	1,732	1,195	537
Heritage Assets	250	-	250	250	-	250
Total operational assets	15,824	1,721	14,103	14,254	1,900	12,354
Council infrastructural assets						
Sewerage system	7,920	-	7,920	8,033	259	7,774
Water system	7,278	-	7,278	7,359	223	7,136
Rural water supply	7,478	-	7,478	7,470	207	7,263
Drainage network	6,829	-	6,829	6,696	108	6,588
Stopbanks	3,617	-	3,617	3,617	-	3,617
Roading, Bridges and Culverts	238,803	-	238,803	244,064	3,957	240,107
Work In Progress	113	-	113	157	-	157
Total infrastructural assets	272,038	-	272,038	277,396	4,754	272,642
Council restricted assets						
Land	6,301	-	6,301	6,446	-	6,446
Buildings	6,134	-	6,134	6,199	154	6,045
Work In Progress	43	-	43	20	-	20
Total restricted assets	12,478	-	12,478	12,665	154	12,511
Total ODC property, plant and equipment	300,340	1,721	298,619	304,315	6,808	297,507

Land under roads included in Roding network totals \$42,110,922.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

An independent valuation of the entity's buildings was performed in the 2018 financial year 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 1 July 2017 in which the total fair value of building's valued by Quotable Value was \$11,797,000.

An independent valuation of the entity's land was performed in the current financial year 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 effect as at 30 June 2019 in which the total fair value of land valued by Quotable Value was \$15,689,000.

The infrastructural assets, excluding roading and stopbanks, were valued by sufficiently experienced in-house engineering staff. The valuations were independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the financial statements by Graeme Hughson (Independent Registered Valuer). . The total fair value of Infrastructural assets (excluding roading) valued by in-house engineering staff at 1 July 2017 after the revaluation was \$33,122,000.

In the 2018 financial year the roading valuation was undertaken by WSP Opus International Consultants Ltd, using information held by Council in the RAMM database. The assets were valued by determining their depreciated replacement cost as no market value is available for these types of assets. The total fair value of the roading infrastructural assets valued by WSP Opus at 1 July 2017 was \$238,803,000.

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 as determined by this calculation as at 30 June 2019 was \$259,552,000.

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 2019 is \$1,853,020 (2018: \$1,880,340).

Council has assessed the current book value against the most recent estimate of replacement cost, and it has deemed that the current book value represents a fair value of assets held, and that any difference between the current book value and fair value is not material.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

2019

	Closing book value (000's)	Additions		Estimated replacement cost (000's)	Date of Estimate
		Constructed by Council (000's)	Assets transferred to Council (000's)		
Infrastructural Assets					
Water treatment plants & facilities	1,511	326	-	5,182	1 July 2017
Other water assets	13,176	303	41	20,795	1 July 2017
Wastewater treatment plants & facilities	2,395	79	-	4,115	1 July 2017
Other wastewater assets	5,334	14	95	10,911	1 July 2017
Stormwater drainage	6,493	57	295	11,277	1 July 2017
Flood protection and control works	3,984	26	-	3,617	1 July 2017
Roads & footpaths	259,552	5,431	1,211	326,844	1 July 2017
Total infrastructural assets	292,445	6,236	1,642	382,741	

Capital commitments

	Actual 2018 (000's)	Actual 2019 (000's)
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	1,283	2,346
Other Expenditure Commitments		
Maintenance Contracts	1,660	6,121

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:



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

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.

	Actual 2018 (000's)	Actual 2019 (000's)
Balance as at 1 July		
Cost	602	645
Accumulated amortisation	(491)	(566)
Opening carrying amount	111	79
Year ended 30 June		
Additions	43	77
Disposals – cost	(1)	-
Disposals – accumulated amortisation	1	-
Amortisation charge	(75)	(66)
Movement	(32)	11
Balance at 30 June		
Cost	645	722
Accumulated amortisation	(566)	(632)
Closing carrying amount	79	90

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

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

Other intangibles

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



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued

11. Depreciation and Amortisation

	Actual 2018 (000's)	Actual 2019 (000's)
Depreciation	5,376	5,372
Amortisation	75	66
Total depreciation and amortisation	5,451	5,438

Depreciation by group of activity

	Actual 2018 (000's)	Actual 2019 (000's)
Roads and Footpaths	3,963	4,003
Water Supply	436	388
Sewerage Treatment & Disposal	269	242
Flood Protection & Control Works	26	23
Stormwater Drainage	95	92
Community Services	341	366
Regulatory Services	1	1
Governance & Leadership	320	323
	5,451	5,438

12. Payables under exchange transactions

Accounting Policy

Payables under exchange transactions

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

	Actual 2018 (000's)	Actual 2019 (000's)
Trade payables	1,514	1,248
Deposits and bonds	544	673
Accrued expenses	186	143
Total payables under exchange transactions	2,244	2,064

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.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - 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

ODC, as operator of the Otorohanga and Kawhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. A provision for post-closure costs is recognised as a provision.

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 2019 -
continued**

	Actual 2018 (000's)	Actual 2019 (000's)
Opening Balance	19	18
Maintenance and Monitoring Costs	(1)	-
Closing balance	18	18
Represented by:		
Current portion	1	1
Non-current provisions	17	17
	18	18

Landfill aftercare provision

ODC gained resource consents to operate its Otorohanga and Kawhia 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 Kawhia 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% (2018: 7.00%).



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

14. Employee benefit liabilities

Accounting Policy

Employee entitlements

Short-term employee entitlements

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

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

A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

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 2018 (000's)	Actual 2019 (000's)
Accrued pay	77	73
Annual leave	277	196
Long service leave	30	24
Sick leave	2	3
Total employee benefit liabilities	386	296
Comprising:		
Current	354	269
Non-current	32	27
Total employee benefit liabilities	386	296



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued

15. Income in advance

	Actual 2018 (000's)	Actual 2019 (000's)
Rates	552	507
Metered Water Charges	12	13
Debtors	75	273
Dog Registrations	69	61
Trade Waste	7	6
Health Licences	9	6
Total income in advance	724	866

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 2018 (000's)	Actual 2019 (000's)
Roading Safety Improvements	373	350
Thomson/Harper Water Main	1	1
Otorohanga Stormwater Capacity Upgrade	7	7
Otorohanga Community Water Treatment	6	6
Total income in advance	387	364

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.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued

	Actual 2018 (000's)	Actual 2019 (000's)
Current		
Secured loans	-	-
Total current borrowings	-	-
Non-current		
Secured loans	6,066	3,033
Concessionary loan	448	448
Total non-current borrowings	6,514	3,481

Fixed-rate debt

The majority of ODC's secured debt of \$3,481,057 (2018: \$6,514,310) is issued at fixed rates of interest ranging from 5.00% - 6.00% (2018: 5.00% - 6.00%). The effective net interest rates charged after discount were 4.23% - 4.73% (2018: 4.23% - 4.73%).

Total borrowing from the Local Government Funding Agency (LGFA) as at 30 June 2019 is \$3,033,590 (2018: \$6,066,697).

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2018: \$200,000). There are no restrictions on the use of this facility.

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

Refinancing

ODC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy.

Concessionary loan

This concessionary loan was advanced to the Council by the Government in order to fund repairs on Council social housing in Otorohanga. 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% (2018: 0%). This loan is a suspensory loan with a 20 year term. Should ODC meet the conditions of the loan, including retaining ownership of the pensioner housing units, the loan will not be required to be repaid at the end of the term.

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



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

– Available for sale revaluation reserve

Restricted reserves

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

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

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

Asset revaluation reserve

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

Available for sale revaluation reserve

Available for sale revaluation reserve arises on the revaluation of investments held. Where a revalued investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to surplus or deficit.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued**

	Actual 2018 (000's)	Actual 2019 (000's)
Accumulated Funds		
Balance at 1 July	156,991	159,734
Transfers to restricted reserves	(2,397)	(133)
Transfers from property revaluation reserves on disposal	-	24
Transfers from restricted reserves	126	48
Surplus/(deficit) for the year	5,014	4,505
Total Accumulated Funds at 30 June	159,734	164,178
<i>Represented by:</i>		
Accumulated Comprehensive Revenue and Expenses	154,830	159,216
Council Controlled Reserves	4,904	4,962
	159,734	164,178
Restricted Reserves		
Balance at 1 July	824	3,095
Transfers to accumulated funds	(126)	(48)
Transfers from accumulated funds	2,397	133
Total Restricted Reserves at 30 June	3,095	3,180
Asset Revaluation Reserves		
Balance at 1 July	135,653	135,034
Net revaluation gains	(619)	20,394
Transfer to accumulated funds on disposal of property	-	(24)
Balance 30 June	135,034	155,404
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	3,541	5,978
Buildings	2,085	2,085
<i>Infrastructural assets</i>		
Sewerage system	4,220	4,220
Water system	4,495	4,495
Drainage network	4,517	4,517
Rural Water Supply	3,752	3,751
Roading network	102,620	119,210
Floodbank	2,443	2,443
<i>Restricted assets</i>		
Land	2,611	3,955
Buildings	4,749	4,749
Total Asset Revaluation Reserves	135,033	155,403
Available for sale Revaluation Reserve		
Balance at 1 July	10	1
Net change in fair value	(9)	-
Transfer to surplus or deficit on disposal	-	-
Balance at 30 June	1	1
Total Asset Revaluation Reserves at 30 June	135,034	155,404



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
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 has to 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)
2019				
Roads and Footpaths	2,461	14,647	(14,999)	2,109
Water Supply	(669)	2,275	(2,477)	(871)
Sewerage	45	1,005	(1,062)	(12)
Flood Protection	268	173	(127)	314
Regulatory Services	(61)	198	(179)	(42)
Community Services	141	703	(655)	189
Governance and Leadership	863	1,538	(1,614)	787
Community Development	-	-	-	-
General Funds	1,856	5,365	(4,733)	2,488
Total Council Controlled Reserves - 2019	4,904	25,904	(25,846)	4,962
2018				
Roads and Footpaths	1,137	13,506	(12,182)	2,461
Water Supply	(505)	1,841	(2,005)	(669)
Sewerage	109	815	(879)	45
Flood Protection	201	190	(123)	268
Regulatory Services	(62)	204	(203)	(61)
Community Services	174	652	(685)	141
Governance and Leadership	893	1,593	(1,623)	863
Community Development	-	1	(1)	-
General Funds	1,657	4,980	(4,781)	1,856
Total Council Controlled Reserves - 2018	3,604	23,782	(22,482)	4,904

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.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

19. Contingencies

Contingent Liabilities

	Actual 2018 (000's)	Actual 2019 (000's)
Guarantees	420	420
Uncalled Capital – Local Government Funding Agency	100	100
Uncalled Capital – Waikato Local Authority Shared Services	1	6
	521	526

Guarantees

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

New Zealand Local Government Funding Agency

Otorohanga District Council is a shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

ODC is one of 30 shareholders of the LGFA. 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, Council is a guarantor of all of LGFA's borrowings. At 30 June 2019, LGFA had borrowings totalling \$9,843m (2018: \$7,976m).

The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- a. We are not aware of any local authority debt default events in New Zealand; and
- b. local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Uncalled Capital

The uncalled share capital for Waikato Local Authority Shared Services amounts to \$5,717 as at 30 June 2019. At present ODC is not aware of any plan to call the capital in the near future.

Carter Holt Harvey

In 2013, the Ministry of Education (MoE) initiated High Court proceedings against Carter Holt Harvey (CHH) and other alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MoE's original claim was for 833 school buildings, of which 3 are located within the Otorohanga District.

In 2016, CHH commenced proceedings against 48 Councils, including Otorohanga District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

During 2018 the Councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings built outside the 10 year long stop contained within the Building Act 2004. None of these 28 buildings were in the Otorohanga District. The court has directed that the trial be staged. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

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 (2018: \$nil).

21. Events after balance sheet date

No significant events have occurred since balance date.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2019 -
continued

22. Financial instrument risks

Financial instruments categories

	Actual 2018 (000's)	Actual 2019 (000's)
FINANCIAL ASSETS		
Cash and cash equivalents	5,258	3,119
Receivables from non-exchange transactions	4,283	3,910
Receivables from exchange transactions	299	157
	9,840	7,186
Available for sale financial assets		
Listed shares	-	-
Unlisted shares	583	583
<i>Total available for sale financial assets</i>	583	583
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Payables under exchange transactions	2,631	2,429
Borrowings		
- secured loans	6,514	3,481
<i>Total financial liabilities at amortised cost</i>	9,145	5,910

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



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2019 - continued

23. 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

Subsidies were \$217,000 above budget. This is due to spending on roading capital works being up on the previous year, as well as additional funding for road safety work.

Other income was \$1,102,000 above budget. This is due to a number of factors, including vested assets of \$2,025,000. This related to work on the road and bridge leading to Waikeria Prison, which was funded largely by the Department of Corrections, as well as infrastructure assets related to subdivisions and the Jim Barker Playground, which was budgeted for. There was a decrease in user fees and charges, particularly in rental income for housing for the elderly, as well as trade waste charges and sexton fees for cemeteries.

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

Balance Sheet

Cash and cash equivalents is up on budget by \$2,973,000. This is due in large part to the savings in interest costs, as well as the sale of some council owned properties in the previous year, including the land at Te Raumauku Road.

Assets held for sale reduced by \$3,534,000 from budget due to the proposed subdivision not taking place during the 2018/19 year.

Receivables from non-exchange transactions was above budget by \$1,352,000, due to invoicing at the end of the year for the construction work on Waikeria Road, as well as an NZTA claim outstanding at year end.

Borrowings was down \$6,000,000 on budget due to borrowings not needing to be taken as the planned subdivision did not commence during the year.

Revaluation reserves were above budget by \$22,114,000 and Property Plant and Equipment was above budget by \$21,854,000 due to movements in the fair value for land and roading assets.

Statement of Cash Flows

Cash flows from operating activities was above budget by \$1,349,000, as a result of decreased payments to suppliers and employees and interest paid, as well as increased receipts from other revenue. These decreased amount paid reflect savings achieved during the year.

