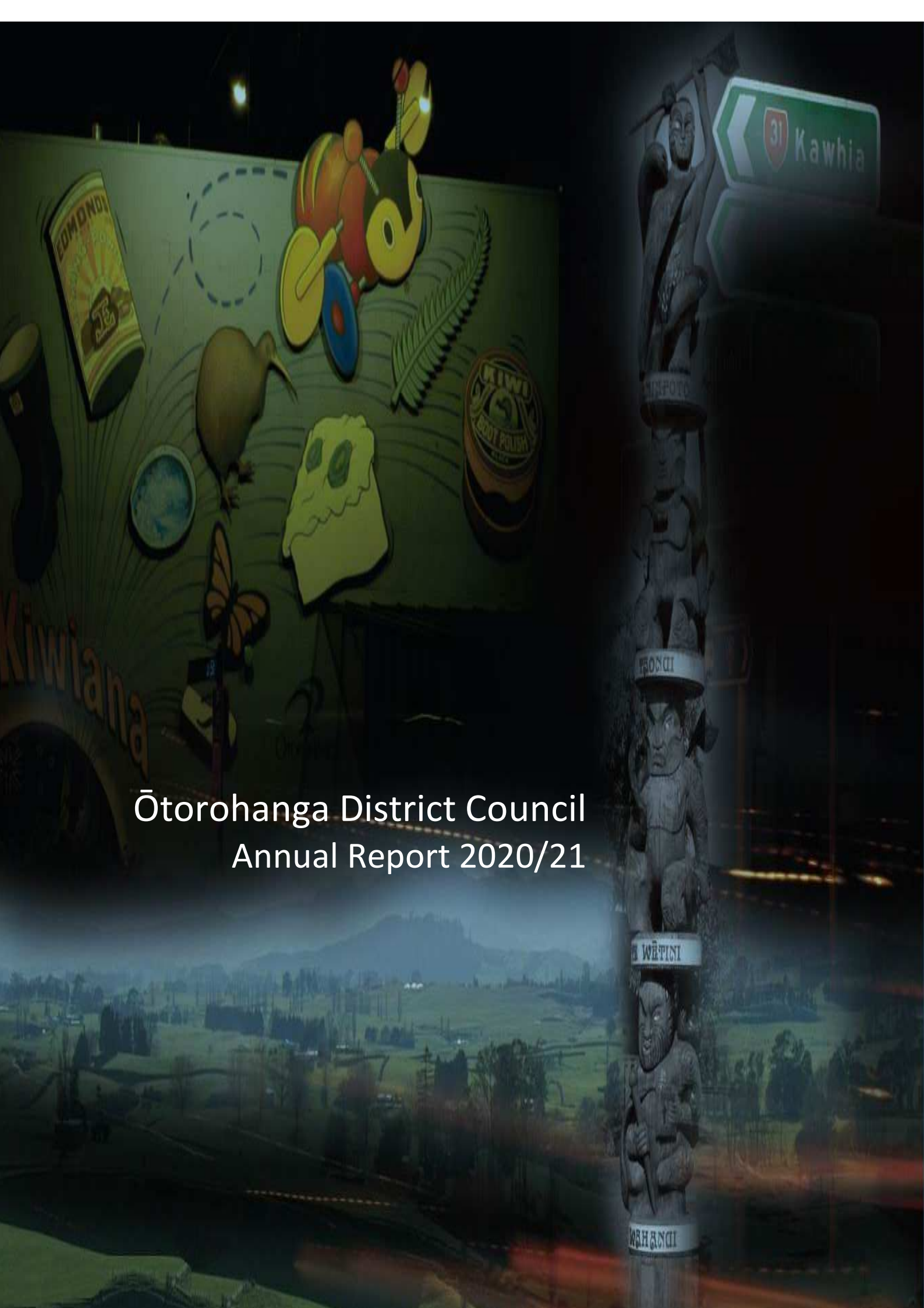


Ōtorohanga District Council
Annual Report 2020/21





Contents

| | |
|---|------------|
| INTRODUCTION | 4 |
| COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE..... | 4 |
| ELECTED MEMBERS | 6 |
| LEADERSHIP TEAM | 7 |
| DISTRICT BACKGROUND | 8 |
| STATISTICS | 9 |
| FINANCIAL STATEMENTS | 10 |
| STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES..... | 11 |
| BALANCE SHEET | 12 |
| STATEMENT OF CHANGES IN EQUITY..... | 13 |
| STATEMENT OF CASH FLOWS | 14 |
| NOTES TO THE FINANCIAL STATEMENTS..... | 15 |
| PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY | 51 |
| PERFORMANCE DURING 2020/21 | 52 |
| STATEMENT OF COMPLIANCE AND RESPONSIBILITY..... | 53 |
| REPORT ON LONG TERM PLAN AND POLICIES..... | 54 |
| BORROWING AND INVESTMENT POLICY | 55 |
| OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO COUNCILS' DECISION-MAKING PROCESSES | 56 |
| SIGNIFICANT ACTIVITIES | 57 |
| COMBINED COST OF SERVICE STATEMENT | 58 |
| ROADS AND FOOTPATHS | 60 |
| WATER SUPPLY..... | 64 |
| SEWERAGE TREATMENT AND DISPOSAL | 69 |
| FLOOD PROTECTION AND CONTROL WORKS | 73 |
| STORMWATER DRAINAGE..... | 76 |
| COMMUNITY SERVICES | 79 |
| REGULATORY SERVICES | 92 |
| COMMUNITY DEVELOPMENT | 102 |
| GOVERNANCE AND LEADERSHIP | 105 |
| SUPPORTING INFORMATION | 114 |
| STATEMENT OF FINANCIAL INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS (CCO's)..... | 115 |
| ANNUAL REPORT DISCLOSURE STATEMENT..... | 118 |
| LOCAL GOVERNMENT ACT DISCLOSURES | 124 |
| AUDIT REPORT | 125 |



INTRODUCTION

COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

Tēnā koutou katoa

It is with pleasure that we present our Annual Report for the 2020/21 year.

This past year has been one of the most rewarding for Council with the development and ultimate adoption of our very ambitious Long Term Plan. While the ongoing COVID-19 pandemic has meant we have had to be nimble and prepared to adapt our methods of engagement and consultation, we have remained committed to getting out into the community to have meaningful conversations with people about their hopes, dreams and aspirations for the future of the Ōtorohanga district.

Our improved engagement with Iwi has been the highlight of the year as we move from consulting because the legislation demands it, to engaging in kōrero because it makes sense. Our LTP was adopted on the same day as we opened the refurbished Council Chambers, with Iwi alongside us as we unveiled Te Tiriti o Waitangi under a beautiful carved pare. This celebration signified a new era of relationship for Council and Iwi.

The government has steadily unveiled a suite of reforms over the last year: Three Waters, Resource Management and Future for Local Government, and this has consumed significant staff and elected member time and energy. We are mindful of our unique position, being one of the smallest rural councils in Aotearoa, but also at the centre of some significant growth that is affecting our district. We have ensured that we are well represented at national and regional hui, so that the voice of our district is heard.

Council's Pandemic Emergency Response Team (PERT) has continued its mahi to ensure that we are able to deliver our services as far as we can no matter what the alert levels. We have also made strong connections with health agencies, community organisations, marae, and government departments so that we are able to get information out to our communities as fast as possible.

In December 2020 we received our first ever CouncilMARK report. Council voluntarily embarked on this programme knowing that it would highlight several areas where improvement was necessary. Aside from the grade (CCC), we received a full report and recommendations, and this was converted into an implementation plan with some key focus areas: improving the resilience in our infrastructure, increasing the capacity and capability of our staff, reviewing our systems and processes with a focus on risk management and reporting, lifting our levels of engagement and communication with our community, and nurturing our relationships with iwi.

Despite the long tail of the pandemic, development in the district has continued with subdivision and residential building activity at an all-time high. We were once again reaccredited as a Building Consent Authority.

Council's financial position remains strong, and this year we celebrated being debt free, with the exception of a Housing New Zealand suspensory loan. We delivered 83% of our planned Three Waters and Community Facility capital projects and 95% of our Roding projects, as well as achieving 74% of our non-financial performance measures, which is a pleasing result given the challenging operating environment during the year.

Projects of note included upgrades to the Ōtorohanga Water Treatment Plant processes and standby generator, replacement 1km of water main on Mountain View Rd, Otewa Rd rehabilitation, Tapuwae Rd safety improvements, repainting of the Island Reserve grandstand and new seating at the Ōtorohanga Domain. The highlight of the year was the opening of the new playground in Kāwhia. Council worked in partnership with the Kāwhia Community Projects Trust Inc to develop the playground which was opened with a community celebration and blessing in December 2020.



COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE - CONTINUED

We also received \$2.5m of stimulus funding from the government as part of the Three Waters Reform package, and some of the projects we have advanced are: the Kawhia Waste Water concept design, feasibility study for a water storage Dam at Te Raumauku Rd, replacement of 2km of water main on Gradara Ave, and planning for a new 500m³ reservoir on Mountain View Rd.

We have a committed, loyal team of staff and elected members who are passionate about our district, and we continue to be dedicated to providing the best service possible to our community. We would also like to share our appreciation to the people of Ōtorohanga District for the support they have shown to Council, but mostly the support that has been shown to each other. Having experienced a year of unprecedented challenges it is wonderful the care that has been shown by so many to those less fortunate. The strength of our district and communities is dependant on the consideration of others. Take care and be kind.