Cash flows from investing activities is \$3,913,000 under budget. This is due to the deferral of some capital expenditure projects, particularly the proposed subdivision.



PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY



PERFORMANCE DURING 2018/19

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 2018/19 year, 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 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 Financial Statements and Statement of Service Performance 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 annual 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
GENERAL MANAGER
CORPORATE

31st October 2019



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 2018/19 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 2018/19 year was the first year of the 2018/28 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 2018/28 Long Term Plan.



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

The Council is committed to acting cooperatively and in good faith showing flexibility and responsiveness and a desire to engage with Maori for the good governance of the District. This is done in a manner that is inclusive and makes the best use of the resources of both Maori and the Council.

Various mechanisms to enhance current practices were considered, and have been discussed with Maori. These include the development of a Consultative Committee, ongoing meetings with representative groups such as the Nehenehenui and Nga Tai O Kawhia Regional Management Committees, the holding of Council meetings on Marae, and the provision of information concerning resource management processes. Council is committed to continuing investigation of these opportunities.

The commitments contained in Council's Policy on Maori Involvement in Decision Making were also observed.

The Waikato River Settlement Act recognizes the connection and significance of Waikato-Tainui, Tuwharetoa, Affiliate Te Arawa Iwi/Hapu, Raukawa and Maniapoto with the Waikato River.

The Act streamlines the co-governance and co-management arrangements, establishes a single co-governance entity, the Waikato River Authority, and seeks to restore and protect the health and wellbeing of the Waikato River through the incorporation of the Vision and Strategy for the Waikato River into the Waikato Regional Policy Statement.

The area considered by the Waikato River Authority does not include Otorohanga District and as such there are no implications at a Governance level for the Council. However the incorporation of the Vision and Strategy into the Waikato Regional Policy Statement requires Council in reviewing its District Plan and making decisions on resource consents give effect to the relevant provisions of the Vision and Strategy. This is to be undertaken as part of the relevant review or consent processes.

Further to the above Crown have signed two separate Deeds of Settlement with Raukawa and Maniapoto which will affect Council. The detail of this is not clear at present however indications are that implications to Councils will be largely similar to that defined in the Waikato River Settlement Act.



SIGNIFICANT ACTIVITIES

COMBINED COST OF SERVICE STATEMENT

For the Year ended 30 June 2019

2018 Actual \$ (000's)		2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
	OPERATING REVENUE		
6,037	Activity Revenue	6,957	7,052
7,664	Targeted Rates	7,404	7,359
11	Development Contributions	10	120
4,911	General Rates	5,286	5,249
5,656	Other General Sources	6,447	5,990
24,279	TOTAL OPERATING REVENUE	26,104	25,770
	Reconciling Items:		
(5,562)	Internal Recoveries	(6,447)	(5,990)
1,007	Gains/(losses) on asset disposal	226	(87)
2,476	Assets vested in Council	800	2,025
22,200	TOTAL OPERATING REVENUE PER STATEMENT OF COMPREHENSIVE INCOME	20,683	21,718
	OPERATING EXPENDITURE		
8,619	Roading	8,819	9,154
2,159	Water Supply	2,268	2,230
649	Sewerage	821	852
91	Stormwater	174	91
195	Flood Protection	190	217
2,606	Regulatory Services	1,834	1,762
2,215	Community Services	2,809	2,639
384	Community Development	626	324
5,833	Governance and Leadership	8,026	5,910
22,751	TOTAL OPERATING EXPENDITURE	25,568	23,179
	Reconciling Items:		
(5,562)	Internal Recoveries	(6,447)	(5,990)
-	Interest difference	-	-
1	Landfill Aftercare Provision	-	-
(3)	Doubtful Debt Provision adjustment	-	24
17,187	TOTAL OPERATING EXPENDITURE PER STATEMENT OF COMPREHENSIVE INCOME	19,120	17,213
5,013	NET PROFIT/(LOSS)	536	4,505

Whole of Council Funding Impact Statement

	2017/18 Long Term Plan \$ (000's)	2017/18 Actual \$ (000's)	2018/19 Long Term Plan \$ (000's)	2018/19 Actual \$ (000's)
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	4,758	4,911	5,286	5,249
Targeted Rates (other than a targeted rate for water supply)	8,077	7,664	7,404	7,359
Subsidies and grants for operating purposes	1,612	2,002	2,115	2,137
Fees and charges	695	1,357	988	960
Interest and dividends from investments	-	109	102	141
Local authorities fuel tax, fines, infringement fees and other receipts	646	556	711	576
Total Operating Funding	15,788	16,599	16,606	16,422
Applications of operating funding				
Payments to staff and suppliers	10,350	10,683	12,745	10,926
Finance Costs	749	365	525	263
Other operating funding applications	861	819	781	727
Total application of operating funding	11,960	11,867	14,051	11,916
Surplus (deficit) of operating funding	3,828	4,732	2,555	4,506
Sources of Capital Funding				
Subsidies and grants for capital expenditure	1,836	2,013	3,042	3,239
Development and financial contributions	11	11	10	26
Increase (decrease) in debt	1,500	(767)	4,182	(321)
Gross proceeds from sale of assets	1,315	2,436	1,355	135
Lump sum contributions	-	-	-	-
Total sources of capital funding	4,662	3,693	8,589	3,079
Application of capital funding				
Capital expenditure				
- To meet additional demand	52	-	-	51
- To improve the level of service	4,178	473	5,085	948
- To replace existing assets	4,266	3,611	6,638	5,777
Increase (decrease) in reserves	(6)	4,341	(579)	809
Increase (decrease) of investments	-	-	-	-
Total application of capital funding	8,490	8,425	11,144	7,585
Surplus (deficit) of capital funding	(3,828)	(4,732)	(2,555)	(4,506)
Funding balance	-	-	-	-

ROADS AND FOOTPATHS

The road network forms the backbone of Otorohanga’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 2019 of \$3,739,907. During the year no additional borrowing was taken, but repayments totalling \$417,146 were made. Interest on internal borrowings was paid of \$145,497.

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	5,042	4,569
- Growth (Improving Service Capacity)	-	46
- Level of Service (Improvements to Service)	833	813

Key Roads and Footpaths Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/2019 Target	Achieved/ Not Achieved	2018/19 Actual
			Current performance (2014/15 to 2015/16) 7-1=6	0	Not achieved	1

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/2019 Target	Achieved/ Not Achieved	2018/19 Actual
comfortable to travel on	keep our communities safe and also helps provide quality transport networks	The average quality of ride of sealed roads measured by smooth travel exposure (as a percent of travel distance above a NAASRA smoothness value of 150)	97.6%	97%	Achieved	97%
		The percentage of the sealed local road network that is resurfaced	100%	6%	Achieved	9.8%
		The extent of unsealed road metalling programme that is completed annually	100%	100%	Achieved	100%
		Percentage of the footpath network which meets or is above the condition rating standard 3 or better (minor cracking)	87%	90%	Not achieved	87%
		Percentage of service requests relating to roads and footpaths responded to within 10 working days	49%	90%	Not achieved	44%

Road Safety

Of the reported road accidents there has been one fatality on a local road. Road condition was not a factor. No remedial action was required to the road to prevent future accidents at this particular location.

Sealed Road Ride Quality

There has been no change to previous year's measurement, as the next measurement is scheduled in 2019/2020 through the RATA joint contract.

Sealed Road Resurfacing

Of the 541 km of surfaced roads in the Otorohanga District, 53 km have been resurfaced where required in accordance with a reseal programme developed through a consultant and adapted to the Roding Budget. This includes 7 km of road rehabilitation for Mangaorongo Road, 0.4 km of Kakamutu Street

rehabilitation and 0.2 km seal extension in Kawhia. This represents 9.8 % of the network.

Unsealed Road Remetalling

Of the 265 km of surfaced roads in the Otorohanga District, 54 km have been resurfaced where required in accordance with a reseal programme developed through a consultant and adapted to the Roding Budget. This represents 20.38 % of the network

Service Request Response

The Service Request process is currently under review. The signing off of the received service request, and subsequent reporting, will be addressed and improved.



ROAD	START RP	END RP	LENGTH km	QUANTITY m ³
Bernsten Rd	0.009	1.989	1.980	238
Brown Rd	0.022	0.499	0.477	32
Grey Rd	0.000	0.603	0.603	48
Hauturu Rd	4.855	7.955	3.100	497
Hauturu Rd	7.955	13.218	5.263	639
Hikuparea Rd	0.000	0.528	0.528	56
Kaimango Rd	0.027	2.527	2.500	610
Kaimango Rd	2.527	4.967	2.440	596
Kaimango Rd	4.967	7.592	2.625	641
Kaimango Rd	7.592	11.032	3.440	685
Kaimango Rd	11.032	14.204	3.172	559
Kaimango Rd	14.204	17.040	2.836	555
Kihi Rd	0.026	2.126	2.100	344
Kihi Rd	2.126	3.742	1.616	240
Kihi Rd	3.742	5.005	1.263	168
MacFarlane Rd	0.000	0.110	0.110	8
Owawaenga Rd	4.000	7.300	3.300	301
Owhiro Rd	0.020	2.200	2.180	279
Owhiro Rd	2.200	4.900	2.700	397
Owhiro Rd	4.900	6.548	1.648	186
Owhiro Rd	6.548	9.498	2.950	210
Rakanui Rd	0.029	4.018	3.989	828
Te Kauri Rd	0.010	0.360	0.350	32
Waipuna Rd	0.020	1.335	1.315	96
Whenuaapo Rd	0.020	4.515	4.495	628
Totals			56.980km	8,873m³



Roads and Footpaths – Cost of Service Statement

2018 Actual \$ (000's)		2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
	OPERATING INCOME		
4,037	Activity Revenue	5,194	5,398
5,246	Targeted Rates	4,998	4,992
-	Development Contributions	-	61
-	General Rates	-	-
870	Other General Sources	1,020	984
10,153	TOTAL OPERATING INCOME	11,212	11,435
	OPERATING EXPENDITURE		
7,992	Roading	7,836	8,053
827	Engineering Business Unit	983	898
8,620	TOTAL OPERATING EXPENDITURE	8,819	8,951
1,533	NET COST OF SERVICE	2,393	2,484

Roads and Footpaths Funding Impact Statement

	2017/18 Long Term Plan \$ (000's)	2018/19 Long Term Plan \$ (000's)	2018/19 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)	5,478	4,998	4,992
Subsidies and grants for operating purposes	1,556	2,061	2,075
Fees and charges	-	-	-
Internal charges and overheads recovered	866	983	898
Local authorities fuel tax, fines, infringement fees and other receipts	95	91	85
Total Operating Funding	7,995	8,133	8,050
Applications of operating funding			
Payments to staff and suppliers	3,268	3,493	3,480
Finance costs	239	138	145
Internal charges and overheads applied	1,748	1,439	1,231
Other operating funding applications	1	2	7
Total application of operating funding	5,256	5,072	4,863
Surplus (deficit) of operating funding	2,739	3,061	3,187
Sources of capital funding			
Subsidies and grants for capital expenditure	1,836	3,042	3,239
Development and financial contributions	-	-	-
Increase (decrease) in debt	(279)	(417)	(417)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,557	2,625	2,822
Application of capital funding			
Capital expenditure			
- To meet additional demand	52	-	46
- To improve the level of service	888	833	813
- To replace existing assets	3,363	5,042	4,569
Increase (decrease) in reserves	(7)	(189)	581
Increase (decrease) of investments	-	-	-
Total application of capital funding	4,296	5,686	6,009
Surplus (deficit) of capital funding	(2,739)	(3,061)	(3,187)
Funding balance	-	-	-

WATER SUPPLY

Council has historically provided potable water to the urban communities of Otorohanga and Kawhia 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 2019 of \$983,143. During the year \$225,403 of additional borrowing was taken, and repayments totalling \$81,311 were made. Interest on internal borrowings was paid of \$29,367.

Key Water Supply Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2018/19	Achieved/ Not achieved	2018/19
			2016/17	Target		Actual
The water provided is safe to drink	Providing continuous, efficient, quality water supply to communities ensures the health of consumers	Drinking water supplies comply with Part 4 of the drinking-water standards (bacteria compliance criteria)				
		As measured by bacterial water sample results				
		Otorohanga	Complies	Complies	Not Achieved	Non-Compliant *
		Kawhia	Complies	Complies	Not Achieved	Non-Compliant *
		Drinking water supplies comply with Part 5 of the drinking-water standards (protozoal compliance criteria)				

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	690	617
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	145	16



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			Otorohanga	Doesn't Comply	Complies	Not achieved
Kawhia	Doesn't Comply	Complies	Not achieved	Non-Compliant *		
Percentage of real water loss from the networked reticulation system						
Otorohanga		Not measured	30%	Achieved	14%	
Kawhia		Not measured	30%	Not achieved	32%	
Median response time to:						
Urgent call-outs		1hr 45mins	<3hr 55mins	Achieved	1 hr 5 min	
Non-urgent call-outs		47hrs 44mins	<26hrs 20mins	Not achieved	65hr 40 min	
Median resolution times for						
Urgent call-outs		Not measured	<18hrs	Achieved	30 min	
Non-urgent call-outs		Not measured	<31hrs	Achieved	1 hr	
The Council provides reliable drinking water supplies	Providing continuous, efficient, quality water supply to communities ensures the health of consumers	Number of complaints, per 1000 connections, relating to water clarity, water taste, water odour, water pressure or flow, continuity of supply and Council's responses to those issues	1 complaint	≤5 complaints	Not Achieved	32.22 complaints
		Average consumption of drinking water per day per resident within the Otorohanga District.	422.85L per person per day	390L per person per day	Not achieved	Otorohanga 290L person/day Kawhia 193L person/day



*** Bacterial and Protozoa Compliance**

Compliance with Drinking Water Standards NZ are broken into two areas – Treatment Plants and Reticulation Zones.