Ngā mihi nui, Max and Tanya

Max Baxter
MAYOR

26 November 2021

Tanya Winter
CHIEF EXECUTIVE

26 November 2021



ELECTED MEMBERS

Mayor:

Max Baxter

Phone (Bus):

(07) 873 4000

Mobile:

(027) 229 1430

Fax:

(07) 873 4300

Postal:

PO Box 11, Ōtorohanga

Website:

www.otodc.govt.nz

Deputy Mayor:

Roy Johnson – Waipa Ward

(027) 271 9282

Councillors:

Roy Johnson – Waipa Ward

(027) 873 0909

Rodney Dow – Ōtorohanga Ward

(027) 471 3406

Annette Williams – Kāwhia/Tihiroa Ward

(027) 224 1502

Robyn Klos – Wharepūhanga Ward

(021) 408 254

Katrina Christison – Ōtorohanga Ward

(021) 153 0774

Bryan Ferguson – Kiokio/Korakonui Ward

(027) 551 1621

Christopher (Kit) Jeffries – Kāwhia/Tihiroa Ward

(021) 226 4904

Ōtorohanga Community Board:

Neville Gadd – Chair

(021) 192 4933

Katrina Christison – Deputy – Council Representative

(021) 153 0774

Alan Buckman

(07) 873 6535

Kat Brown-Merrin

(021) 139 3676

Peter Coventry

(027) 493 0117

Rodney Dow – Council Representative

(027) 471 3406

Kāwhia Community Board:

Dave Walsh – Chair

(021) 293 0392

Ken Briggs - Deputy

(021) 085 33285

Christopher (Kit) Jeffries – Council Representative

(021) 226 4904

Hinga Whiu

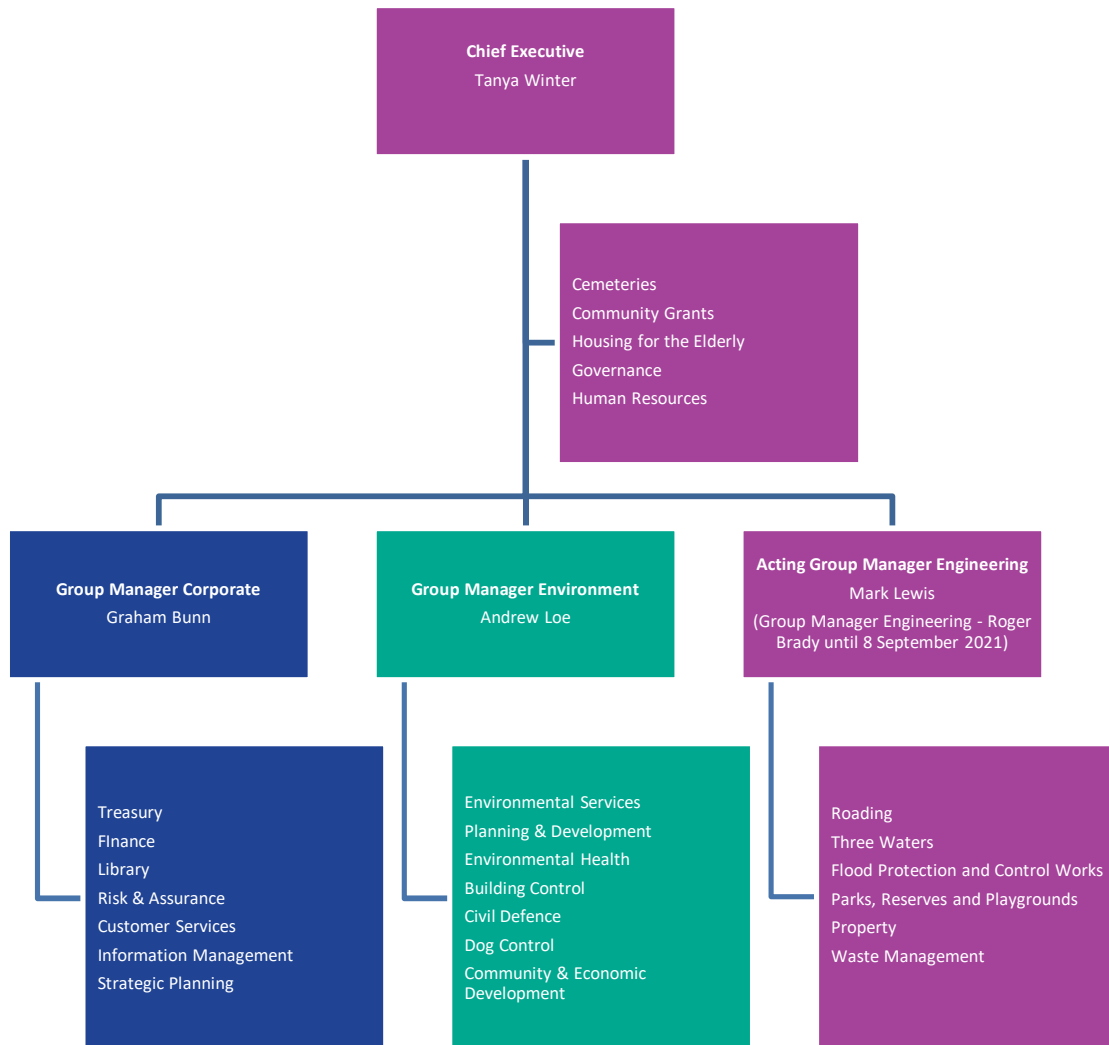
(021) 181 1009

Geoff Good

(022) 678 6053



LEADERSHIP TEAM



Postal Address:
Council Chambers:

PO Box 11, Ōtorohanga 3900
Maniapoto Street, Ōtorohanga

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

Ōtorohanga District is located some 50 kilometres south of Hamilton. The area administered by the Council covers 1976 sq.km. and extends from the Kāwhia and Aotea Harbours on the west coast for a distance of 90 km to the eastern extremity near Mangakino. Included within the District are the urban communities of Ōtorohanga and Kāwhia.

Geographically, the District comprises three distinct areas of approximately equal size. The eastern and western areas have predominantly more hills than the central area which is the southern limit of the Waikato Basin. Farming is the dominant industry with sheep and cattle farming in the hill country and intensive dairy farming in the central area. Horticulture and cropping are lesser but developing activities.

The original Ōtorohanga County was formed on 1 April 1922 and arose out of the amalgamation of the former Wharepapa and Mangaorongo Roads Board and part of the Waitomo County. The northern half of the former Kāwhia County was amalgamated into the District on 1 April 1956. On 1 November 1971, the County of Ōtorohanga and the Borough of Ōtorohanga were united to form a new County of Ōtorohanga. At the time of the union there was no provision for a "District" Council status which only became available in 1978 following an amendment to the Local Government Act. The change in designation from a County Council to a District Council took place on 1 April 1979 and was made primarily to give recognition to the fact that Council is a rural-urban council with the urban area an integral part of the organisation.

A roading network, totalling 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 Ōtorohanga and Kāwhia 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.

The Council Office is located in Ōtorohanga which is situated on the Main Trunk Railway and at the junction of State Highway No.3, No. 31 and No. 39. The Town has good shopping facilities, four modern primary schools and a College, good medical facilities and caters for a wide range of sporting and cultural activities.

Ōtorohanga is centrally placed, being within easy driving distance of Auckland, Hamilton, Tauranga, Rotorua, Taupo and New Plymouth. The town has a population of 3,027 and is an important focus for tourist activities in the North King Country area. Being 16 kilometres north-west of Waitomo, Ōtorohanga is the closest town to the world famous glow worm caves.

Kāwhia, a small holiday resort on the west coast, is also within the District. It is located on the shores of the Kāwhia Harbour some 57 kilometres west of Ōtorohanga via State Highway 31, and has a permanent population of 384 with this increasing to over 3000 at peak holiday periods. Kāwhia is the home of the Tainui people who settled there 600 to 700 years ago. The Kāwhia Harbour covers more than 6000 hectares, with five rivers feeding into it. It is a popular and productive fishing spot.



STATISTICS

Area and Population

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

Communities

| | Area | Population |
|------------|-------------------|---------------|
| Otorohanga | 507 ha | 3,027 |
| Kāwhia | 161 ha | 384 |
| Rural | 196,932 ha | 6,693 |
| | <u>197,600 ha</u> | <u>10,104</u> |

Valuation

| | |
|----------------------------------|------------------|
| Rateable Properties (No. of) | 5,041 |
| Non Rateable Properties (No. of) | 306 |
| Rateable Capital Value | \$4,936,668,500 |
| Date of Last revision of Values | 1 September 2019 |

Rates and Rating 2020/21

| | |
|-----------------------------|---------------|
| Total Rates (Excluding GST) | \$13,229,105 |
| System of Rating | Capital Value |

Public Debt Outstanding as at 30/06/21

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

Date of Constitution of District

1 November 1989



FINANCIAL STATEMENTS



**ŌTOROHANGA DISTRICT COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2021**

| Actual 30 June 2020 (000's) | | Note | Budget 30 June 2021 (000's) | Actual 30 June 2021 (000's) |
|-----------------------------------|---|------|-----------------------------------|-----------------------------------|
| | Revenue | | | |
| 11,791 | Rates revenue | 2 | 11,818 | 11,707 |
| 132 | Contributions | | 60 | 36 |
| 1,404 | Water by volume rates | 2 | 1,561 | 1,522 |
| 4,514 | Subsidies | 2 | 4,706 | 5,959 |
| 1,529 | Other income | 2 | 1,603 | 2,269 |
| (104) | Other gains/(losses) on asset disposal | | - | (13) |
| 19,266 | Total revenue | | 19,748 | 21,480 |
| | Expenses | | | |
| 4,364 | Employee benefit expenses | 3 | 4,745 | 4,532 |
| 5,998 | Depreciation and amortisation | 10 | 5,214 | 5,680 |
| 9,190 | Other expenses | 4 | 8,951 | 9,223 |
| 190 | Finance costs | | 197 | 153 |
| 19,742 | Total expenses | | 19,107 | 19,588 |
| (476) | Surplus/(deficit) for the year | | 641 | 1,892 |
| | Other Comprehensive Revenue and Expenses | | | |
| 2,139 | Gain/(loss) on property revaluation | | - | 4,613 |
| - | Gain/(loss) on available for sale financial assets | | (1) | - |
| 2,139 | Total other comprehensive revenue and expenses | | (1) | 4,613 |
| 1,663 | Total Comprehensive Revenue and Expenses for the year | | 640 | 6,505 |
| | Total comprehensive revenue and expense attributable to: | | | |
| 1,663 | Ōtorohanga District Council | | 640 | 6,505 |
| 1,663 | | | 640 | 6,505 |

The accompanying notes on pages 15-50 form part of these financial statements.



ŌTOROHANGA DISTRICT COUNCIL
BALANCE SHEET
AS AT 30 JUNE 2021

| Actual 30 June 2020 (000's) | | Note | Budget 30 June 2021 (000's) | Actual 30 June 2021 (000's) |
|-----------------------------------|--|------|-----------------------------------|-----------------------------------|
| | Assets | | | |
| | Current assets | | | |
| 7,157 | Cash and cash equivalents | 5 | 1,254 | 4,070 |
| 2,002 | Receivables from non-exchange transactions | 6 | 2,844 | 2,735 |
| 177 | Receivables from exchange transactions | 6 | - | 394 |
| - | Loan Receivable | 6 | 2,000 | 985 |
| 31 | Inventory | | 30 | 31 |
| 9,367 | Total current assets | | 6,128 | 8,215 |
| | Non-current assets | | | |
| 631 | Investments | 7 | 631 | 583 |
| 321,387 | Property, plant and equipment | 8 | 325,162 | 328,157 |
| 33 | Intangible assets | 9 | 131 | 45 |
| 322,051 | Total non-current assets | | 325,924 | 328,785 |
| 331,418 | Total assets | | 332,052 | 337,000 |
| | Liabilities | | | |
| | Current Liabilities | | | |
| 1,615 | Payables under exchange transactions | 11 | 3,914 | 2,645 |
| 1 | Provisions | 12 | 1 | 1 |
| 428 | Employee benefit liabilities | 13 | 340 | 443 |
| 453 | Development and financial contributions in advance | 15 | - | 478 |
| 995 | Income in Advance | 14 | 1,150 | 2,009 |
| 3,015 | Borrowings | 16 | - | - |
| 6,507 | Total current liabilities | | 5,405 | 5,576 |
| | Non-current liabilities | | | |
| 16 | Provisions | 12 | 16 | 15 |
| 22 | Employee benefit liabilities | 13 | 45 | 31 |
| 448 | Borrowings | 16 | 2,448 | 448 |
| 486 | Total non-current liabilities | | 2,509 | 494 |
| 6,993 | Total liabilities | | 7,914 | 6,070 |
| 324,425 | Net Assets | | 324,138 | 330,930 |
| | Equity | | | |
| 159,753 | Accumulated Comprehensive Revenue and Expenses | 17 | 171,129 | 162,823 |
| 3,832 | Council Controlled Reserves | 17 | (5,171) | 2,595 |
| 3,297 | Reserve Funds | 17 | 2,778 | 3,356 |
| 157,543 | Revaluation Reserves | 17 | 155,402 | 162,156 |
| 324,425 | Total equity | | 324,138 | 330,930 |

The accompanying notes on pages 15-50 form part of these financial statements.



**ŌTOROHANGA DISTRICT COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

| Actual 30 June 2020 (000's) | Note | Budget 30 June 2021 (000's) | Actual 30 June 2021 (000's) |
|-----------------------------------|---|-----------------------------------|-----------------------------------|
| 322,762 | Balance at 1 July | 323,497 | 324,425 |
| 1,663 | Total comprehensive revenue and expense for the year | 641 | 6,505 |
| 324,425 | Balance at 30 June | 324,138 | 330,930 |
| | <i>Total comprehensive revenue and expense attributable to:</i> | | |
| 1,663 | Ōtorohanga District Council | 641 | 6,505 |
| 1,663 | Total comprehensive revenue and expense | 641 | 6,505 |

The accompanying notes on pages 15-50 form part of these financial statements.



ŌTOROHANGA DISTRICT COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| Actual 30 June 2020 (000's) | | Notes | Budget 30 June 2021 (000's) | Actual 30 June 2021 (000's) |
|-----------------------------------|--|-------|-----------------------------------|-----------------------------------|
| | Cash flows from operating activities | | | |
| 12,855 | Receipts from rates revenue | | 13,378 | 14,578 |
| 8,414 | Receipts from other revenue | | 6,258 | 6,564 |
| 54 | Interest received | | 99 | 33 |
| 19 | Dividends received | | 13 | 4 |
| (13,770) | Payments to suppliers and employees | | (12,556) | (12,679) |
| (190) | Interest paid | | (197) | (153) |
| 7,382 | Net cash provided by Operating Activities | | 6,995 | 8,347 |
| | Cash flows from investing activities | | | |
| 43 | Proceeds from Sale of Property, Plant and Equipment | | - | 67 |
| (3,810) | Purchase of property, plant and equipment | | (6,894) | (7,484) |
| 400 | Purchase of investments | | (2,000) | (937) |
| 41 | Purchase of intangible assets | | (85) | (65) |
| (3,326) | Net cash (used in) Investing Activities | | (8,979) | (8,419) |
| | Cash flows from financing activities | | | |
| - | Proceeds from borrowings | | 2,000 | - |
| (18) | Repayment of borrowings | | (3,015) | (3,015) |
| (18) | Net cash provided by/(used in) Financing Activities | | (1,015) | (3,015) |
| 4,038 | Net (decrease)/increase in cash, cash equivalents and bank overdrafts | | (2,999) | (3,087) |
| 3,119 | Cash, cash equivalents and bank overdrafts at the beginning of the year | | 4,253 | 7,157 |
| 7,157 | Cash and cash equivalents at the end of the year. | 5 | 1,254 | 4,070 |

The accompanying notes on pages 15-50 form part of these financial statements.



**ŌTOROHANGA DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

| | | |
|-----|--|----|
| 1. | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES..... | 16 |
| 2. | REVENUE | 17 |
| 3. | PERSONNEL COSTS | 21 |
| 4. | OTHER EXPENSES..... | 23 |
| 5. | CASH AND CASH EQUIVALENTS | 24 |
| 6. | RECEIVABLES..... | 25 |
| 7. | INVESTMENTS | 26 |
| 8. | PROPERTY, PLANT AND EQUIPMENT..... | 29 |
| 9. | INTANGIBLE ASSETS – COMPUTER SOFTWARE | 36 |
| 10. | DEPRECIATION AND AMORTISATION..... | 38 |
| 11. | PAYABLES UNDER EXCHANGE TRANSACTIONS | 38 |
| 12. | PROVISIONS | 39 |
| 13. | EMPLOYEE BENEFIT LIABILITIES | 41 |
| 14. | INCOME IN ADVANCE..... | 42 |
| 15. | DEVELOPMENT AND FINANCIAL CONTRIBUTIONS IN ADVANCE | 42 |
| 16. | BORROWINGS..... | 42 |
| 17. | EQUITY | 43 |
| 18. | CONTINGENCIES..... | 47 |
| 19. | RELATED PARTY TRANSACTIONS | 48 |
| 20. | EVENTS AFTER BALANCE SHEET DATE | 48 |
| 21. | FINANCIAL INSTRUMENT RISKS | 49 |
| 22. | EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET | 50 |



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

1. Summary of significant accounting policies.

Reporting Entity

Ōtorohanga 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 2021. The financial statements were authorised for issue by Council on 26 November 2021. 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 a 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.

Accounting policy – judgement

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated “all in” approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies set out on pages 29 to 36. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

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

There have been no significant changes in accounting policies during the year.

2. Revenue

Accounting Policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Revenue from non-exchange transactions

Rates revenue

The following policies for rates revenue have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates revenue arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised 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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Development and Financial Contributions

Development and financial contributions are recognised as other income when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time the Council provides, or is able to provide, the service.

Vested or donated physical assets

Where a physical asset is acquired for nil or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

Direct charges – subsidised

(i) Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as building consents, water connections, dog licencing, etc.) and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

(ii) Sale of goods – full cost recovery

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

Breakdown of rates and further information

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| General Rates | 5,630 | 5,649 |
| Targeted rates attributable to activities | | |
| Water | 237 | 213 |
| Sewerage | 537 | 493 |
| Refuse | 249 | 269 |
| Land Transport | 4,776 | 4,886 |
| Security | 97 | 73 |
| Erosion Protection | 22 | 23 |
| CBD Development | 37 | 38 |
| Halls | 19 | 22 |
| Rates penalties | 187 | 41 |
| Total revenue from rates | 11,791 | 11,707 |
| Metered Water Charges | 1,404 | 1,522 |
| Total Water by Volume Rates | 1,404 | 1,522 |

Rates penalties decreased due to Council reducing the penalty rate to help with Covid-19 relief.

Breakdown of Subsidies and Grants

| | Actual 2020 (000's) | Actual 2021 (000's) |
|------------------------|---------------------------|---------------------------|
| Subsidies | | |
| NZTA government grants | 4,446 | 5,322 |
| Other Subsidies | 68 | 637 |
| Total Subsidies | 4,514 | 5,959 |

Other subsidies include waste minimisation subsidies, Ministry of Social Development subsidies for youth employment initiatives, Sport NZ and Creative Communities funding.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

Breakdown of Other Income

| | Actual 2020 (000's) | Actual 2021 (000's) |
|---|---------------------------|---------------------------|
| Other Income | | |
| User charges | 641 | 666 |
| Metal Royalties | - | - |
| Regulatory revenue | 738 | 1,096 |
| Petrol tax | 65 | 92 |
| Vested assets revenue | 12 | 378 |
| Interest income for financial assets not at fair value through profit and loss | | |
| - cash and cash equivalents | 54 | 33 |
| Dividend income | 19 | 4 |
| Total other income | 1,529 | 2,269 |

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 2020/21 financial year is \$21,006,851 (2020: \$18,823,177).