Otorohanga	Bacterial	Protozoa
Plant	Non-Compliant	Non-Compliant
Zone	Compliant	N/A

Kawhia	Bacterial	Protozoa
Plant	Compliant	Non-Compliant
Zone	Non-Compliant	N/A

Although Otorohanga and Kawhia received non-compliance for the drinking standards it was due to monitoring deficiencies and not outright unsafe water. Compliance with the “Duties of drinking water suppliers” under the Health Act 1956 was achieved for both Otorohanga and Kawhia.

Percentage of real water loss

Kawhia – there are no individual read water meters in Kawhia which makes it difficult to measure water loss. A minimum night flow calculation is used instead. This is done by taking an average of the water pumped into the reservoirs between 1 am and 3 am over 365 days (A small volume of water is subtracted for moderate night time use). This figure is then calculated against the total water treated for the year to arrive at a percentage of water loss from

the network. Installation of new reservoir outlet flow meters will give a more accurate reading in the future

Otorohanga – is comparatively more simple as the measure is simply based off the production coming through the bulk meter at the Otorohanga Water Treatment Plant, compared to usage data from the reading of the individual water meters on each domestic property within the town.

Water consumption per person

Otorohanga - Calculated by dividing the total of the water produced through the Otorohanga Treatment Plant by the number of domestic water meters (Does not include Waipa Rural Water Scheme or Commercial and business water meters)

Kawhia – This is calculated by dividing the total of water produced through the Kawhia water treatment plant by the number of residents. (No allowance has been made for seasonal changes in population)

Response times to call-outs

Overall urgent call-outs were responded to with a median time of 36 minutes this was within the target of 3 hours 55 minutes. For non-urgent call-outs, the median response time was 18 hours 42 minutes, which is within our target of 26 hours 20 minutes.

Resolution times for call-outs

In total 339 service requests were recorded for water and all our targets were achieved for response time on urgent and non-urgent times.

Water Supply Cost of Service Statement

2018 Actual \$		2019 LTP Estimate \$	2019 Actual \$
(000's)		(000's)	(000's)
	OPERATING INCOME		
10	Activity Revenue	21	25
1,545	Targeted Rates	1,534	1,498
-	Development Contributions	-	-
43	General Rates	39	42
388	Other General Sources	436	441
1,986	TOTAL OPERATING INCOME	2,030	2,006
	OPERATING EXPENDITURE		
244	Arohena RWS	267	272
101	Ranginui RWS	72	63
198	Tihiroa RWS	264	218
91	Waipa RWS	98	100
431	Otorohanga Water Supply	426	445
410	Otorohanga Water Treatment Station	427	432
31	Otorohanga Water Supply Loan	24	23
242	Kawhia Water Supply	235	207
412	Water Services	456	468
2,160	TOTAL OPERATING EXPENDITURE	2,269	2,228
(174)	NET COST OF SERVICE	(239)	(222)



Water Supply Funding Impact Statement

	2017/18 Long Term Plan \$ (000's)	2018/19 Long Term Plan \$ (000's)	2018/19 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	26	39	42
Targeted rates (other than a targeted rate for water supply)	1,613	1,534	1,498
Subsidies and grants for operating purposes	-	-	-
Fees and charges	44	16	8
Internal charges and overheads recovered	765	878	897
Local authorities fuel tax, fines, infringement fees and other receipts	9	5	17
Total operating funding	2,456	2,472	2,462
Applications of operating funding			
Payments to staff and suppliers	806	831	902
Finance costs	71	38	29
Internal charges and overheads applied	1,058	1,248	1,314
Other operating funding applications	51	34	53
Total application of operating funding	1,986	2,151	2,298
Surplus (deficit) of operating funding	470	321	164
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(85)	257	144
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(85)	257	144
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	145	16
- To replace existing assets	273	690	617
Increase (decrease) in reserves	112	(257)	(325)
Increase (decrease) of investments	-	-	-
Total application of capital funding	384	578	308
Surplus (deficit) of capital funding	(470)	(321)	(164)
Funding balance	-	-	-

SEWERAGE TREATMENT AND DISPOSAL

This activity (encompassing collection, reticulation and treatment of sewerage) is undertaken in the Otorohanga 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 2018 of \$1,509,645. During the year \$220,000 of additional borrowing was taken, and repayments totalling \$116,554 were made. Interest on internal borrowings was paid of \$49,217.

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	76	93
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	-

Key Sewerage Treatment and Disposal Levels of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
The Council provides wastewater services that effectively collect and dispose of wastewater	Ensure that the needs of local and visitor communities are met. Contributes to the public health of the community	Number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections	0 overflows	0 overflows	Achieved	0
Wastewater disposal as provided by the Council does not create any smells, spills or health issues and		Compliance with the resource consents for discharge from the sewerage system measured by the number of: Abatement notices	0 compliance issues	0 compliance issues	Achieved	0

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			causes minimal impact on the natural environment	not seriously affected by wastewater services.	<p>Infringements notices; Enforcement orders; and Convictions, received by the territorial authority in relation to those resource consents</p> <p>Median response times for attending to sewerage overflows resulting from a blockage or other fault in the sewerage system; measured</p> <p>Attendance time: from the time of notification to the time service personnel reach the site</p> <p>Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault</p> <p>Total number of complaints received by the territorial authority about any of the following:</p> <p>Sewage odour;</p> <p>Sewerage system faults;</p> <p>Sewerage system blockages; and</p> <p>Response to issues with the sewerage system, expressed per 1000 connections to the sewerage system</p>	
		<p>Attendance time: from the time of notification to the time service personnel reach the site</p> <p>Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault</p>	14hrs 30 mins	<0hrs 50 mins	Not Achieved	1 Hr
		<p>Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault</p>	15hrs 30mins	<32hrs 0mins	Achieved	1hr 18 min
		<p>Total number of complaints received by the territorial authority about any of the following:</p> <p>Sewage odour;</p> <p>Sewerage system faults;</p> <p>Sewerage system blockages; and</p> <p>Response to issues with the sewerage system, expressed per 1000 connections to the sewerage system</p>	1 incident	<12	Achieved	2
			4 incidents	<5	Achieved	1
			6 incidents	<12	Achieved	10
			5.2 incidents	<10	Achieved	0



Sewerage Overflows

There were no reported sewerage overflows this year.

Sewerage Complaints

15 instances of sewerage complaints occurred within the current year, equating to 8 issues relating to the sewerage system per 1000 connections. The reported blockages were cleared and if need further investigation taken to determine any faults.

Sewerage Treatment and Disposal Cost of Service Statement

2018 Actual \$ (000's)		2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
	OPERATING INCOME		
70	Activity Revenue	62	51
488	Targeted Rates	477	475
-	Development Contributions	-	20
23	General Rates	22	28
5	Other General Sources	1	2
586	TOTAL OPERATING INCOME	562	576
	OPERATING EXPENDITURE		
583	Otorohanga Sewerage	768	801
67	Otorohanga Sewerage Loan	54	51
650	TOTAL OPERATING EXPENDITURE	822	852
(64)	NET COST OF SERVICE	(260)	(276)



Sewerage Treatment and Disposal Funding Impact Statement

	2017/18 Long Term Plan \$	2018/19 Long Term Plan \$	2018/19 Actual \$
	(000's)	(000's)	(000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	24	22	28
Targeted rates (other than a targeted rate for water supply)	550	477	475
Subsidies and grants for operating purposes	-	-	-
Fees and charges	78	61	51
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	4	1	-
Total operating funding	656	561	554
Applications of operating funding			
Payments to staff and suppliers	121	362	407
Finance costs	85	52	49
Internal charges and overheads applied	139	153	129
Other operating funding applications	21	22	22
Total application of operating funding	366	589	607
Surplus (deficit) of operating funding	290	(28)	(53)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(128)	103	103
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(128)	103	103
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	221	76	93
Increase (decrease) in reserves	(59)	(1)	(43)
Increase (decrease) of investments	-	-	-
Total application of capital funding	162	75	50
Surplus (deficit) of capital funding	(290)	28	53
Funding balance	-	-	-

FLOOD PROTECTION AND CONTROL WORKS

A system of flood control works to protect the Otorohanga 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 and Control Works group of activities has internal borrowing as at 30 June 2019 of \$171,092. During the year no additional borrowing was taken, and repayments totalling \$13,847 were made. Interest on internal borrowings was paid of \$6,473.

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	83	26
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	-

Key Flood Protection and Control Works Levels of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
Retention of assets in substantially the same form as when they were initially constructed	Effective maintenance of flood protection systems will ensure that communities are safe and healthy and ensure that efficient and effective water services are provided, to meet both current and future demands.	Quantitative assessment of condition and serviceability of flood protection assets based on an annual inspection conducted by Council staff and elected members, as well as monthly maintenance checks by water services staff	67% against quantifiable criteria	70% against quantifiable standardised assessment criteria as set by Regional Council	Achieved	70%



Flood Protection and Control Works Cost of Service Statement

2018 Actual \$		2019 LTP Estimate \$	2019 Actual \$
(000's)		(000's)	(000's)
	OPERATING INCOME		
130	Activity Revenue	149	114
26	Targeted Rates	24	24
-	Development Contributions	-	-
3	General Rates	10	6
8	Other General Sources	8	9
167	TOTAL OPERATING INCOME	191	153
	OPERATING EXPENDITURE		
3	Drainage Legalisation	9	4
72	Otorohanga Flood Protection	149	60
13	Aotea Erosion Maintenance	14	24
3	Aotea Erosion Loan	2	2
91	TOTAL OPERATING EXPENDITURE	174	90
76	NET COST OF SERVICE	17	63



Flood Protection and Control Works Funding Impact Statement

	2017/18 Long Term Plan \$ (000's)	2018/19 Long Term Plan \$ (000's)	2018/19 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3	10	6
Targeted rates (other than a targeted rate for water supply)	27	24	24
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	116	149	114
Total operating funding	146	183	144
Applications of operating funding			
Payments to staff and suppliers	75	93	41
Finance costs	10	6	6
Internal charges and overheads applied	39	36	10
Other operating funding applications	1	-	1
Total application of operating funding	125	135	58
Surplus (deficit) of operating funding	21	48	86
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(14)	(14)	(14)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(14)	(14)	(14)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	18	83	26
Increase (decrease) in reserves	(11)	(49)	74
Increase (decrease) of investments	-	-	-
Total application of capital funding	7	34	100
Surplus (deficit) of capital funding	(21)	(48)	(86)
Funding balance	-	-	-

STORMWATER DRAINAGE

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 2019 of \$636,548. During the year no additional borrowing was taken, and repayments totalling \$54,832 were made. Interest on internal borrowings was paid of \$24,198.

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	9	19
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	38

Key Stormwater Drainage Levels of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
Council stormwater systems are well operated and maintained	Sound planning of appropriate stormwater systems will ensure that communities are healthy and ensure that efficient and effective water services are provided, to meet both current and future demands.	Number of flooding events that occur in the district	0 flooding events	0 flooding events	Achieved	0
		For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the Stormwater systems)	0 habitable floors	0 habitable floors	Achieved	0

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
		Compliance with resource consents for discharge from the Stormwater systems, measured by the number of:				
		Abatement notices; and	0	0	Achieved	0
		Infringement notices; and	0	0	Achieved	0
		Enforcement notices; and	0	0	Achieved	0
		Successful prosecutions, received in relation to the resource consents	0	0	Achieved	0
		The median response time to attend a flooding event, measured from the time we receive notification to the time service personnel reach the site	No flooding events	<4hr 30 mins	Achieved	0
		Number of complaints received about the performance of the Stormwater system, expressed per 1000 properties connected to the Stormwater system	4.3 complaints	2 complaints	Achieved	2 complaints

Number of Flooding events

Overall there was no flooding event that was recorded in the district, which affected the main street of Otorohanga Township.



Stormwater Drainage Cost of Service Statement

2018 Actual \$		2019 LTP Estimate \$	2019 Actual \$
(000's)		(000's)	(000's)
	OPERATING INCOME		
10	Activity Revenue	10	10
-	Targeted Rates	-	-
-	Development Contributions	-	-
185	General Rates	181	207
-	Other General Sources	-	-
195	TOTAL OPERATING INCOME	191	217
	OPERATING EXPENDITURE		
154	Otorohanga Stormwater	152	180
41	Kawhia Stormwater	39	37
195	TOTAL OPERATING EXPENDITURE	191	217
-	NET COST OF SERVICE	-	-

Stormwater Drainage Funding Impact Statement

	2017/18 Long Term Plan \$	2018/19 Long Term Plan \$	2018/19 Actual \$
	(000's)	(000's)	(000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	182	181	207
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	10	10	10
Total operating funding	192	191	217
Applications of operating funding			
Payments to staff and suppliers	17	16	35
Finance costs	34	24	24
Internal charges and overheads applied	27	36	45
Other operating funding applications	18	17	20
Total application of operating funding	96	93	124
Surplus (deficit) of operating funding	96	98	93
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(55)	(55)	(55)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(55)	(55)	(55)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	38
- To replace existing assets	6	9	19
Increase (decrease) in reserves	35	34	(19)
Increase (decrease) of investments	-	-	-
Total application of capital funding	41	43	38
Surplus (deficit) of capital funding	(96)	(98)	(93)
Funding balance	-	-	-

COMMUNITY SERVICES

Internal Borrowing

The Community Services group of activities has internal borrowing as at 30 June 2019 of \$779,609. During the year no additional borrowing was taken, and repayments totalling \$82,932 were made. Interest on internal borrowings was paid of \$30,189.