Total revenue from exchange transactions includes the revenue from interest, rental, royalties and other revenue. Total exchange revenue for the 2020/21 financial year is \$485,809 (2020: \$546,855).

| | Actual 2020 (000's) | Actual 2021 (000's) |
|---|---------------------------|---------------------------|
| Non-exchange revenue | 18,823 | 21,007 |
| Exchange revenue | 547 | 486 |
| Total Revenue | 19,370 | 21,493 |
| Total revenue per statement of comprehensive revenue and expenses | 19,266 | 21,480 |
| Add back: Other gains/(losses) on asset disposal | 104 | 13 |
| Classified revenue per statement of comprehensive revenue and expenses | 19,370 | 21,493 |

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:



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

| | Actual 2020 (000's) | Actual 2021 (000's) |
|---|---------------------------|---------------------------|
| Non-cancellable operating leases as lessor | | |
| Not later than one year | 35 | 22 |
| Later than one year and not later than five years | 84 | 71 |
| Later than five years | 265 | 253 |
| Total non-cancellable operating leases | 384 | 346 |

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 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| Salaries and wages | 4,096 | 4,390 |
| Employer contributions to defined contribution plans | 114 | 118 |
| Increase/(decrease) in employee benefit liabilities | 154 | 24 |
| Total employee benefit expenses | 4,364 | 4,532 |

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 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| Salaries and other short term employee benefits | 970 | 929 |
| Post-employment benefits (defined contribution plan) | 30 | 29 |
| | 1,000 | 958 |



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

Chief Executive

The Chief Executive received the following remuneration:

| | Cost during the financial year | |
|---|--------------------------------|-------------|
| | Actual 2020 | Actual 2021 |
| | (000's) | (000's) |
| Salary | 223 | 228 |
| Motor Vehicle | 9 | 13 |
| Fringe Benefit Tax | 4 | 4 |
| Total Chief Executive's remuneration | 236 | 245 |

Elected representatives

| | Total remuneration | |
|--|--------------------|-------------|
| | Actual 2020 | Actual 2021 |
| | (000's) | (000's) |
| Max Baxter, Mayor | 84 | 88 |
| Deborah Pilkington, Deputy Mayor – until 12 October 2019 | 10 | - |
| Ken Phillips – until 12 October 2019 | 6 | - |
| Roy Johnson – Deputy Mayor from October 2019 | 37 | 37 |
| Robyn Klos | 30 | 23 |
| Annette Williams | 30 | 25 |
| Paul McConnell – until 17 March 2020 | 30 | - |
| Katrina Christison | 35 | 28 |
| Christopher Jeffries – from 12 October 2019 | 24 | 23 |
| Bryan Ferguson – from 12 October 2019 | 22 | 22 |
| Rodney Dow – from 1 July 2020 | - | 27 |

Council Employees

| | Actual 2020 | Actual 2021 |
|--|-------------|-------------|
| Total remuneration by band for employees as at 30 June | | |
| < \$60,000 | 24 | 26 |
| \$60,000 - \$79,999 | 17 | 16 |
| \$80,000 - \$99,999 | 7 | 7 |
| \$100,000-\$119,999 | 3 | 4 |
| \$120,000 - \$239,999 | 4 | 5 |
| Total Employees | 55 | 58 |

Total remuneration includes non-financial benefits provided to employees.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

At balance date, the Council employed 42 (2020: 46) full-time employees, with the balance of 16 part time employees representing 6.3 (2020: 3.5) 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. (2020: 6 Councillors and 1 Mayor, with 1 vacancy in the middle of a by-election process). These equate to approximately 1 FTE.

Severance payments

For the year ended 30 June 2021 ODC made no severance payments to employees (2020: 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 2020 (000's) | Actual 2021 (000's) |
|---|---------------------------|---------------------------|
| Deloitte fees for financial statement audit | 141 | 162 |
| Deloitte fees for other assurance services | 4 | 4 |
| Deloitte fees for long term plan audit | - | 86 |
| Minimum lease payments under operating leases | 10 | 8 |
| Activity operation | 1,737 | 1,802 |
| Asset maintenance | 758 | 835 |
| Road maintenance | 4,257 | 3,852 |
| Other expenses | 2,283 | 2,474 |
| Total other expenses | 9,190 | 9,223 |

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



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

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 2020 (000's) | Actual 2021 (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 | 11 | 1 |
| Later than five years | - | - |
| Total non-cancellable operating leases | 21 | 11 |

5. Cash and cash equivalents

Accounting policy

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities in the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments and net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cashflow statement are reconciled to the related items in the balance sheet as follows:

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| Cash and cash equivalents | 7,157 | 4,070 |
| Total cash and cash equivalents | 7,157 | 4,070 |



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - 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 \$267,219 (2020: \$237,777)

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.

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.

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.

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| Rates receivables | 1,194 | 957 |
| Other receivables | 538 | 821 |
| Loan receivable | - | 985 |
| Sundry debtors | 1,112 | 1,839 |
| | 2,844 | 4,602 |
| Less provision for impairment of receivables | (665) | (488) |
| | 2,179 | 4,114 |
| Represented by: | | |
| Receivables from non-exchange transactions | 2,002 | 3,720 |
| Receivables from exchange transactions | 177 | 394 |
| | 2,179 | 4,114 |

Rates are struck on the 1st of July each year, and are charged in two instalments. In the year ended 30 June 2021 these instalments were due on 28th August 2020 and 29th January 2021. A charge of 5% is added to all rates levied and due for the 2020/21 year that remains unpaid after 25th September 2020 and 26th February 2021. A further 5% charge is added to all rates that have been levied in any financial year previous to 1st July 2020 which remained unpaid as at that 1st August 2020.

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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

Impairment

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

| | Actual 2020 (000's) | Actual 2021 (000's) |
|----------------------------------|---------------------------|---------------------------|
| Balance at beginning of the year | (89) | (665) |
| Amounts remitted | 56 | - |
| (Increase)/decrease in provision | (632) | 177 |
| Balance at end of the year | (665) | (488) |

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.

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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

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 2021:

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.



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

| | Actual 2020 | Actual 2021 |
|---|------------------------|------------------------|
| | (000's) | (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 | 48 | - |
| Unlisted shares – Civic Financial Services | 8 | 8 |
| Total equity investments | 631 | 583 |

Unlisted shares

The fair value of unlisted shares of Ballance Agrinutrients, Waikato Regional Airport Limited, the Civic Financial Services 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.

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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

8. 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 of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
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> | | |
| <u>Pavement (Basecourse)</u> | | |
| - 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% |



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - 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. Items that are fully depreciated are recorded as having a useful life of 1 year.

Impairment of property, plant and equipment

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

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

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

Critical accounting estimates and assumptions

In preparing these financial statements 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 an obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns 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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - 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 2021:

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 are 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, none of the assets apart from those being revalued were found to be materially different from fair value. A full revaluation of Land and Building assets was undertaken by Quotable Value.

Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 - continued

2021

| | Cost /revaluation 1 July 2020 (000's) | Accumulated depreciation (000's) | Carrying amount (000's) | Additions (000's) | Disposals (cost) (000's) | Disposals (accumulated depreciation) (000's) | Transfers out of Fixed Assets (000's) | Revaluation Movement (000's) | Depreciation (000's) | Cost /revaluation 30 June 2021 (000's) | Accumulated depreciation (000's) | Carrying amount (000's) |
|--|---|--|-------------------------------|----------------------|--------------------------------|---|--|------------------------------------|-------------------------|---|--|-------------------------------|
| Council Operational assets | | | | | | | | | | | | |
| Land | 8,755 | - | 8,755 | - | - | - | - | 1,960 | - | 10,716 | - | 10,716 |
| Buildings | 6,201 | - | 6,201 | 151 | - | - | - | 273 | 369 | 6,256 | - | 6,256 |
| Plant & Machinery/ Motor Vehicles | 1,422 | 594 | 828 | 347 | 105 | 56 | - | - | 165 | 1,664 | 703 | 961 |
| Furniture & Equipment/ Library Books | 1,895 | 1,373 | 522 | 286 | 64 | 61 | - | - | 136 | 2,117 | 1,448 | 669 |
| Heritage Assets | 250 | - | 250 | 6 | - | - | - | - | - | 256 | - | 256 |
| Total operational assets | 18,523 | 1,967 | 16,556 | 790 | 169 | 117 | - | 2,232 | 670 | 21,009 | 2,151 | 18,858 |
| Council infrastructural assets | | | | | | | | | | | | |
| Sewerage system | 7,845 | - | 7,845 | 180 | 17 | 15 | - | - | 280 | 8,008 | 265 | 7,743 |
| Water system | 8,579 | - | 8,579 | 688 | 8 | 8 | - | - | 331 | 9,259 | 323 | 8,936 |
| Rural water supply | 9,360 | - | 9,360 | 98 | 5 | 5 | - | - | 270 | 9,453 | 265 | 9,188 |
| Drainage network | 8,415 | - | 8,415 | 152 | 4 | 4 | - | - | 158 | 8,563 | 154 | 8,409 |
| Stopbanks | 3,617 | - | 3,617 | - | - | - | - | - | - | 3,617 | - | 3,617 |
| Roading, Bridges & Culverts | 251,650 | - | 251,650 | 5,842 | 40 | - | - | - | 3,717 | 257,452 | 3,717 | 253,735 |
| Work In Progress | 798 | - | 798 | 719 | 798 | - | - | - | - | 719 | - | 719 |
| Total infrastructural assets | 290,264 | - | 290,264 | 7,679 | 872 | 32 | - | - | 4,756 | 297,071 | 4,724 | 292,347 |
| Council restricted assets | | | | | | | | | | | | |
| Land | 8,199 | - | 8,199 | 39 | - | - | - | 1,940 | - | 10,178 | - | 10,178 |
| Buildings | 6,317 | - | 6,317 | 191 | - | - | - | 440 | 228 | 6,720 | - | 6,720 |
| Work In Progress | 51 | - | 51 | 54 | 51 | - | - | - | - | 54 | - | 54 |
| Total restricted assets | 14,567 | - | 14,567 | 284 | 51 | - | - | 2,380 | 228 | 16,952 | - | 16,952 |
| Total ODC property, plant and equipment | 323,354 | 1,967 | 321,387 | 8,753 | 1,092 | 92 | - | 4,613 | 5,654 | 335,032 | 6,875 | 328,157 |

Land under roads included in Roothing network totals \$45,044,378.

Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 - continued

2020

| | Cost /revaluation 1 July 2019 | Accumulated depreciation | Carrying amount | Cost /revaluation 30 June 2020 | Accumulated depreciation | Carrying amount |
|--|-------------------------------------|-----------------------------|--------------------|--------------------------------------|-----------------------------|--------------------|
| | (000's) | (000's) | (000's) | (000's) | (000's) | (000's) |
| Council Operational assets | | | | | | |
| Land | 8,189 | - | 8,189 | 8,755 | - | 8,755 |
| Buildings | 5,576 | 427 | 5,149 | 6,201 | - | 6,201 |
| Plant & Machinery/ Motor Vehicles | 1,305 | 461 | 844 | 1,422 | 594 | 828 |
| Furniture & Equipment/ Library Books | 1,819 | 1,302 | 517 | 1,895 | 1,373 | 522 |
| Heritage Assets | 250 | - | 250 | 250 | - | 250 |
| Total operational assets | 17,139 | 2,190 | 14,949 | 18,523 | 1,967 | 16,556 |
| Council infrastructural assets | | | | | | |
| Sewerage system | 8,221 | 492 | 7,729 | 7,845 | - | 7,845 |
| Water system | 7,890 | 435 | 7,455 | 8,579 | - | 8,579 |
| Rural water supply | 7,609 | 378 | 7,231 | 9,360 | - | 9,360 |
| Drainage network | 7,074 | 214 | 6,860 | 8,415 | - | 8,415 |
| Stopbanks | 3,617 | - | 3,617 | 3,617 | - | 3,617 |
| Roading, Bridges and Culverts | 267,502 | 7,950 | 259,552 | 251,650 | - | 251,650 |
| Work In Progress | 597 | - | 597 | 798 | - | 798 |
| Total infrastructural assets | 302,510 | 9,469 | 293,041 | 290,264 | - | 290,264 |
| Council restricted assets | | | | | | |
| Land | 7,500 | - | 7,500 | 8,199 | - | 8,199 |
| Buildings | 6,272 | 312 | 5,960 | 6,317 | - | 6,317 |
| Work In Progress | 62 | - | 62 | 51 | - | 51 |
| Total restricted assets | 13,834 | 312 | 13,522 | 14,567 | - | 14,567 |
| Total ODC property, plant and equipment | 333,483 | 11,971 | 321,512 | 323,354 | 1,967 | 321,387 |

Land under roads included in Roothing network totals \$45,044,378.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

An independent valuation of the entity's buildings 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 buildings. Where possible market values were obtained, and where these couldn't be obtained, depreciated replacement cost was used. The valuation was effective as at 30 June 2021 in which the total fair value of buildings valued by Quotable Value was \$14,951,900.

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 2021 in which the total fair value of land valued by Quotable Value was \$20,864,200.

For the financial year ending 30 June 2020, the infrastructural assets 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. The assets were valued by determining their depreciated replacement cost as no market value is available for these types of assets.

The water, wastewater and stormwater asset valuations were independently peer reviewed by Beca Projects NZ Limited. The total fair value of the 3 waters infrastructural assets at 30 June 2021 was \$34,262,182.

The roading valuation was independently peer review by Beca Projects NZ Limited. The total fair value of the roading infrastructural assets at 30 June 2021 was \$253,775,219.

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 2021 is \$3,186,900 (2020: \$3,038,000).



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

| | Closing book value | Additions | | Estimated replacement cost | Date of Estimate |
|--|-----------------------|---------------------------|-------------------------------------|----------------------------------|---------------------|
| | | Constructed by Council | Assets transferred to Council | | |
| | (000's) | (000's) | (000's) | (000's) | |
| Infrastructural Assets | | | | | |
| Water treatment plants & facilities | 3,024 | 283 | - | 7,309 | 30 June 2020 |
| Other water assets | 15,087 | 504 | - | 23,306 | 30 June 2020 |
| Wastewater treatment plants & facilities | 2,116 | 160 | - | 4,088 | 30 June 2020 |
| Other wastewater assets | 5,629 | 20 | - | 12,073 | 30 June 2020 |
| Stormwater drainage | 7,928 | 144 | - | 11,277 | 30 June 2020 |
| Flood protection and control works | 4,095 | 8 | - | 5,494 | 30 June 2020 |
| Roads & footpaths | 253,775 | 5,842 | - | 329,878 | 30 June 2020 |
| Total infrastructural assets | 288,037 | 6,961 | - | 393,425 | |

Capital commitments

| | Actual 2020 | Actual 2021 |
|---|----------------|----------------|
| | (000's) | (000's) |
| Capital commitments | | |
| Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment | 2,201 | 3,503 |
| Other Expenditure Commitments | | |
| Maintenance Contracts | 2,799 | 7,555 |

9. 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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

| | | |
|---------------------------------|---------|-------|
| Computer software (finite life) | 3 years | 33.3% |
|---------------------------------|---------|-------|

Impairment of intangible assets

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

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

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

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--------------------------------------|---------------------------|---------------------------|
| Balance as at 1 July | | |
| Cost | 722 | 419 |
| Accumulated amortisation | (632) | (386) |
| Opening carrying amount | 90 | 33 |
| Year ended 30 June | | |
| Additions | 16 | 53 |
| Disposals – cost | (319) | - |
| Disposals – accumulated amortisation | 271 | - |
| Amortisation charge | (25) | (41) |
| Movement | (57) | 12 |
| Balance at 30 June | | |
| Cost | 419 | 472 |
| Accumulated amortisation | (386) | (427) |
| Closing carrying amount | 33 | 45 |

Amortisation of intangibles is included in the depreciation and amortisation line within the Statement of Comprehensive Revenue & Expenses. Refer to note 10 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.



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

10. Depreciation and Amortisation

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| Depreciation | 5,970 | 5,639 |
| Amortisation | 28 | 41 |
| Total depreciation and amortisation | 5,998 | 5,680 |

Depreciation by group of activity

| | Actual 2020 (000's) | Actual 2021 (000's) |
|----------------------------------|---------------------------|---------------------------|
| Roads and Footpaths | 4,543 | 3,717 |
| Water Supply | 409 | 611 |
| Sewerage Treatment & Disposal | 245 | 268 |
| Flood Protection & Control Works | 26 | 37 |
| Stormwater Drainage | 95 | 122 |
| Community Services | 365 | 607 |
| Regulatory Services | 1 | 7 |
| Governance & Leadership | 314 | 311 |
| | 5,998 | 5,680 |

11. 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 2020 (000's) | Actual 2021 (000's) |
|---|---------------------------|---------------------------|
| Trade payables | 1,082 | 1,753 |
| Deposits and bonds | 378 | 730 |
| Accrued expenses | 155 | 162 |
| Total payables under exchange transactions | 1,615 | 2,645 |

Payables under exchange transactions are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. The entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

12. 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 Ōtorohanga and Kāwhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. An allowance for post-closure costs is recognised as a provision within the balance sheet.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are measured initially at their fair value. If a financial guarantee was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is practicable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2021 - continued

Provisions

| | Actual 2020 (000's) | Actual 2021 (000's) |
|----------------------------------|---------------------------|---------------------------|
| Opening Balance | 18 | 17 |
| Maintenance and Monitoring Costs | (1) | - |
| Closing balance | 17 | 17 |
| Represented by: | | |
| Current portion | 1 | 1 |
| Non-current provisions | 16 | 16 |
| | 17 | 17 |

Landfill aftercare provision

ODC gained resource consents to operate its Ōtorohanga and Kāwhia landfills. ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the sites are closed.

Both landfills are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for water quality monitoring
- Completing facilities for monitoring and recovery of gas.

Post-closure responsibilities

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control of systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

Capacity of the Site

The Ōtorohanga and Kāwhia landfills have been capped.

The cash outflows for landfill post-closure responsibilities are expected to occur between 2011 and 2033. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.00% (2020: 7.00%).



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2021 - continued

13. 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.

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 2020 (000's) | Actual 2021 (000's) |
|------------------------------------|---------------------------|---------------------------|
| Accrued pay | 121 | 142 |
| Annual leave | 307 | 301 |
| Long service leave | 20 | 25 |
| Sick leave | 2 | 6 |
| Total employee benefit liabilities | 450 | 474 |
| Comprising: | | |
| Current | 428 | 443 |
| Non-current | 22 | 31 |
| Total employee benefit liabilities | 450 | 474 |



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

14. Income in advance

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--------------------------------|---------------------------|---------------------------|
| Rates | 534 | 525 |
| Metered Water Charges | 15 | 32 |
| Debtors | 362 | 172 |
| Government Subsidies | - | 1,199 |
| Dog Registrations | 72 | 67 |
| Trade Waste | 5 | 7 |
| Health Licences | 7 | 7 |
| Total income in advance | 995 | 2,009 |

15. 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 2020 (000's) | Actual 2021 (000's) |
|---|---------------------------|---------------------------|
| Roading Safety Improvements | 439 | 463 |
| Thomson/Harper Water Main | 1 | 1 |
| Ōtorohanga Stormwater Capacity Upgrade | 7 | 7 |
| Ōtorohanga Community Water Treatment | 6 | 7 |
| Total development and financial contributions in advance | 453 | 478 |

16. 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.



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2021 - continued

| | Actual 2020 (000's) | Actual 2021 (000's) |
|------------------------------|---------------------------|---------------------------|
| Current | | |
| Secured loans | 3,015 | - |
| Total current borrowings | 3,015 | - |
| Non-current | | |
| Concessionary loan | 448 | 448 |
| Total non-current borrowings | 448 | 448 |

Fixed-rate debt

The majority of ODC's secured debt of \$447,613 (2020: \$3,463,110) is issued at a fixed rate of 0% (2020: 5.00% - 6.00%). The effective net interest rates charged after discount is 0% (2020: 4.23% - 4.73%).

Total borrowing from the Local Government Funding Agency (LGFA) as at 30 June 2021 is nil (2020: \$3,015,497).

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2020: \$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 Ōtorohanga. This loan was advanced in two amounts, \$165,000 on 29th June 2007, and \$283,000 on 14th March 2008. The interest rate on this loan is 0% (2020: 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.

17. 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
- Available for sale revaluation reserve



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

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.



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| Accumulated Funds | | |
| Balance at 1 July | 164,178 | 163,585 |
| Transfers to restricted reserves | (170) | (141) |
| Transfers from property revaluation reserves on disposal | - | - |
| Transfers from restricted reserves | 53 | 82 |
| Surplus/(deficit) for the year | (476) | 1,892 |
| Total Accumulated Funds at 30 June | 163,585 | 165,418 |
| <i>Represented by:</i> | | |
| Accumulated Comprehensive Revenue and Expenses | 159,753 | 162,823 |
| Council Controlled Reserves | 3,832 | 2,595 |
| | 163,585 | 165,418 |
| Restricted Reserves | | |
| Balance at 1 July | 3,180 | 3,297 |
| Transfers to accumulated funds | (53) | (82) |
| Transfers from accumulated funds | 170 | 141 |
| Total Restricted Reserves at 30 June | 3,297 | 3,356 |
| Asset Revaluation Reserves | | |
| Balance at 1 July | 155,404 | 157,543 |
| Net revaluation gains | 2,139 | 4,613 |
| Transfer to accumulated funds on disposal of property | - | - |
| Balance 30 June | 157,543 | 162,156 |
| Asset revaluation reserves consist of: | | |
| <i>Operational assets</i> | | |
| Land | 6,546 | 8,506 |
| Buildings | 3,199 | 3,471 |
| <i>Infrastructural assets</i> | | |
| Sewerage system | 4,395 | 4,395 |
| Water system | 5,615 | 5,615 |
| Drainage network | 6,104 | 6,105 |
| Rural Water Supply | 6,007 | 6,007 |
| Roading network | 113,369 | 113,369 |
| Floodbank | 2,443 | 2,443 |
| <i>Restricted assets</i> | | |
| Land | 4,642 | 6,582 |
| Buildings | 5,222 | 5,662 |
| Total Asset Revaluation Reserves | 157,542 | 162,155 |
| Available for sale Revaluation Reserve | | |
| Balance at 1 July | 1 | 1 |
| Net change in fair value | - | - |
| Transfer to surplus or deficit on disposal | - | - |
| Balance at 30 June | 1 | 1 |
| Total Asset Revaluation Reserves at 30 June | 157,543 | 162,156 |



Ōtorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2021 - 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) |
| 2021 | | | | |
| Roads and Footpaths | 1,147 | 13,746 | (14,188) | 705 |
| Water Supply | (1,117) | 2,793 | (3,035) | (1,359) |
| Sewerage | (104) | 911 | (1,178) | (371) |
| Flood Protection | 179 | 174 | (220) | 133 |
| Regulatory Services | (20) | 204 | (173) | 11 |
| Community Services | 196 | 844 | (825) | 215 |
| Governance and Leadership | 721 | 1,443 | (1,624) | 540 |
| Community Development | - | - | - | - |
| General Funds | 2,830 | 5,789 | (5,899) | 2,720 |
| Total Council Controlled Reserves - 2021 | 3,832 | 25,904 | (27,142) | 2,594 |
| 2020 | | | | |
| Roads and Footpaths | 2,109 | 12,425 | (13,387) | 1,147 |
| Water Supply | (871) | 2,428 | (2,674) | (1,117) |
| Sewerage | (12) | 979 | (1,071) | (104) |
| Flood Protection | 314 | 109 | (244) | 179 |
| Regulatory Services | (42) | 201 | (179) | (20) |
| Community Services | 189 | 701 | (694) | 196 |
| Governance and Leadership | 787 | 1,384 | (1,450) | 721 |
| Community Development | - | - | - | - |
| General Funds | 2,488 | 5,882 | (5,540) | 2,830 |
| Total Council Controlled Reserves - 2020 | 4,962 | 24,109 | (25,239) | 3,832 |

Purpose of each Council Controlled Reserve fund

All Council Controlled Reserves arise from situations where the income generated from an activity is larger than the expenditure, or expenditure has been higher than income, and these savings or deficits are ring-fenced to the related activity. The reserves are grouped by Group of Activities and can only be spent for those purposes they were collected for.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

18. Contingencies

Contingent Liabilities

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| Guarantees | 1,120 | 1,120 |
| Uncalled Capital – Local Government Funding Agency | 100 | 100 |
| Uncalled Capital – Waikato Local Authority Shared Services | 6 | 6 |
| | 1,226 | 1,226 |

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

Ōtorohanga 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, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2021, LGFA had borrowings totalling \$12,066m (2020: \$10,900m).

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 2021 (2020: \$5,717). 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 Ōtorohanga District.

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



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - 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 Ōtorohanga District. The court has directed that the trial be staged. The first stage was to be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

In August 2020, the case was settled, and there is no liabilities incurred by Council, other than legal costs that have already been incurred.

19. 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 (2020: \$nil).

20. Events after balance sheet date

COVID-19

On 18 August 2021, all of New Zealand entered COVID-19 Alert Level 4 and the associated lock down. The areas of South Auckland reduced to Alert Level 3 on September 2021, with all of New Zealand except for Auckland reducing to Alert Level 2 on 8 September 2021. The Auckland region reduced to Alert Level 3 on 21 September 2021, with parts of Waikato moving to alert level 3 on 3 October 2021 and subsequently to Level 2 17 November 2021. Certain levels of service provided by the Council ceased across alert level 4 but subsequently re-commenced upon moving to alert level 3.

Three Waters Reform

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated "all in" approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

There were no other significant events subsequent to balance date.



Ōtorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2021 -
continued

21. Financial instrument risks

Financial instruments categories

| | Actual 2020 (000's) | Actual 2021 (000's) |
|--|---------------------------|---------------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | 7,157 | 4,070 |
| Receivables from non-exchange transactions | 2,002 | 3,720 |
| Receivables from exchange transactions | 177 | 394 |
| | 9,336 | 8,184 |
| 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 | 1,615 | 2,645 |
| Borrowings | | |
| - secured loans | 3,463 | 448 |
| <i>Total financial liabilities at amortised cost</i> | 5,078 | 3,093 |

Ōtorohanga 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.



Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2021 - continued

22. Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2020/21 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expenses

Subsidies were \$1,253,000 over budget. This is due to \$500,000 of funding received from the Mayor's Taskforce for Jobs Community Recovery programme, as well as increased subsidy from NZTA due to carried over work from the 2019/20 year.

Other income was \$666,000 above budget. This is due to vested assets of \$378,000 that were not budgeted, as well as increased regulatory revenue of \$388,000 due to the Waikeria Prison development.

Depreciation and amortisation was \$466,000 above budget. This reflects both additional depreciation for new assets acquired in the 2019/20 financial year after the budgets were finalised and 2020/21 financial year additions. There was also additional depreciation due to the revaluation of the land and buildings, which was not reflected in the budgets.

Balance Sheet

Cash and cash equivalents is up on budget by \$2,816,000. This is due in large part to the savings made in the prior year as a result of the Covid lockdown, as well as the surplus in the current year.

Payables under exchange transactions was below budget by \$1,335,000. This is due to a change in payment processes in response to the Covid lockdown in 2019/20 that all invoices received are paid as soon as possible, as opposed to waiting until the 20th of the month. This has resulted in a decrease in accrued expenses.

Revaluation reserves were above budget by \$8,726,000 and Property Plant and Equipment was above budget by \$4,968,000 due to the revaluation of all land and building assets.

Statement of Cash Flows

Cash flows from operating activities was above budget by \$1,352,000, mostly as a result of increased receipts from rates revenue of \$1,200,000.

Cash flows from financing activities is \$2,000,000 under budget. This is due to a budgeted loan of \$2,000,000 not being required.



PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY



PERFORMANCE DURING 2020/21

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 Ōtorohanga District Council confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Statement of Responsibility

The Council and Management of Ōtorohanga District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.

The Council and Management of Ōtorohanga District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Management of Ōtorohanga District Council, the annual Financial Statements for the year ended 30 June 2021 fairly reflect the financial position and operations of Ōtorohanga District Council.

Max Baxter
MAYOR

Tanya Winter
CHIEF EXECUTIVE

Graham Bunn
GROUP MANAGER
CORPORATE

26 November 2021



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 2020/21 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 2020/21 year was the third 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 MĀORI TO CONTRIBUTE TO COUNCILS' DECISION-MAKING PROCESSES

Council is committed to engaging with Māori but the reality is we know that local government can be bureaucratic and unfriendly, and our systems and processes don't always mean we reach Māori communities in the way we would like to. Our CouncilMARK report that was received in December 2020 made a recommendation that Council should focus on improving our relationship with Iwi/Māori. This confirmed what we already knew, so 2021 has seen this as a key focus area, particularly for the Mayor and Chief Executive.

This year we feel like our relationship with Nehenehenui and Ngā Tai O Kāwhia Regional Management Committees, Maniapoto Māori Trust Board, and Raukawa Settlement Trust, have strengthened as a result of several influences:

- The creation of Māori Wards for the Ōtorohanga district
- The development of Council's Long Term Plan
- The discussion around Council employing an Iwi Relations Advisor
- The response to the ongoing COVID-19 pandemic
- The Three Waters Reforms

As relationships have strengthened and trust has improved, there has been more contact, and far more occasions where informal contact is made to discuss an issue. Other staff and Councillors have also attended meetings, so the net is cast wider.

Staff have worked on streamlining the resource management processes to give Iwi more time to respond, and various meetings (COVID lockdowns permitting) with Iwi have been held to ensure any issues can be addressed immediately. Staff have also worked with Iwi in the Te Ara a Waiwaia Working Group to create a plan for the future use of the land near the stopbanks in Ōtorohanga.