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	224	144
- Growth (Improving Service Capacity)	-	6
- Level of Service (Improvements to Service)	81	69

Parks and Reserves (including Public Conveniences)

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 (including Public Conveniences) Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
Providing Council parks and reserves that enhance our communities quality of life	Parks and reserves provide for a number of things – a sense of place, active recreation spaces and opportunities for communities to interact – all contributing to our community outcomes	Paths and tracks comply with relevant standards*	50%	50% compliance	Achieved	85%
		Playground equipment comply with relevant standards**	25%	35% compliance	Achieved	100%
		Park furniture meets safety and maintenance criteria	70%	70% meet safety criteria	Achieved	80%
Public toilets as provided by Council are maintained in good condition	Having safe toilets helps achieve safe and healthy communities	Number of complaints received about public conveniences recorded in the service request system	2 complaints	<12 complaints	Achieved	11 complaints

* New Zealand Standard NZS 8630 sets out legislation and best practice for outdoor tracks and structures
 ** New Zealand Standards NZS 5828 sets out legislation and best practice for playground equipment and surfacing

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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2018/19	Achieved/ Not achieved	2018/19 Actual
			2016/2017	Target		
Relevance of library services to the community is measured by:	Healthy, cohesive, and informed communities have access to a wide range of current library materials, in a variety of formats.	Statistical data is maintained to record material issued	38,201 physical items 705 e-books	2% increase in materials issued per year (print and e-issues)	Not Achieved Achieved	38,919 physical items 973 e-books



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2018/19	Achieved/ Not achieved	2018/19 Actual
			2016/2017	Target		
<ul style="list-style-type: none"> • Material issued • Physical items • E-books • Digital materials • Physical visits • Website visits • Computer sessions 	People in the community have access to public spaces offering programmes and activities which contribute to local identity, lifelong learning and recreation	Library visits per capita per year	4.18 visits	2% increase in visitor numbers per year	Achieved	3.8 visits per capita
Library Programmes and Activities		Numbers participating in library programmes and activities for the year	New measure	2% increase in numbers participating in library programmes and activities for the year	Not measured	500 – figure not previously recorded
Currency of physical book stock is maintained		Book stock has an average publication date of 10 years or less	89%	>75% have publication date less than 10 years	Achieved	80% have publication date less than 10 years

Number of Books Issued

39,892 physical and e-books were issued at Otorohanga and Kawhia libraries between 1 July 2018 and 30 June 2019. This is a 2% increase on the 2017/18 year when 39,094 items were issued.

Library Programmes and activities

Actively working to expand the number of library programmes and activities on offer, within fairly limited resources. Children programmes are always popular, however opportunities to engage with diverse sectors of the community are being identified.

Visits per Capita per Year

During the 2018/19 year, there were 34,708 visits to the Otorohanga Library. Visits to the Kawhia Library were not recorded. The Otorohanga Library's visitor figure equates to 3.8 visits per capita per year, over the entire District's population.

Current Book Stock

As of 30 June 2019, 80% of the stock has been published since 2009. This measure has not been applied to the Kawhia Library book stock – the Kawhia Library holdings consist primarily of donated materials, most of which are not of recent publication.

Housing for the Elderly

Though not considered part of Council's core business, 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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			2016/2017			
Provide Housing for the Elderly that is fully utilised	This service ensures Otorohanga District has housing that satisfies the needs of the community and is seen to be an ideal place for retirement	Percentage of the year units are occupied	Otorohanga 98.95%	>95% occupied	Achieved	96.3%
			Kawhia 96.47%		Not achieved	93.7%
Good standards of maintenance and accommodation are maintained by Council		Maintenance items identified during quarterly inspections remedied to residents satisfaction, as measured by annual survey	100% satisfaction	>95% satisfaction	Achieved All maintenance items are dealt with the next day	96%

Occupancy Rates

During the year, units in Otorohanga were unoccupied for an approximate total of 42 weeks. Two reasons for this, the time taken to carry out maintenance/upgrade of the units while they are empty, also Council has struggle to have suitable tenants on its waiting list. Following advertising to encourage applicants Council has 4 applicants for Kawhia and 2 for Otorohanga.

Maintenance

With quarterly inspections being carried out, Council staff are keeping on top of any maintenance items required. Any issues raised by tenants are dealt with in a timely manner.

Other Property

Council owns various types of property, which are managed in the best interests of the residents and ratepayers of the District. These properties are classified as commercial or community investments.

Key Other Property Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2018/19 Target	Achieved/	2018/19
			2016/2017		Not achieved	Actual
Ensure that all buildings and structures are maintained in a sound, sanitary and safe condition	Having buildings that are maintained in a sound, sanitary and safe condition – ensures our communities are safe	Building maintenance is regularly assessed and carried out	Urgent maintenance carried out within 5 working days	Urgent maintenance carried out within 5 working days	Achieved	Within 24 hrs
Ensure that all buildings with a Compliance Schedule meet the requirements of the Building Act		All applicable buildings have a current Building Warrant of Fitness (BWOF)	4 of 4 applicable buildings have current BWOF*	Current BWOF in place	Achieved	3 out of 3

* Buildings are Otorohanga Council Building, Swimming Pools and Otorohanga Public Library.

Of the council buildings which require a compliance schedule under the Building Act 2004 and Fire Safety and Evacuation of Buildings Regulations 2006 all 4 are up-to-date with their building warrants of fitness.

Swimming Pool

Council carries out this activity to meet the expectations of the Community. There is no legal obligation to do so.

Key Swimming Pool Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			Provision of a clean, safe, public swimming pool that can be accessed by the District	Ensuring that the public's access to a safe public swimming facility helps create safe communities and a range of recreational facilities	The water quality of the pools meets acceptable standards* for the safety and health of users	100% of acceptable standards each month for indoor pool. 93% of acceptable standards each month for outdoor pool.

* Acceptable standards as defined in the contract including NZS 5826

The pool facility is considered to provide a sound level of service for a community of this size. The contractor is required to meet standards of supervision recommended in NZRA Aquatic Facility Guidelines 2007, and to test pool water quality in accordance with NZS 5826: 2000. Pool Management is also to comply with Water Safety NZ / ACC Poolsafe Quality Management Scheme.

Water Quality Tests

From the testing completed by the pool contractor, the indoor and outdoor pools fully complied with the requirements of NZS 5826. It has also met all requirements of the Aquatic Facilities Quality Management Scheme (AFQMS) each month.

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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
The Cemeteries are well maintained and developed for future use	Well maintained and conveniently located cemeteries will be provided and planned for ahead of growth and development, ensuring these needs are met in the future	Number of complaints received regarding maintenance of the cemeteries	4 complaints received	Less than 10 complaints	Achieved	3
Information about cemeteries and internments are readily available	Providing information about internments at the cemeteries provides a link to the history of the District	Number of page views of cemetery information on Council website	2,420 page views to 16 March 2017	>4,000 page views	Not Achieved	2,258

Number of Complaints

3 complaints for the Otorohanga cemetery were received during the year, all related to issues around the upkeep of the cemetery.

Website Page Views

A total of 2,258 page views were received for cemetery information pages on www.otodc.govt.nz, up until 30 June 2019.

Solid Waste

There is a community expectation that household waste is removed from properties and managed in an environmentally sound manner.

Council has no legal requirement to carry out this activity but believes that it will better protect the environment by providing cost effective and efficient methods of refuse disposal and recycling. It is also generally expected by the community that the Council will provide this service.

Following a public consultation process, Council adopted the Waste Management and Minimisation Plan 2018-2024 on 24 July 2018, which sets out Council's proposals for achieving effective and efficient waste diversion throughout the District. Council receives Waste Minimisation funding by way of a Waste Disposal Levy from the Ministry for the Environment. Council is required to report on this spending to them and to spend this levy as it has proposed in the plan.

Key Solid Waste Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/17	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
Refuse and recycling collection services are provided and recycling actively promoted	Councils planning for the future of the District will consider growth and development in its waste management strategies, and will involve recycling as a key aspect for communities – engraining the importance of the character and natural values of our District	Increase in recycling volumes over previous year	13.35% decrease	1% increase	Achieved	5.89% increase
		Complaints received from people whose rubbish was not collected during kerbside collection as recorded in the service request system	3 complaints	<10 complaints	Achieved	6 complaints
The closed landfills the Council is responsible for meet environmental compliance		Extent of compliance with associated Resource Consent conditions for the closed landfills in Otorohanga and Kawhia	Full Compliance	Full Compliance	Achieved	Full Compliance
Provide a roadside litter collection service throughout the rural area	This service ensures that Otorohanga's clean green image is maintained and the rural environment is not a dumping ground	Number of complaints received regarding roadside litter	5 complaints	<12 complaints	Not Achieved	15 complaints

Recycling Volumes

Overall there was an increase in recycling volumes over the previous year of 5.89%. This can be attributed to good education and global trends focused on looking after our environment.

Number of Complaints

A total of 6 complaints have been recorded as being received related to kerbside collection. These related to missed pickups and early collections. The contractor returned to pick up the refuse/recycling after being informed.

Landfill Resource Consents

The sampling contractor, Food and Health Environmental, has completed the sampling and testing at both closed landfills for 2018/19 and all reports have been forwarded to Waikato Regional Council with Council's report as required.

District Sports Co-ordinator

Council's role in this scheme satisfies part of its Mission Statement by recognising the social need to promote physical activity. Through the

District Sports Co-ordinator scheme, Council delivers a range of leisure programmes and events which increase participation in leisure activities.

Key District Sports Co-ordinator Scheme Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018//19 Actual
			Not applicable	100% Compliance	Not applicable	No agreement in place
Delivery of sport and leisure activities as per agreement between Sport Waikato and Otorohanga District Council	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy and active	100% compliance with agreement monitored through quarterly reports to Council	Not applicable	100% Compliance	Not applicable	No agreement in place

During the year no agreement was in place with Sport Waikato, meaning there is no agreement to measure this performance against.



Community Services Cost of Service Statement

2018 Actual \$		2019 LTP Estimate \$	2019 Actual \$
(000's)		(000's)	(000's)
	OPERATING REVENUE		
397	Activity Revenue	482	450
336	Targeted Rates	350	349
11	Development Contributions	10	26
1,916	General Rates	1,923	1,852
7	Other General Sources	5	8
2,667	TOTAL OPERATING REVENUE	2,770	2,685
	OPERATING EXPENDITURE		
639	Parks and Reserves	759	662
115	Public Conveniences	139	141
341	Library	352	351
382	Swimming Pools	378	361
170	Pensioner Housing	196	171
65	Halls	74	66
58	Harbour Services	53	49
73	Cemeteries	92	94
245	Other Council Property	189	176
404	Solid Waste Management	426	399
98	Security Patrol	98	98
16	Sport Waikato	52	70
2,606	TOTAL OPERATING EXPENDITURE	2,808	2,638
61	NET COST OF SERVICE	(38)	47



Community Services Funding Impact Statement

	2017/18 Long Term Plan \$ (000's)	2018/19 Long Term Plan \$ (000's)	2018/19 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,788	1,923	1,852
Targeted rates (other than a targeted rate for water supply)	388	350	349
Subsidies and grants for operating purposes	32	32	40
Fees and charges	92	102	81
Internal charges and overheads recovered	8	-	3
Local authorities fuel tax, fines, infringement fees and other receipts	326	348	329
Total operating funding	2,634	2,755	2,654
Applications of operating funding			
Payments to staff and suppliers	1,616	1,630	1,560
Finance costs	44	29	30
Internal charges and overheads applied	480	541	530
Other operating funding applications	136	138	147
Total application of operating funding	2,276	2,338	2,267
Surplus (deficit) of operating funding	358	417	387
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	11	10	26
Increase (decrease) in debt	(83)	(83)	(83)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(72)	(73)	(57)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	6
- To improve the level of service	38	81	69
- To replace existing assets	128	224	144
Increase (decrease) in reserves	120	39	111
Increase (decrease) of investments	-	-	-
Total application of capital funding	286	344	330
Surplus (deficit) of capital funding	(358)	(417)	(387)
Funding balance	-	-	-

REGULATORY SERVICES

Internal Borrowing

The Regulatory Services group of activities has no internal borrowing as at 30 June 2019. Subsequently, no interest was paid during the year.

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	-	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	12	7

Building Control

The rationale for this group of activities 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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19Actual
The Council processes, inspects and certifies work in Otorohanga District	The Council remains a Building Consent Authority to help ensure buildings are safe	Otorohanga District Council maintains its processes so that it meets BCA accreditation every two years	Accreditation rating valid until September 2017	Maintain accreditation	Achieved	Accreditation valid as at 30 June 2019
	The Fencing of Swimming Pools Act is enforced	Annual recorded pool inspections of the properties listed on the Swimming Pool Register	2% of registered pools inspected	>33% of pools on register	Not achieved 9% of pools on register inspected	255 pools on register. 22 inspections recorded 9%
Building consent applications are processed within 20 working days	Council certifies all consented building work complies with the	Percentage of consents processed within 20 working days	100%	100%	Not achieved	268 building consents issued - 90% of

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			as required by Sec 48 of the Building Act 2004	Building Code – ensuring our communities are safe		

Accreditation

An audit and review of Councils building consent process was undertaken in September 2017. International Accreditation New Zealand signed off the audit with no corrective actions required. This assessment of the BCA functions covers all aspects of plan review and building inspections. The next biannual audit will occur on 20 -23 September 2019.

Swimming Pool Inspections

A total of 255 pools are currently listed on the swimming pools register. Inspections of pool fences at 22 properties were completed this year. This inspection rate represents only 8.6% of all the pools on the register.

Building Consent Applications

During the year Council issued 268 building consents. This total is a decrease of 24 consents compared to the previous year. In total 242 consent applications were completed within 20 working days.

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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			93% processed within 20 working days	100%	Not achieved 97% processed within 20 working days	71 consents issued 69 Consents processed within 20 working days
Good advice will be delivered to help people understand the District Plan rules	Good advice from the Council, in accordance with the District Plan, will contribute to ensuring that growth and development is managed appropriately and that the natural environment of the District is treated respectively	Current and consistent information available to the public	All information is up to date	Updated information available on Council website	Achieved	Achieved

Non-notified Consents

A total of 71 non-notified consents were issued during the year. The processing time for two consents exceeded 20 working days. Detailed information on resource consents and planning policy is provided annually to the Ministry for the Environment.

available over the counter or can be mailed out upon request. The information and forms in these packs are reviewed on a regular basis or when there is a change of legislation or policy.

Information Available

The District Plan and planning maps can be viewed and downloaded from Council's website. Application forms and other planning information are also available online. Viewers are directed to the Quality Planning Website for more detailed and technical advice on the Resource Management Act 1991. Application packs for land use and subdivision application are

Information on notified applications was regularly updated on the Council website. This includes technical reports and final decisions at the conclusion of the hearing process. New forms for Permitted Boundary Activity applications were created and made available online.