The Council Chamber was refurbished this year and Nehenehenui RMC were involved in commissioning an artwork in the form of a pare that was placed above a floor to ceiling copy of Te Tiriti o Waitangi. The Council Chamber was blessed by Iwi and opened on 29 June 2021, the day Council adopted our Long Term Plan.





SIGNIFICANT ACTIVITIES

COMBINED COST OF SERVICE STATEMENT

For the Year ended 30 June 2021

| 2020 Actual \$ (000's) | | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|---------------------------------|--|--------------------------------------|---------------------------------|
| | OPERATING REVENUE | | |
| 6,031 | Activity Revenue | 6,309 | 7,849 |
| 7,378 | Targeted Rates | 7,579 | 7,539 |
| 132 | Development Contributions | 10 | 36 |
| 5,817 | General Rates | 5,800 | 5,690 |
| 6,481 | Other General Sources | 6,776 | 6,670 |
| 25,839 | TOTAL OPERATING REVENUE | 26,474 | 27,784 |
| | Reconciling Items: | | |
| (6,481) | Internal Recoveries | (6,776) | (6,670) |
| (104) | Gains/(losses) on asset disposal | 50 | (12) |
| 12 | Assets vested in Council | - | 378 |
| 19,266 | TOTAL OPERATING REVENUE PER STATEMENT OF COMPREHENSIVE INCOME | 19,748 | 21,480 |
| | OPERATING EXPENDITURE | | |
| 10,488 | Roading | 9,210 | 9,251 |
| 2,341 | Water Supply | 2,363 | 3,119 |
| 735 | Sewerage | 717 | 865 |
| 210 | Stormwater | 156 | 211 |
| 172 | Flood Protection | 216 | 199 |
| 1,937 | Regulatory Services | 2,983 | 2,079 |
| 2,693 | Community Services | 2,193 | 2,936 |
| 355 | Community Development | 392 | 801 |
| 6,659 | Governance and Leadership | 7,653 | 7,168 |
| 25,590 | TOTAL OPERATING EXPENDITURE | 25,883 | 26,629 |
| | Reconciling Items: | | |
| (6,481) | Internal Recoveries | (6,776) | (6,864) |
| - | Interest difference | - | - |
| - | Landfill Aftercare Provision | - | - |
| 633 | Doubtful Debt Provision adjustment | - | (177) |
| 19,742 | TOTAL OPERATING EXPENDITURE PER STATEMENT OF COMPREHENSIVE INCOME | 19,107 | 19,588 |
| | | | |
| (476) | NET PROFIT/(LOSS) | 641 | 1,892 |

Whole of Council Funding Impact Statement

| | 2019/20 Annual Plan \$ | 2019/20 Actual \$ | 2020/21 Annual Plan \$ | 2020/21 Actual \$ |
|---|------------------------------|-------------------------|------------------------------|-------------------------|
| | (000's) | (000's) | (000's) | (000's) |
| Sources of Operating Funding | | | | |
| General rates, uniform annual general charges, rates penalties | 5,737 | 5,817 | 5,800 | 5,690 |
| Targeted Rates (other than a targeted rate for water supply) | 7,373 | 7,378 | 7,579 | 7,539 |
| Subsidies and grants for operating purposes | 2,224 | 2,820 | 2,232 | 2,686 |
| Fees and charges | 985 | 909 | 878 | 1,247 |
| Interest and dividends from investments | 111 | 73 | 111 | 37 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 596 | 530 | 609 | 607 |
| Total Operating Funding | 17,026 | 17,527 | 17,209 | 17,806 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 12,073 | 12,347 | 12,398 | 12,799 |
| Finance Costs | 195 | 190 | 197 | 153 |
| Other operating funding applications | 819 | 800 | 1,350 | 1,368 |
| Total application of operating funding | 13,087 | 13,337 | 13,945 | 14,320 |
| Surplus (deficit) of operating funding | 3,939 | 4,190 | 3,264 | 3,486 |
| Sources of Capital Funding | | | | |
| Subsidies and grants for capital expenditure | 2,585 | 1,694 | 2,474 | 3,274 |
| Development and financial contributions | 10 | 60 | 10 | 21 |
| Increase (decrease) in debt | 2,880 | (784) | 1,080 | (445) |
| Gross proceeds from sale of assets | 1,352 | 43 | 107 | 67 |
| Lump sum contributions | - | - | - | - |
| Total sources of capital funding | 6,827 | 1,013 | 3,671 | 2,917 |
| Application of capital funding | | | | |
| Capital expenditure | | | | |
| - To meet additional demand | 150 | 33 | 50 | 48 |
| - To improve the level of service | 4,326 | 107 | 858 | 222 |
| - To replace existing assets | 6,331 | 3,475 | 6,723 | 7,407 |
| Increase (decrease) in reserves | (41) | 1,588 | (696) | (1,274) |
| Increase (decrease) of investments | - | - | - | - |
| Total application of capital funding | 10,766 | 5,203 | 6,935 | 6,403 |
| Surplus (deficit) of capital funding | (3,939) | (4,190) | (3,64) | (3,486) |
| Funding balance | - | - | - | - |

ROADS AND FOOTPATHS

The road network forms the backbone of Ōtorohanga’s infrastructure and impacts on the potential for development in the District. The purpose of this activity is to provide for the safe and efficient passage of traffic throughout the District and Council acknowledges its interdependency on the State Highway network, as well as partnerships with key stakeholders in the transport arena.

This is the single largest activity of Council, and provides for road improvement and maintenance works such as pavement rehabilitation, reseals, bridge repairs, storm damage restoration, general maintenance, vegetation control, landscaping, sign posting and pavement marking (traffic services), street lighting, street cleaning, minor safety projects, and footpath repairs.

The rationale for Council’s involvement stems in part, from statutory requirements. The Local Government Acts 1974 and 2002 empower Council to construct, upgrade and repair all roads, which is done with the

help of Government funding. It also ensures common law rights of public access.

Internal Borrowing

The Roads and Footpaths group of activities has internal borrowing as at 30 June 2021 of \$2,905,714. During the year no additional borrowing was taken, but repayments totalling \$417,096 were made. Interest on internal borrowings was paid of \$116,298.

Capital Expenditure

| | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|--|--------------------------------------|---------------------------------|
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | 3,786 | 5,619 |
| - Growth (Improving Service Capacity) | - | - |
| - Level of Service (Improvements to Service) | 215 | - |

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 | 2020/21 Target | Achieved/ Not Achieved | 2020/21 Actual |
|------------------|--|--------------------------------|---|----------------|------------------------|----------------|
| | | | Current performance (2014/15 to 2015/16) 7-1=6 | 0 | Achieved | -5 (5-10) |

| Level of Service | How it contributes to our community outcomes | How we measure our performance | Baseline 2016/17 | 2020/21 Target | Achieved/ Not Achieved | 2020/21 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 | 16.9% |
| | | 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 | 59.92% |
| | | Percentage of service requests relating to roads and footpaths responded to within 10 working days | 49% | 90% | Not achieved | 88.6% |

Road Safety

Of the reported road accidents there have been no fatalities on a local road. However, there have been 5 crashes that resulted in serious injury. This figure is 5 less than the previous year.

Sealed Road Ride Quality

The smoothness of the travel experience remains at 97% as in the previous annual report. This is because no no condition rating was completed on the network during the financial year.

Sealed Road Resurfacing

The total lane kilometres resurfaced was 173.934 km out of a total of 1,026.5 km resulting in 16.9% of the network being resealed. The large increase is due to the roads that could not be sealed during the Covid-19 lockdown and that

were caught up during the year by including the unfinished roads into the reseal programme. There are still 10 km not completed that will be programmed into the 2021/22 financial year reseal programme.

Unsealed Road Metalling

The entire 277.8 km unsealed road network in the district gets resurfaced every 5 years. This is an average of 55.6 km every year. The contract programme, however, takes into account all roads over the 5 years, although each year does not equate to 55.6 km with some years the programme makes provision for more km and in some years less. However, each year's programme, although not 55.6 km in length, does get completed. During last financial year an additional road, Mangati Road, was included in that programme, with a resulting reduction of this year's programme, where 100% of the reduced programme was completed.

Footpath Condition

A new condition rating has not been done since the 2019/2020 condition rating by footpath condition rating contractor, Onsite. Due to budget constraints now significant footpath repairs were completed during 2020/2021. However, a contract was entered into with a budget of \$165,000 per annum to repair Condition5 (very poor) and the majority of Condition 4 (poor) during the next 3 years.

Service Request Response

We have improved this activity considerably by reaching 88.6%. This is a huge improvement from 54.2 % from the previous year. We have put in place processes that will improve this result for the current financial year.