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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
People are prepared for a civil defence emergency	This service means the Council has a direct role in ensuring communities are prepared for emergencies	Formal training exercises are conducted each year	1 exercise conducted	2 formal training exercises	1 training exercise conducted	Not Achieved
		The Civil Defence action team comprising key staff will meet at least once between formal exercises to ensure preparedness and training schedules are maintained.	One meeting undertaken	Once between exercises	One meeting undertaken	Achieved

Waipa, Waitomo and Otorohanga are members of a shared service arrangement which we call the Western Waikato Emergency Operating Area. The member councils have signed a service level agreement and jointly fund two Emergency Management Officers that are based at Waipa district Council in Te Awamutu, but have office space in both Te Kuiti and Otorohanga. Senior managers from all three councils meet regularly to coordinate emergency management issues and the implementation of the Waikato Civil Defence Plan.

A schedule of staff training and exercises are planned for the 2019/2020 year culminating in participation in the national civil defence exercise to be held in 2020. Key personnel with roles in the emergency operations centre have continued to attend training events provided for Controllers, Recovery Managers, Welfare Officers and Public Information Managers.

Dog 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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			Dogs roaming outside property boundaries and on public reserves will be impounded. The dog control officer responds to public complaints about roaming dogs and uplifts and impounds dogs found wandering the streets. Regular patrols are carried out in urban areas	Through this service, the public feel safe from roaming dogs	Percentage of registered dogs impounded	4.4%
Complaints about roaming dogs that are responded to	100%	100%	Achieved 234 dog complaints actioned during the year		100%	

Dog registrations and Impounding

At 30 June 2019 there were 2,552 dogs registered in the Otorohanga District. During the year 92 dogs, many of which were not registered, were impounded.

The current contract for provision of animal and dog control services has now been running for three years. The contractor, Otorohanga District

Animal Control Services has developed a strong understanding of the role and the District. He has been very effective in this role and the discharge of his duties. There have been continued improvements to the Pound in Otewa Road and further initiatives are being employed to promote compliance among dog owners and increase dog registration numbers.

Stock Ranging and Impounding

The law relating to the establishment and management of public pounds, trespassing and wandering stock, and the impounding of stock provided under the provisions of the Impounding Act 1955.

Key Stock Ranging and Impounding Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			Wandering animals are removed from roadways, public places and private property.	Public safety is enhanced because wandering animals are removed from roads and public places.	Calls about stock wandering on roads are actioned immediately. Response time depends on location of stock and travelling times	100%

Stock on Roads and Highways

The Animal Control Officer is contracted to respond to callouts and complaints about stock on Council controlled roads and State Highways

within the Otorohanga District during working/daylight hours. After hours response to stock on roads is provided by Councils Roding contractor. Inframax.

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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
Any cases of communicable disease identified are investigated	The cause of communicable disease is identified and further transmission of the infection is avoided	All communicable disease reports received from the District Health Board are investigated within 10 working days. The result of the investigation is reported back to the Medical Officer of Health no later than 14 working days from receiving the report.	N/A	100%	No longer a territorial authority responsibility	
Premises are inspected to ensure they are producing safe food	Having healthy food services, helps achieve safe communities	All premises in which food is sold or processed meet the licencing requirements of the Food Act 2012	New measure	100%	Achieved	100%
		All licenced premises receive at least one annual inspection. All inspections recorded in the Magiq database.	100%	1 annual inspection per licenced premise	Achieved	100%
The sale and supply of liquor is controlled to prevent bad behaviour	The Council will help to achieve safe and healthy communities through preventing bad behaviour as a result of liquor supply	A liquor licence is held in respect of all premises at which liquor is sold or supplied, and every premise licensed for the sale or supply of liquor is managed by an appropriately qualified person	100%	100%	Achieved	100%

Communicable Diseases

Due to the changes in workloads and responsibilities brought about by the commencement of the Food Act 2012 there has been a reallocation of duties between Territorial Authorities, District Health Board and Ministry for Primary Industries. As a result the task of investigating and reporting on communicable diseases now rests entirely with the District Health Board

Food Premise Inspections

The transition of food premises from the Food Hygiene Regulations to Food Act 2012 regulations is complete. On 30 June 2018 the final group of operators moved to a Food Control Plan regime for the management of food safety in their businesses. All food premises in Otorohanga District are now operating under food control plans.

During the 2018/19 year all food premises were inspected. A record of the inspection and the outcome is recorded in the Council database.

Sale of Alcohol Licenses

All premises involved in the selling of alcohol are required to have a licence, which has to be renewed every three years. These licences are recorded in the Councils database, and reminders are generated when a licence renewal is required. Any new premises that were to open would be identified by any of a number of organisations involved in monitoring the sale of alcohol, including Council, Public Health Officers, NZ Police or the Alcohol Regulatory and Licensing Authority. Any premises found to be operating without a licence is committing an offence under the Sale and Supply of Alcohol Act 2013 and would be liable for prosecution.



Regulatory Services Cost of Service Statement

2018 Actual \$		2019 LTP Estimate \$	2019 Actual \$
(000's)		(000's)	(000's)
	OPERATING REVENUE		
1,207	Activity Revenue	791	811
-	Targeted Rates	-	-
-	Development Contributions	-	-
721	General Rates	800	692
297	Other General Sources	256	285
2,225	TOTAL OPERATING INCOME	1,847	1,788
	OPERATING EXPENDITURE		
592	Building Control	694	634
831	Planning & Development	280	315
96	Civil Defence	118	117
203	Dog Control	176	179
10	Stock Ranging & Impounding	21	23
115	Environmental Health	130	139
9	Rural Fire Control	-	-
361	Environmental Services Manager	414	357
2,217	TOTAL OPERATING EXPENDITURE	1,833	1,764
8	NET COST OF SERVICE	14	24



Regulatory Services Funding Impact Statement

	2017/18	2018/19	2018/19
	Long Term Plan	Long Term Plan	Actual
	\$	\$	\$
	(000's)	(000's)	(000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	856	800	692
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	2	-	-
Fees and charges	455	778	792
Internal charges and overheads recovered	235	258	640
Local authorities fuel tax, fines, infringement fees and other receipts	28	14	19
Total operating funding	1,576	1,850	2,143
Applications of operating funding			
Payments to staff and suppliers	917	1,132	1,025
Finance costs	2	1	-
Internal charges and overheads applied	635	690	1,079
Other operating funding applications	6	11	13
Total application of operating funding	1,560	1,834	2,117
Surplus (deficit) of operating funding	16	16	26
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(2)	11	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(2)	11	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	2	12	7
- To replace existing assets	3	-	-
Increase (decrease) in reserves	9	15	19
Increase (decrease) of investments	-	-	-
Total application of capital funding	14	27	26
Surplus (deficit) of capital funding	(16)	(16)	(26)
Funding balance	-	-	-

COMMUNITY DEVELOPMENT

Depreciation Expense

There was no depreciation for Community Development group of activities.

Internal Borrowing

The Community Development group of activities has no internal borrowings as at 30 June 2019 and, subsequently, no interest paid.

Capital Expenditure

	2019 LTP Estimate \$	2019 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	-	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	4,000	-

There was no capital expenditure in the current year as property development project has been carried over to 2019/20.

Property Development

Council has undertaken this activity to stimulate community growth through provision of sites suitable for residential, commercial or industrial

purposes where it has been felt that an adequate resource of such sites has not existed in the market. This undertaking is dependent on favourable market conditions for these types of developments.

Key Property Development Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
That identified opportunities to address significant perceived shortages in the availability of particular types of property in the District are pursued.	Contributes towards a vibrant community with available property	Undertaking of development	Amendment made to LTP to reflect development opportunities	Creation of additional 43 lot residential subdivision	Not Achieved	Creation of Additional 60 Lot Subdivision is awaiting Resource Consent Application and carried over to 2019/20

District Promotion

This group of activities is undertaken to:

- a) Assist coordinated multi-agency contributions to the economic vitality of the District that will support local businesses and the general well-being and sustainability of communities.
- b) Actively market the District as a good place to visit, and in which to live, work and do business.

Such promotion should be undertaken in a manner that builds upon the historical, cultural and environmental character of the District.

The District Promotion group of activities is complementary to Council's Property Development activity, in that whilst this helps provide places for new residents and businesses to come to, District Promotion helps provide the incentives for such parties to move to and remain in those places.

Key District Promotion Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
District is effectively promoted as a place to visit or live in	Promoting Tourism and higher tourist spending will contribute to a stronger district economy	Otorohanga District Development Board provides quarterly reports to Council	1 report	6 monthly reports received	Not achieved	No reports presented to Council
Tourism activity in District is supported		Tourism Waikato provides 6 monthly reports to Council	One 6 monthly report received	6 monthly reports received	Achieved	6 Monthly reports received



Community Development Cost of Service Statement

2018 Actual \$		2019 LTP Estimate \$	2019 Actual \$
(000's)		(000's)	(000's)
	OPERATING REVENUE		
-	Activity Revenue	-	-
-	Targeted Rates	-	-
-	Development Contributions	-	-
384	General Rates	358	324
-	Other General Sources	-	-
384	TOTAL OPERATING REVENUE	358	324
	OPERATING EXPENDITURE		
1	Property Development	267	-
383	District Promotion	358	324
384	TOTAL OPERATING EXPENDITURE	625	324
-	NET COST OF SERVICE	(267)	-

Community Development Funding Impact Statement

	2017/18 Long Term Plan \$	2018/19 Long Term Plan \$	2018/19 Actual \$
	(000's)	(000's)	(000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	342	358	324
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding	342	358	324
Applications of operating funding			
Payments to staff and suppliers	104	79	-
Finance costs	121	140	-
Internal charges and overheads applied	108	54	46
Other operating funding applications	357	353	278
Total application of operating funding	690	626	324
Surplus (deficit) of operating funding	(348)	(268)	-
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,146	2,910	-
Gross proceeds from sale of assets	1,260	1,296	-
Lump sum contributions	-	-	-
Total sources of capital funding	3,406	4,206	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	3,240	4,000	-
- To replace existing assets	-	-	-
Increase (decrease) in reserves	(182)	(62)	-
Increase (decrease) of investments	-	-	-
Total application of capital funding	3,058	3,938	-
Surplus (deficit) of capital funding	348	268	-
Funding balance	-	-	-

GOVERNANCE AND LEADERSHIP

Depreciation Expense

Total depreciation for Governance and Leadership group of activities was \$322,215.

Internal Borrowing

The Governance and Leadership group of activities has no internal borrowings as at 30 June 2019 and, subsequently, no interest paid.

Democracy

One of the main purposes of territorial authorities is to enable democratic decision making and action.

At a basic level, this involves people being involved in the decisions that affect them. However, effective democracy is about more than Council's decision making; democracy in New Zealand is synonymous with human rights, fairness, justice and equity. This means that everyone should have the same opportunities to achieve their potential, everyone should be able to participate and be part of our communities, and should have access to recreational, educational and employment opportunities.

Council now has a broader mandate from central government to consider how they meet the needs of the community. A consequence of this is Council's increased responsibility to ensure that the community is well informed and involved in Council decision making.

Democratic activities represent Council's commitment to ensuring equity and positive growth throughout our district. In many cases Council is not alone in seeking to maximise community participation and equity. This

Capital Expenditure

	2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	514	309
- Growth (Improving Service Capacity)	15	-
- Level of Service (Improvements to Service)	31	6

requires Council to identify and collaborate with other district, regional and national agencies with similar or complementary goals.

Governance

What is Governance?

Governance encompasses providing community leadership, balancing community views, resources and needs to make decisions that are best for the community. Governance focuses on establishing a vision and objectives for the community, and making high-level decisions on policies and actions that will support these objectives.

In the Otorohanga District Council governance functions are undertaken by the elected Mayor, Councillors and Community Board members.

Governance is not about the detailed practical 'hands on' implementation of policies or actions; that is the responsibility of Council's management and staff, who are delegated powers by Council to undertake those duties in accordance with the objectives and policies set by the elected members.

Governance Structures of Otorohanga District Council

Governance of the Otorohanga District is currently undertaken by the persons elected to the following positions:

- A Mayor, elected at large by the residents and ratepayers of the District
- Seven Councillors (two representing the Otorohanga Community Ward and one each for the five rural Wards) elected by the residents and ratepayers of the particular wards.
- Four members of the Otorohanga Community Board, elected by the residents and ratepayers of that community
- Four members of the Kawhia Community Board, of which three are elected by the residents and ratepayers of the Kawhia Community, and the other elected by residents and ratepayers of the Aotea subdivision of that community.

Governance Roles of Elected Members

The Mayor and Councillors of Otorohanga District Council collectively have the following roles:

- Setting the policy direction of Council.
- Monitoring the performance of Council.
- Representing the interests of the people of the District
- Representing the District and Council at a wide variety of forums
- Employing the Chief Executive of Council, who in turn employs all other staff on its behalf.
- Making decisions in relation to:
 - Notified Resource Consent applications, with submissions;
 - Matters which involve a financial implication for Council

- Matters which involve non-urgent enforcement;
- Notified Resource Consent applications recommended to be declined.
- A wide variety of other issues relating to the social, environmental, economic and cultural wellbeing of the District.

In addition to performing these duties, the Mayor is responsible for:

- Ensuring the orderly conduct of business during meetings, as determined in Council's Standing Orders.
- Advocating on behalf of the community.
- Acting as the ceremonial head of Council.
- Providing leadership and feedback to other elected members

Community Boards

Community Boards represent the interests of particular local communities which are, in the opinion of Council, sufficiently distinct to warrant additional representation.

Within the Otorohanga District the Communities of Otorohanga and Kawhia have been judged to meet this criterion.

It is the expectation of Council that Community Board members will establish strong relationships with the communities they serve, so that the needs and expectations of the community are well understood.

Based upon the expectation that Community Boards will effectively understand and reflect the needs of their communities, the Otorohanga District Council has delegated a high level of authority to its Community Boards, which is not a common practice in New Zealand.

In particular Otorohanga District Council has delegated to the Otorohanga and Kawhia Community Boards all of Council's functions, duties and powers relating to the following activities in those communities:

Activity	Otorohanga Community Board	Kawhia Community Board
Refuse collection and disposal	✓	✓
Water supply operation and maintenance	✓	✓
Sewerage treatment and reticulation	✓	
Flood protection	✓	
Storm water drainage	✓	✓
Community Property (Buildings)	✓	✓
Housing for the elderly	✓	✓

Though it is not included in the above delegations, the Otorohanga and Kawhia Community Boards have also traditionally had substantial input into matters relating to parks, reserves and public toilets within their communities.

The above delegations to the Community Boards are subject to the following conditions:

1. The respective community account not going into a financial deficit situation without the prior approval of Council.
2. Full allowance having been made for any proposed expenditure in the estimates approved by Council.
3. Compliance with any relevant policies or directions specified by Council.

4. Community Boards are precluded by statute from acquiring, holding or disposing of property.

Community Boards may make recommendations to Council on any matter, and may seek approval for any initiative for which delegated authority has not already been given.

The relationship that Community Boards have with their communities is typically more intimate than that between Councillors and their Wards, but it is expected that all elected members will be aware of the prevailing views amongst their constituents.

Decision Making Processes

Decision making by elected members and Council staff is in accordance with the previous descriptions of governance roles.

Public consultation on specific issues, outside of the routine Council planning processes (such as the LTP) is undertaken in circumstances where it is believed that there is a relatively high level of community interest in the issue and potential for significantly differing views amongst community members.

Such consultation is generally conducted in accordance with the Special Consultative Procedure of the Local Government Act 2002.

The financial implications associated with the particular issue is generally not a major factor in determining whether such public consultation is undertaken, since previous experience has shown that there may be substantial public interest in matters that are of little economic value. Very substantial proposed expenditure on any project (greater than 10% of total annual operating expenditure) will, however, trigger Council's Policy on Significance and an associated requirement for public consultation.



Key Democracy Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
Communicate and consult with the community on key issues	An active supportive community is achieved through the Council providing opportunities for residents and ratepayers to contribute to decision-making processes by providing their community views	Minimum % of Council business conducted in open meeting	96.0% conducted in open meetings	>90%	Achieved	95.7% conducted in open meetings
		Number of complaints upheld against the election process	No complaints upheld against the election process	N/A	Achieved	No complaints upheld against the election process
		Agenda's for meeting (other than extraordinary meetings) of council and its committees are publically available (either via the internet or in Council service centres)	All agendas available at least two days prior to meetings	All agendas are publically available two clear working days before each meeting	Achieved	All agendas available at least two days prior to meetings

Council Business in Open Meeting

Overall 95.7% of council business was conducted in open meetings. This includes all items except for adoption of previous minutes, the public forum and general business. The Council had a total of 99 items, of which 5 were

conducted in closed meetings. Otorohanga Community Board had 44 items, of which 1 was conducted in closed meetings, and Kawhia Community Board had 23 items and 1 item was conducted in a closed meeting.

Council Support

Council is required by legislation to disperse grants. It facilitates the distribution of funds from Sport New Zealand and Creative Communities New Zealand. Local Residents and staff are represented on the distribution committees along with Councillors.

The provision of grants is an integral component of Council's strategy to empower local communities and assist them in achieving their vision and strategic outcomes, by encouraging and rewarding community spirit.

Key Council Support Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2017/18 Actual
Management and provision of Creative Communities and Sport NZ funding schemes	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative	Distribution of funds to Creative Communities and Sport NZ funding schemes on application from qualifying organisations	98.4% allocated from both schemes	> 85% allocated	Achieved	Creative Communities – Balance of \$1,791.00 not allocated. Sport NZ – Full amount allocated
Management and provision of Otorohanga District Council community funding	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative and also support the vulnerable and those at risk	Provision of Otorohanga District Council General Grants and ongoing Grants within budget allocation	Within budget allocation	Within annual budget allocation	Achieved	Within annual budget allocation

All but 14% of the Creative Communities funding was allocated. All of the Sport NZ money was allocated.

Corporate Planning

The Local Government Act 2002 requires every local authority to carry out a process to identify community outcomes – statements of community aspirations for the immediate to long-term future.

The process provides opportunities for people to discuss their desired community outcomes in terms of present and future social, economic, environmental and cultural well-being. The intention is that these outcomes become the basis for increased transparency and accountability by

councils and other stakeholders, as a base for improving community well-being and sustainable development.

In addition to developing the community outcomes, Council must identify what it will contribute towards these, along with other agencies within its Long Term Plan and Annual Plans. Council must monitor its performance and achievement towards these outcomes as well as monitoring the achievement of the community outcomes.

Key Corporate Planning Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			Meet Local Government Act 2002 statutory planning and reporting requirements	By achieving statutory planning and reporting requirements a high standard of accountability is demonstrated to the community	The Long Term Plan is completed within the statutory timeframe	Not application
	The Annual Plan will be adopted before 30 June annually	2017/18 Annual Plan adopted 20 th June 2017	Achieved		Achieved	2019/20 Annual Plan adopted 18 June 2019
	The Annual Report will include an unqualified audit opinion	2016/17 Annual Report audit opinion did not identify any issues	Achieved		Achieved	No qualifications on 2017/18 Annual Report
Existing levels of service as identified in Councils triennial survey meets the needs of the community	Having plans in place to ensure growth and change is managed will help ensure our community's vision will happen	A triennial Levels of Service Survey to all affected ratepayers	Not applicable	Not measured as only measured every 3 years	Not applicable	Not applicable

Policy Development

The purpose of this activity is to formulate strategic direction in all policies, by-law and planning matters. Predominant drivers for policy development

stem from legislative requirements. Council is involved in this activity because of public demand and statutory responsibility.

Key Policy Development Level of Service Targets and Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
Ensure major decisions are made in a democratically accountable way	Ensures Council's decision making processes involves and engages the community	100% of all significant decisions are made subject to respective consultative procedures that meet the requirements of the Local Government Act 2002 and/or RMA 1991	100%	100%	Achieved	100%
Policy development is visible and accountable	Ensures transparency in policy development to provide better information supporting community involvement and awareness	Key draft policy documents subject to consultation are available on Council's website	Local Alcohol Policy adopted 22 September 2016 Local Easter Shop Trading Policy adopted 13 December 2016	100% are available by the date of public notification of the policy/planning document	Achieved During the year there were no new policies notified for consultation and / or adopted by Council.	100%
		Meetings and statutory hearing are conducted in accordance with all relevant legislation	100% compliance	100% compliance	Achieved	100%
Provide location legislation	Put in place management controls that address issues and are consistent with Council policies, Central Government legislation, and which reflect the Community Outcomes	Assess need to review, and where necessary review bylaws	Gambling Venue Policies reviewed	Assessment undertaken of bylaws and policy that are due review	Achieved Council policy register reviewed to inform staff on reviews pending	100%

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2016/2017	2018/19 Target	Achieved/ Not achieved	2018/19 Actual
			Council meets statutory planning requirements	Ensures processes and policies are developed in a consistent manner and reflective of community input	All relevant statutory plans and reports are produced and made available to the public in accordance with statutory requirements and timeframes under relevant legislation	No plan changes proposed during the year

District Plan

The Otorohanga District Plan was declared operative on 30 October 2014. Plan changes will be required when phase 2 of the Resource Legislation Amendment Act 207 commenced in early 2019. This Act will require territorial authorities to amend District Plans to fit within a standard template in order to provide a nationwide format for planning documents. Most Councils will have 5 years from commencement to enact the changes.

Bylaws

A review of the Dog Control Policy and Bylaw commenced in July 2019. A draft of the revised policy and bylaw is being prepared for the November 2019 Council meeting. The draft will be submitted for Council to adopt and notify for public consultation. The Trade Waste Bylaw, the Water Services Bylaw and the Stock Movement Bylaw are all due for review. No new bylaws have been proposed or adopted



Governance and Leadership Cost of Service Statement

2018 Actual \$ (000's)		2019 LTP Estimate \$ (000's)	2019 Actual \$ (000's)
	OPERATING REVENUE		
177	Activity Revenue	248	194
23	Targeted Rates	20	20
-	Development Contributions	-	-
1,636	General Rates	1,953	2,098
4,201	Other General Sources	4,721	4,260
6,037	TOTAL OPERATING INCOME	6,942	6,572
	OPERATING EXPENDITURE		
891	Otorohanga District Council	722	769
115	Otorohanga Community Board	134	135
45	Kawhia Community Board	64	57
73	Council Support	93	74
387	Corporate Planning	549	468
18	Resource Management Policy Development	30	20
4,304	Support Services	6,436	4,385
5,833	TOTAL OPERATING EXPENDITURE	8,028	5,908
204	NET COST OF SERVICE	(1,086)	664



Governance and Leadership Funding Impact Statement

	2017/18 Long Term Plan \$ (000's)	2018/19 Long Term Plan \$ (000's)	2018/19 Actual \$ (000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,537	1,953	2,098
Targeted rates (other than a targeted rate for water supply)	21	20	20
Subsidies and grants for operating purposes	22	22	22
Fees and charges	25	31	28
Internal charges and overheads recovered	3,915	4,060	3,793
Local authorities fuel tax, fines, infringement fees and other receipts	57	195	144
Total operating funding	5,577	6,281	6,105
Applications of operating funding			
Payments to staff and suppliers	3,428	5,108	3,477
Finance costs	142	97	(21)
Internal charges and overheads applied	1,551	1,567	1,480
Other operating funding applications	270	203	186
Total application of operating funding	5,391	6,975	5,122
Surplus (deficit) of operating funding	186	(694)	983
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	1,469	-
Gross proceeds from sale of assets	55	59	135
Lump sum contributions	-	-	-
Total sources of capital funding	55	1,528	135
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	11	15	6
- To replace existing assets	254	514	309
Increase (decrease) in reserves	(24)	305	803
Increase (decrease) of investments	-	-	-
Total application of capital funding	240	834	1,118
Surplus (deficit) of capital funding	(186)	694	(983)
Funding balance	-	-	-



SUPPORTING INFORMATION



EQUAL EMPLOYMENT OPPORTUNITIES POLICY

POLICY STATEMENT

The Otorohanga District Council is committed to supporting the principles of equal opportunity in recruitment, selection, employment, training and promotion.

The policy of the Council is to ensure that no employee, or potential employee, shall gain any advantage or suffer any disadvantage by reason of their race, colour, ethnic or national origin, gender, marital status, sexual preference, age, religious or political beliefs, or personal disability where said disability is irrelevant to an individual's ability to carry out the job.

This policy will remain consistent with:

- Good personnel policy and practices.
- The Human Rights Act 1993.
- Employment Relations Act 2000.
- Local Government Act 2002.

Council is committed to a programme of action to ensure its activities are carried out without discrimination.



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

Waikato Regional Airport Limited (WRAL)

This Company, established in 1989, operated 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 \$12,599,000 for the year ended 30 June 2019 (2018: \$2,380,000 surplus).

A dividend totalling \$250,000 was paid in 2019 (2018: \$6.4M).

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 financial and performance measures for the year ended 30 June 2019 is summarised below:

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

	Actual to 30 June 2019	Statement of Corporate Intent
Percentage of Non-Landing Charges Revenue	68%	74%
Earnings before Interest, Taxation and Depreciation	\$3.964M	\$3.4M
Net operating cash flow	\$2.310M	\$1.9M
Net investing cash flow	(\$2,610M)	(\$4.3M)
Interest Rate Cover	7.5x	4.0x
Total Liabilities/Shareholders Funds: (Debt/Equity Ratio)	22:78	35:65

Waikato Local Authorities Shared Services (WLASS)

	Ownership Interest	
	Actual 2018	Actual 2019
Waikato Local Authority Shared Services	0.26%	0.26%



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

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

LASS objective

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

Introduction

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

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

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

Performance Measures as per 2018/19 Annual Report

Further details available in the Waikato LASS Annual Report

Target	Measure	Actual Outcome
Procurement Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented	The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year.	Achieved.
	New suppliers are awarded contracts through a competitive tender process.	Achieved.
Collaborative Projects Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented	A minimum of three priority projects for collaboration are identified per annum. If considered of value, business cases are developed for approval by the Board; and the projects are implemented.	Achieved.
Existing WLASS Contracts	The WLASS Contracts Register is maintained and managed	Achieved.



Target	Measure	Actual Outcome
Existing contracts are managed and renegotiated as required	Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	Achieved.
Cashflow The company shall maintain a positive cashflow position	The WLASS Board reviews the financial statements quarterly.	Achieved.
Cost Control Administration expenditure shall be managed and monitored	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved.
Reporting Six monthly reports provided to Shareholders	The Board shall provide a written report on the business operations and financial position of the WLASS to the shareholders every six months.	Achieved.
	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.	Achieved.
Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum	Approved invoices for Mayoral Forum projects are paid by the 20 th of the month following their receipt.	Achieved.
Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.	The SVDS is available to users at least 99% of normal working hours.	Achieved.
	The SVDS Advisory Group meets at least 6-monthly.	Achieved.
	The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.	Achieved.
	The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.	Not achieved.
Insurance Achieve the relevant KPI's in Appendix 4 of	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the	Achieved.



Target	Measure	Actual Outcome
the Insurance Brokerage contract with Aon.	annual WLASS Shareholders' survey by participating councils.	
	The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils	Achieved.
RATA Deliver better data for decision making across the Waikato Region, enabling more consistent best practice. Data supplied by contractors is of good quality and meets all of the participating councils requirements.	Reports are presented to stakeholders in October/January/April and July each year.	Achieved.
	Reports on progress presented to WLASS Board as at 30 December and 30 June	Achieved.
	All data are reviewed for compliance and all good practice requirements are met.	Achieved.
	Procurement of services complies with WLASS and NZTA's procurement requirements.	Achieved.
	Present to a national conference on RATA innovations at least once per year.	Achieved.
	At least two RATA guidance documents detailing good practice are produced each year.	Achieved.
	RATA Forums are held 2-monthly to share learnings and experience.	Achieved.
Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.	All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	Achieved.
	A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months	Achieved.
	The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.	Achieved.
Waikato Building Consent Group Provide strategic direction and actively pursue improvements in	Milestones for the five strategic review work streams are achieved for: <ul style="list-style-type: none"> Digital experience and technology: a common 	Achieved.



Target	Measure	Actual Outcome
Building Control across the Waikato region.	online customer experience. Success is defined as user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons.	
	<ul style="list-style-type: none"> • People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8-11 	Partially achieved.
	<ul style="list-style-type: none"> • Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. 	Achieved.
	<ul style="list-style-type: none"> • Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. 	Partially achieved.
	<ul style="list-style-type: none"> • Central government engagement and legislative influence. Success is measured by legislative submissions and outcomes. 	Achieved.
	<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> i. Full participation in WBCG projects and programmes ii. Audits demonstrating implementation and compliance with the agreed QA systems iii. Consistency in service delivery, measured by customer surveys. 	<p>Partially achieved.</p> <p>Achieved.</p> <p>Not achieved.</p>



Target	Measure	Actual Outcome
	Risk management is visible through regular reviews of the Risk Register.	Not achieved.
	All funding requirements are met by each of the participating councils.	Achieved.
	Minimum of two reports presented to the WLASS Board on the Group's activities.	Achieved.
Future Proof Planning for growth in the sub-region is co-ordinated and collaborative.	Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.	Not achieved.
The Future Proof budget is well managed and monitored.	The overall Future Proof work programme is delivered within the approved budget.	Not achieved.
Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.	Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.	Achieved.
Aligned Resource Consent Planning Project Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.	Common forms are in place for all Councils involved by December.	Achieved.
Shareholder Survey Shareholders are satisfied with the performance of WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	Achieved.
Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	Achieved.
	The WLASS website is regularly maintained and updated.	Achieved.



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 30 other local authorities. 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 2019 is discussed below.

Current Performance Targets	Target	Result	Achieved
Average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period	≤0.10%	0.101% (0.10% for long-term and 0.106% for short-term)	No
Annualised annual issuance and operating expenses (excluding AIL)	≤\$5.67 million	\$5.85 million	No
Lending to Participating Local Authorities	≥\$8.105 billion	\$9.262 billion	Yes
Savings on borrowing costs for council borrowers relative to other sources of financing and compared to previous years	Improvement since prior year end relative to borrowing by councils directly. Council borrowing spreads as at June 2018: 2019s 11 bps, 2021s 19 bps and 2025s 10 bps	Council borrowers spreads as at June 2010: 2019s n/a, 2021s 9bps and 2025s 7 bps	No



ANNUAL REPORT DISCLOSURE STATEMENT

Annual report disclosure statement for year ending 30 June 2019.

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.

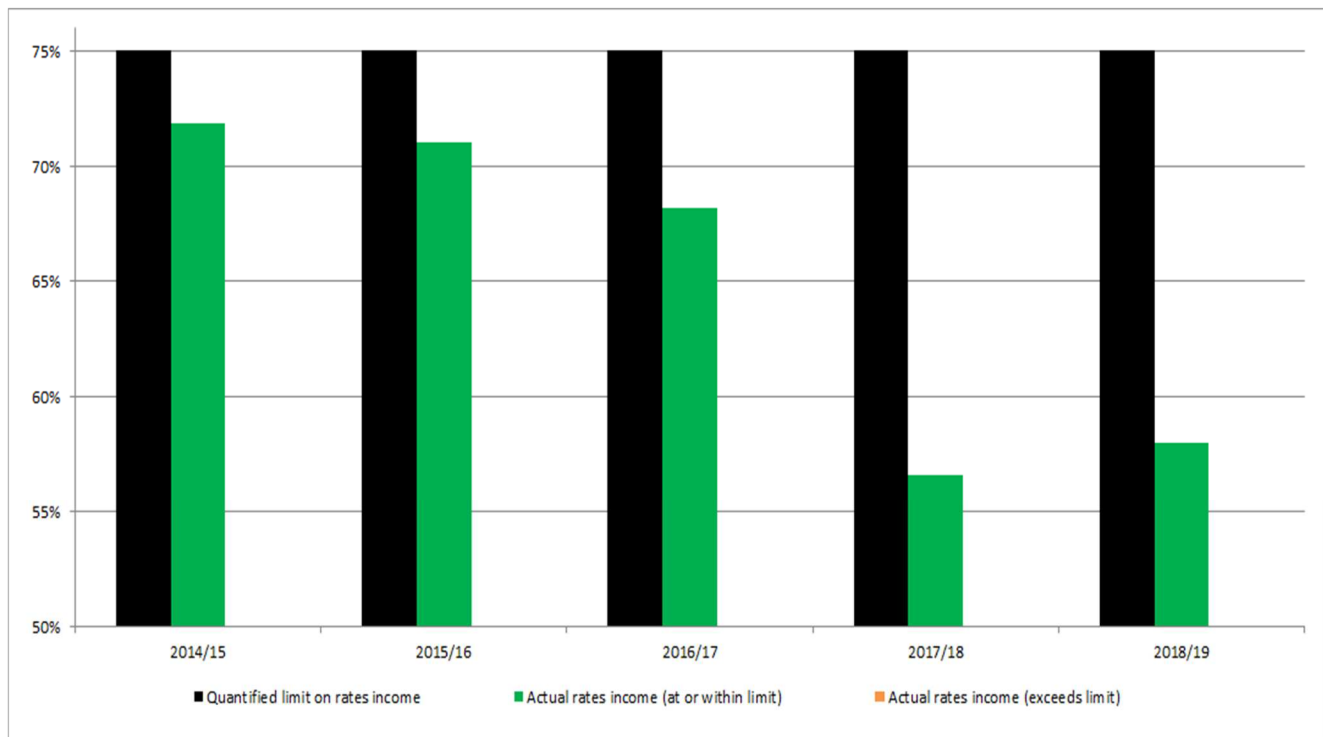
Rates affordability benchmark

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

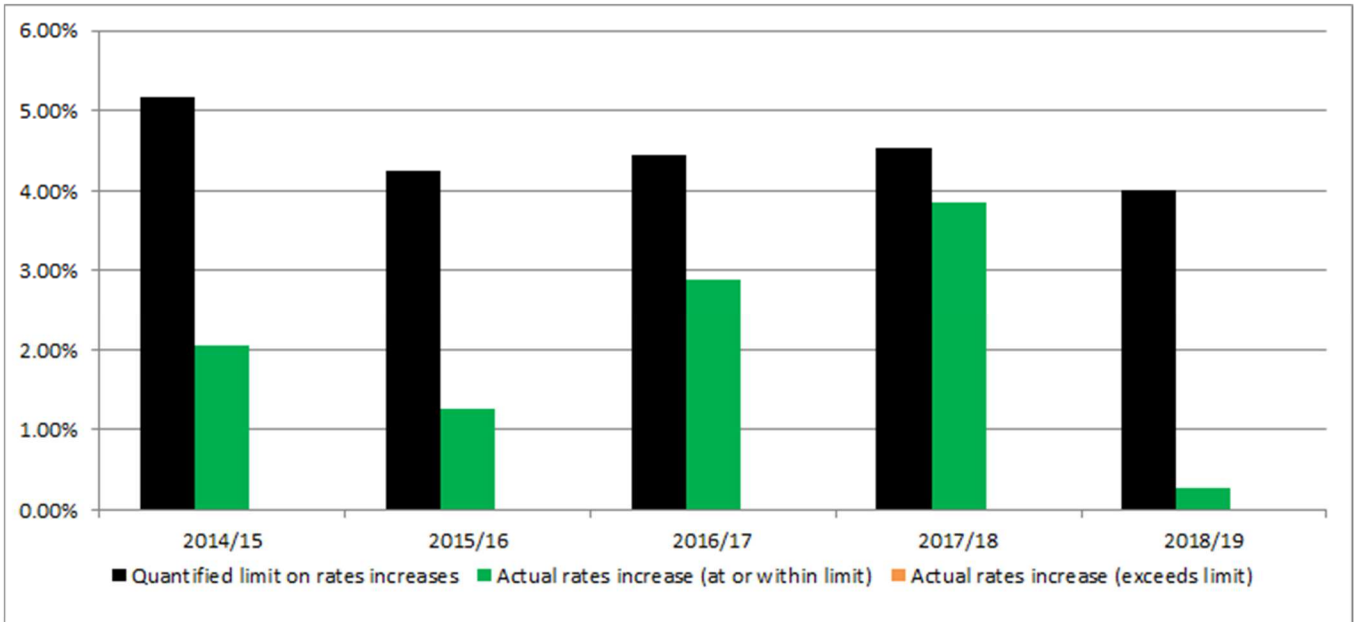
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 75% of total council revenue.





Rates (increases) affordability

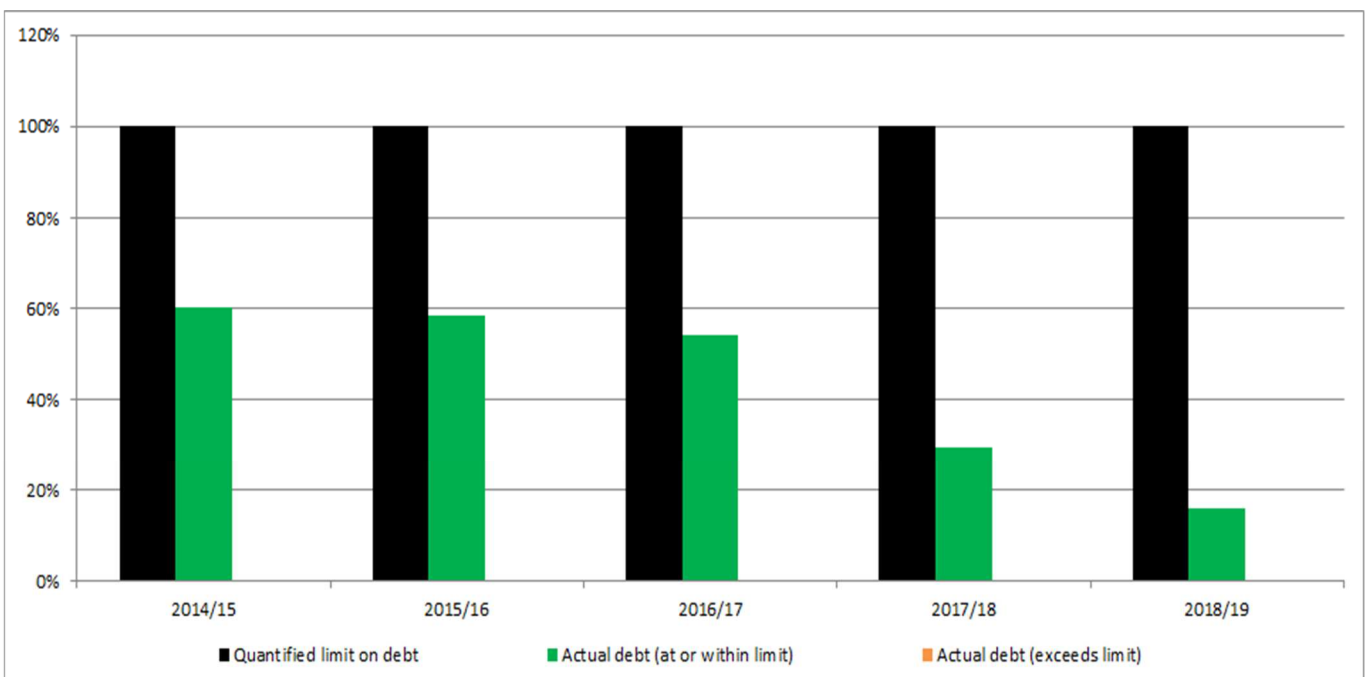
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the council's long-term plan. The quantified limit is LGCI plus 2%. For the actual figures used refer to the council's long-term plan.



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.

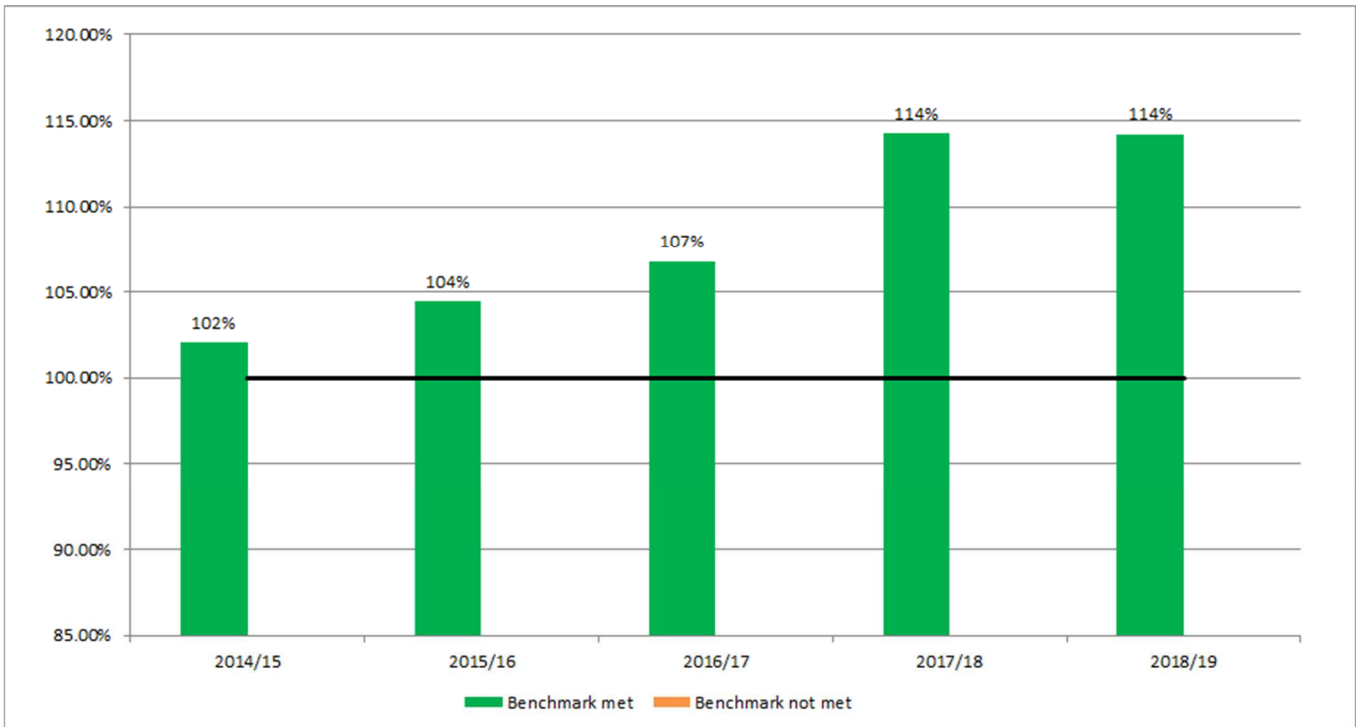




Balanced budget benchmark

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)

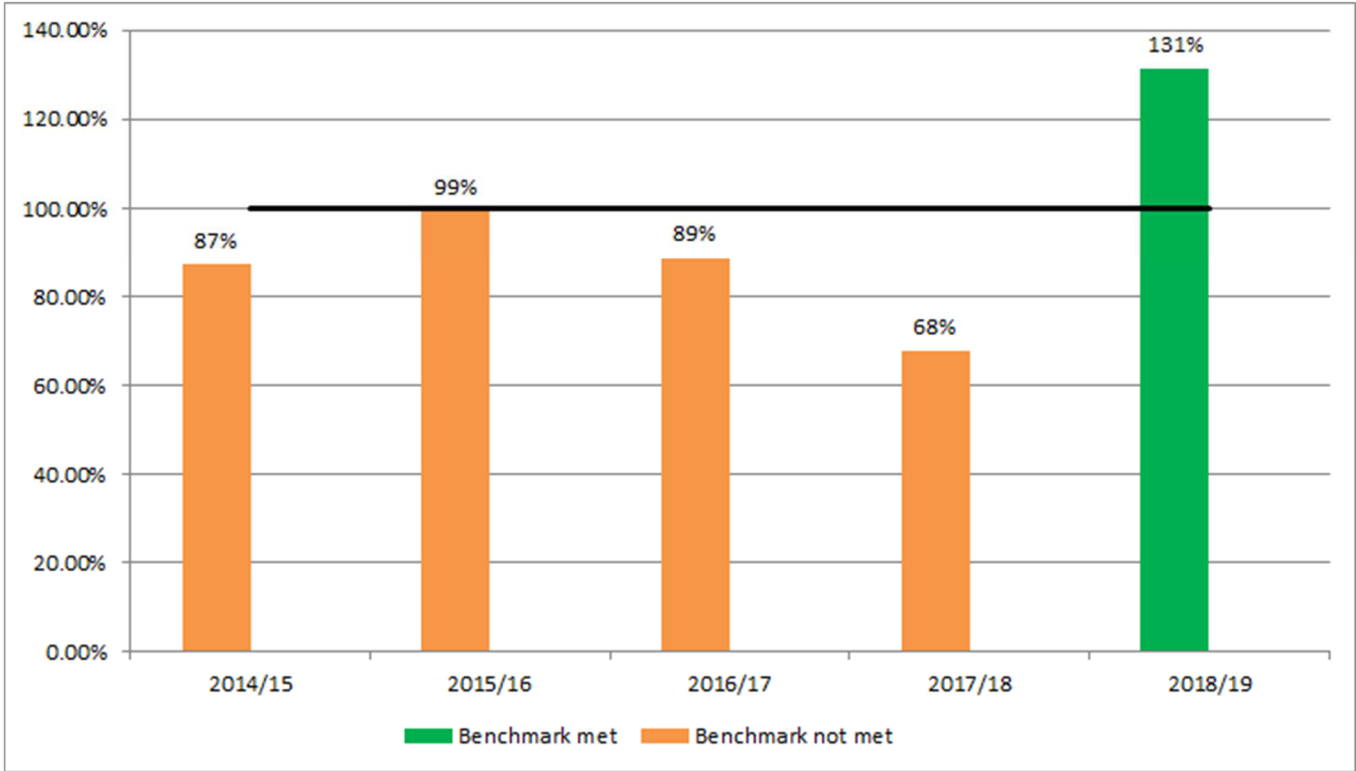
The council meets this benchmark if its revenue equals or is greater than its operating expenses.





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.

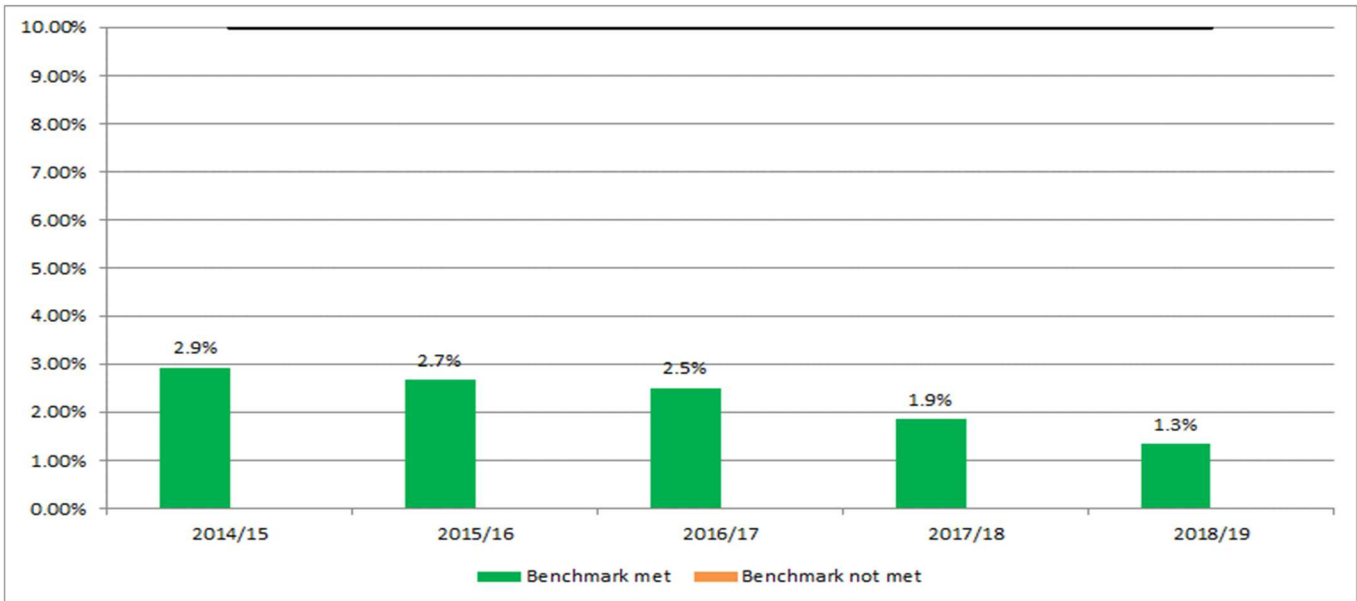




Debt servicing benchmark

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).

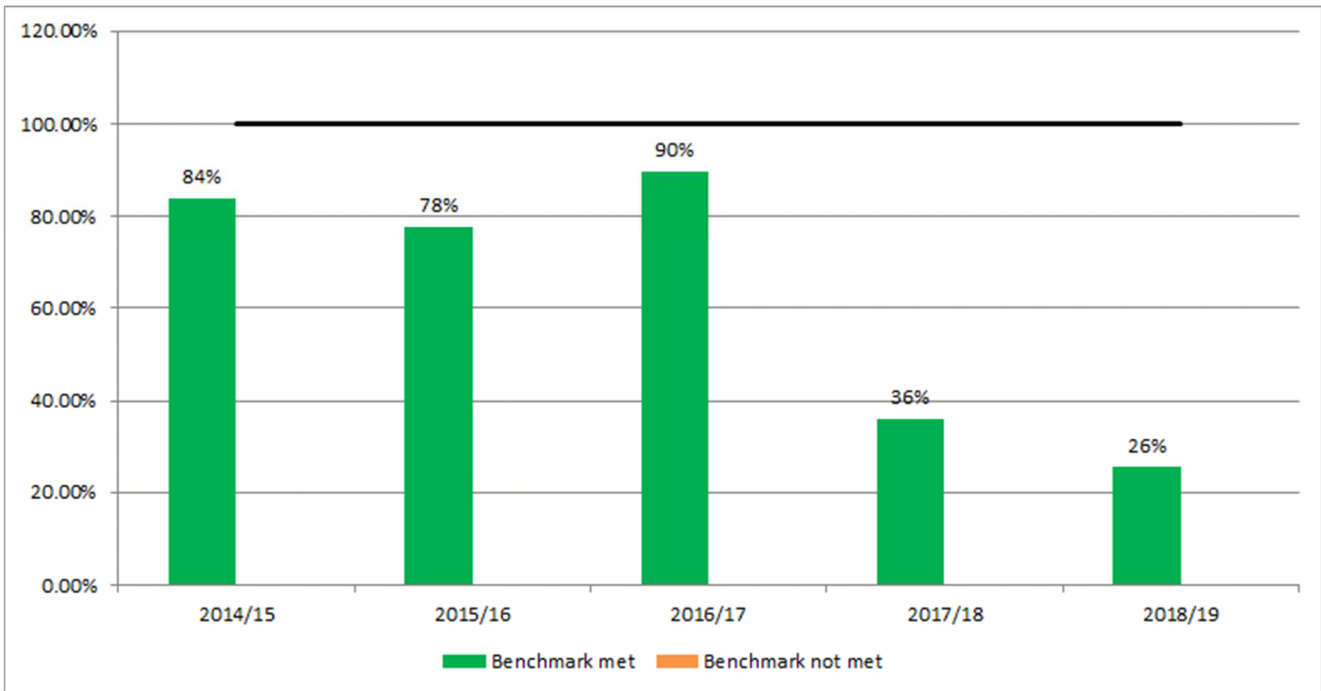
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

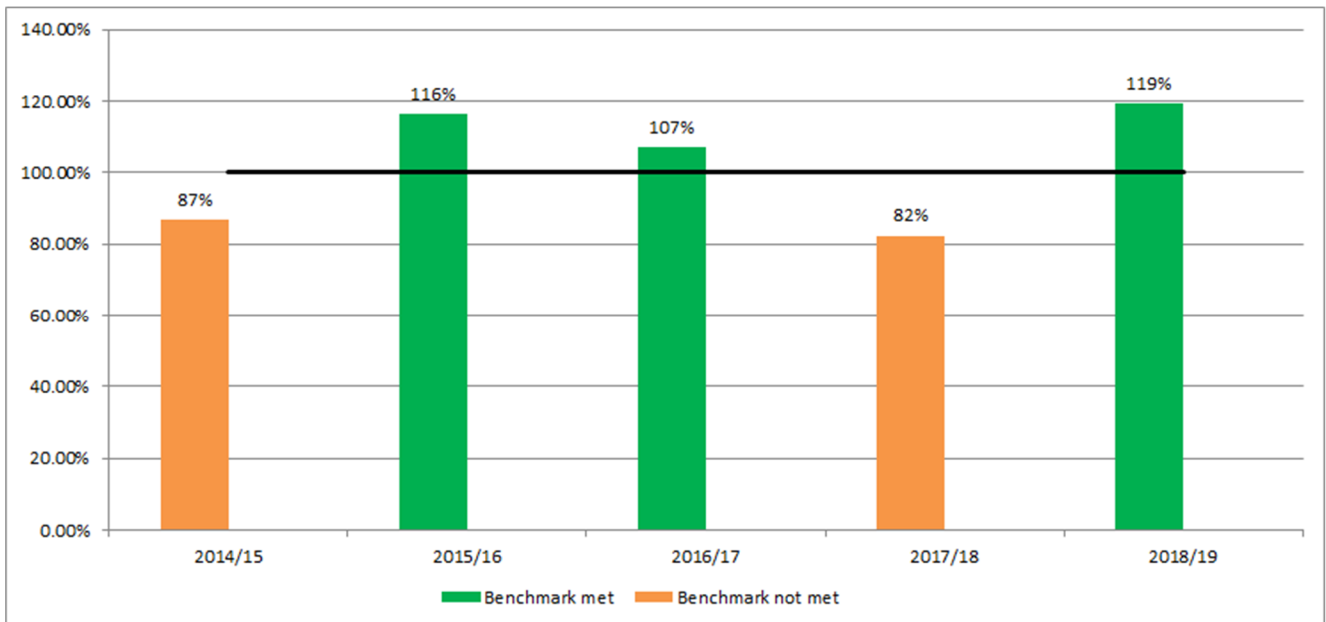
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.





LOCAL GOVERNMENT ACT DISCLOSURES

Rating base information

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

	2019
Number of rating units	5,211
Total Capital value of rating units	\$4,236,898,250
Total Land value of rating units	\$2,951,823,050

Insurance

	Carrying value 30 June 2019	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	46,271	86,933	-	-

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



AUDIT REPORT

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INDEPENDENT AUDITOR'S REPORT

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

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

We are also required to report on:

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

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

We completed our work on 31 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 12 to 51:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2019;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Reporting Standards Reduced Disclosure Regime;
- the funding impact statement on page 60, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long Term Plan;
- the Statement of Service Performance (referred to as 'Significant Activities') on pages 59 to 113:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and



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- the statement about capital expenditure for each group of activities on pages 59 to 113, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long Term Plan; and
- the funding impact statement for each group of activities on pages 59 to 113, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long Term Plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 123 to 128, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's Long Term Plan.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

Responsibilities of the Council for the audited information

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

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

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

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



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Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Service Performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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



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Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 10, 53 to 57, 115 to 122, 129, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

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

Independence

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

Other than the audit and our report on the disclosure requirements, 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