Unsealed Road Metalling

| Road | Start RP | End RP | Length(km) | Quantity(m3) |
|----------------------|----------|--------|---------------|--------------|
| Aotearoa Road | 10.917 | 13.917 | 3 | 656 |
| Aotearoa Road | 13.917 | 19.855 | 5.938 | 626 |
| Grice Road | 0.015 | 1.828 | 1.813 | 290 |
| Hoddle Road | 0.03 | 4.86 | 4.83 | 814 |
| Hoddle Road | 4.86 | 7.61 | 2.75 | 290 |
| Huirimu Road | 2.376 | 4.561 | 2.185 | 361 |
| Huirimu Road | 4.561 | 8.261 | 3.7 | 753 |
| Landing Road | 0.005 | 2.55 | 2.545 | 300 |
| Pamotumotu Road | 0.02 | 1.522 | 1.502 | 310 |
| Ranginui Road | 10.143 | 11.545 | 1.402 | 378 |
| Ranginui Road | 13.028 | 14.744 | 1.716 | 463 |
| Ranginui Road | 14.744 | 19.274 | 4.53 | 1,299 |
| Tahae Road | 0.005 | 3.155 | 3.15 | 633 |
| Tauraroa Valley Road | 3.788 | 5.873 | 2.085 | 493 |
| Tauraroa Valley Road | 5.873 | 8.794 | 2.921 | 587 |
| Wall Road | 0.02 | 1.127 | 1.107 | 144 |
| Pirongia Road | 5.826 | 9.826 | 4 | 481 |
| Totals | | | 49.174 | 8,878 |



Roads and Footpaths – Cost of Service Statement

| 2020 Actual \$ (000's) | | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|---------------------------|------------------------------------|--------------------------------|---------------------------|
| | OPERATING INCOME | | |
| 4,518 | Activity Revenue | 4,732 | 5,417 |
| 4,776 | Targeted Rates | 4,890 | 4,886 |
| 33 | Development Contributions | - | - |
| - | General Rates | - | - |
| 1,157 | Other General Sources | 1,145 | 1,092 |
| 10,484 | TOTAL OPERATING INCOME | 10,767 | 11,395 |
| | OPERATING EXPENDITURE | | |
| 9,405 | Roading | 8,105 | 8,159 |
| 1,083 | Engineering Business Unit | 1,105 | 1,092 |
| 10,488 | TOTAL OPERATING EXPENDITURE | 9,210 | 9,251 |
| | | | |
| (4) | NET COST OF SERVICE | 1,557 | 2,144 |

Roads and Footpaths Funding Impact Statement

| | 2019/20 Long Term Plan \$ (000's) | 2020/21 Long Term Plan \$ (000's) | 2020/21 Actual \$ (000's) |
|---|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | - | - | - |
| Targeted Rates (other than a targeted rate for water supply) | 4,959 | 4,794 | 4,886 |
| Subsidies and grants for operating purposes | 2,167 | 2,166 | 2,108 |
| Fees and charges | - | - | - |
| Internal charges and overheads recovered | 1,016 | 1,028 | 1,092 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 93 | 95 | 94 |
| Total Operating Funding | 8,235 | 8,083 | 8,180 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 3,606 | 3,701 | 3,709 |
| Finance costs | 123 | 108 | 116 |
| Internal charges and overheads applied | 1,485 | 1,611 | 1,612 |
| Other operating funding applications | 2 | 3 | 8 |
| Total application of operating funding | 5,216 | 5,423 | 5,445 |
| Surplus (deficit) of operating funding | 3,019 | 2,660 | 2,735 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 2,861 | 2,750 | 3,214 |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (417) | (417) | (417) |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | 2,444 | 2,333 | 2,797 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | 153 | - | 48 |
| - To improve the level of service | - | 16 | - |
| - To replace existing assets | 4,583 | 4,450 | 5,619 |
| Increase (decrease) in reserves | 727 | 527 | (135) |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 5,463 | 4,993 | 5,532 |
| Surplus (deficit) of capital funding | (3,019) | (2,660) | (2,735) |
| Funding balance | - | - | - |

WATER SUPPLY

Council has historically provided potable water to the urban communities of Ōtorohanga and Kāwhia and to some rural areas to assist in facilitating economic development, and in recognition that such delivery of water is preferable to reliance on individual supply arrangements, particularly in the urban areas.

Having established such services Council is now limited in its ability to discontinue this activity, due to the provisions of the Local Government Act 2002.

Internal Borrowing

The Water Supply group of activities has internal borrowing as at 30 June 2021 of \$1,121,632. During the year \$324,000 of additional borrowing was taken, and repayments totalling \$95,184 were made. Interest on internal borrowings was paid of \$31,248.

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 | 2020/21 | Achieved/ Not achieved | 2020/21 |
|-------------------------------------|--|--|----------|----------|------------------------|----------|
| | | | 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 | | | | |
| | | Ōtorohanga | Complies | Complies | Achieved | Complies |
| | | Kāwhia | Complies | Complies | Achieved | Complies |
| | | Drinking water supplies comply with Part 5 of the drinking-water standards (protozoal compliance criteria) | | | | |

Capital Expenditure

| | 2021 AP Estimate \$ | 2021 Actual \$ |
|--|---------------------------|----------------------|
| | (000's) | (000's) |
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | 1,074 | 738 |
| - Growth (Improving Service Capacity) | - | - |
| - Level of Service (Improvements to Service) | 398 | 49 |

| Level of Service | How it contributes to our community outcomes | How we measure our performance | Baseline 2016/17 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|---|--|---|---|--|---|--|
| | | | | | Ōtorohanga Kāwhia Percentage of real water loss from the networked reticulation system Ōtorohanga Kāwhia Median response time to: Urgent call-outs Non-urgent call-outs Median resolution times for Urgent call-outs Non-urgent call-outs | Doesn't Comply Doesn't Comply Not measured Not measured 1hr 45mins 47hrs 44mins Not measured Not measured |
| 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 Average consumption of drinking water per day per resident within the Ōtorohanga District. | 1 complaint 422.85L per person per day | <5 complaints 300L per person per day | Not achieved Not achieved | 23 complaints 405.57L per person per day |



Bacterial and Protozoa Compliance

Drinking Water Standards NZ are broken into two areas – Treatment Plants and Reticulation Zones. The Ōtorohanga Water Treatment Plant has met both the Bacterial and Protozoa compliance for this year while Kāwhia complied Bacterial but not Protozoa.

Although Kāwhia received non-compliance for the drinking standards it was due to technical non-compliance issues and not due to producing unsafe water.

Compliance with the “Duties of drinking water suppliers” under the Health Act 1956 was achieved for both Ōtorohanga and Kāwhia.

Percentage of real water loss

Kāwhia – There are limited individual read water meters in Kāwhia 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 90 days (A small volume of water is subtracted for moderate night time use 2.5 litres/connection). This figure is then calculated against the total water treated for the year to arrive at a percentage of water loss from the network. As the majority of properties in Kāwhia are not individually metered it cannot be determined whether the loss is in the network or within private property. The installation of individual water meters will assist in more accurate data in the future.

Ōtorohanga – is comparatively more simple as the measure is simply based off the production coming through the bulk meter at the Ōtorohanga

Water Treatment Plant, compared to usage data from the reading of the individual water meters on each domestic property within the town.

It is important to note that both the calculations do not factor in water lost during water leaks, water main flushing and water used by water carriers and Emergency Services.

Water consumption per person

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

Kāwhia – This is calculated by dividing the total of water produced through the Kāwhia 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 1 hour 36 minutes. This was within the target of 3 hours 35 minutes. For non-urgent call-outs, the median response time was 6 hours 24 minutes, which is less than the target of 25 hours.

Resolution times for call-outs

In total 104 water related incidents within Ōtorohanga and Kāwhia were recorded in the service request system. All of these incidents were attended to within the targeted times.



Water Supply Cost of Service Statement

| 2020 Actual \$ | | 2021 AP Estimate \$ | 2021 Actual \$ |
|----------------------|------------------------------------|---------------------------|----------------------|
| (000's) | | (000's) | (000's) |
| | OPERATING INCOME | | |
| 29 | Activity Revenue | 4 | 85 |
| 1,640 | Targeted Rates | 1,774 | 1,735 |
| 15 | Development Contributions | - | 6 |
| 44 | General Rates | 38 | 54 |
| 465 | Other General Sources | 466 | 957 |
| 2,193 | TOTAL OPERATING INCOME | 2,282 | 2,837 |
| | OPERATING EXPENDITURE | | |
| 283 | Arohena RWS | 288 | 314 |
| 79 | Ranginui RWS | 69 | 81 |
| 205 | Tihiroa RWS | 243 | 240 |
| 104 | Waipa RWS | 96 | 242 |
| 475 | Ōtorohanga Water Supply | 458 | 936 |
| 461 | Ōtorohanga Water Treatment Station | 468 | 441 |
| 24 | Ōtorohanga Water Supply Loan | 26 | 22 |
| 209 | Kāwhia Water Supply | 207 | 320 |
| 501 | Water Services | 507 | 523 |
| 2,341 | TOTAL OPERATING EXPENDITURE | 2,362 | 3,119 |
| (148) | NET COST OF SERVICE | (80) | (282) |



Water Supply Funding Impact Statement

| | 2019/20 Long Term Plan \$ (000's) | 2020/21 Long Term Plan \$ (000's) | 2020/21 Actual \$ (000's) |
|---|--|--|------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 31 | 34 | 54 |
| Targeted rates (other than a targeted rate for water supply) | 1,743 | 1,882 | 1,735 |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 16 | 17 | 17 |
| Internal charges and overheads recovered | 945 | 997 | 957 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 5 | 4 | 9 |
| Total operating funding | 2,740 | 2,934 | 2,772 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 850 | 885 | 1,100 |
| Finance costs | 44 | 53 | 31 |
| Internal charges and overheads applied | 1,349 | 1,417 | 1,364 |
| Other operating funding applications | 35 | 35 | 52 |
| Total application of operating funding | 2,278 | 2,390 | 2,547 |
| Surplus (deficit) of operating funding | 462 | 544 | 225 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | 60 |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | 43 | 506 | 229 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | 43 | 506 | 289 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | - | - | - |
| - To improve the level of service | 10 | 213 | 49 |
| - To replace existing assets | 459 | 798 | 738 |
| Increase (decrease) in reserves | 36 | 39 | (273) |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 505 | 1,050 | 514 |
| Surplus (deficit) of capital funding | (462) | (544) | (225) |
| Funding balance | - | - | - |

SEWERAGE TREATMENT AND DISPOSAL

This activity (encompassing collection, reticulation and treatment of sewerage) is undertaken in the Ōtorohanga Community to prevent nuisance and health risks, and to meet the expectations of residents of larger communities.

Whilst there is no legal obligation on Council to maintain this activity it is strongly believed that such a service makes a significant contribution to community wellbeing, and that it should therefore be continued.

Internal Borrowing

The Sewerage Treatment and Disposal group of activities has internal borrowing as at 30 June 2021 of \$1,282,093. During the year \$30,000 of additional borrowing was taken, and repayments totalling \$132,665 were made. Interest on internal borrowings was paid of \$48,467.

Capital Expenditure

| | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|--|--------------------------------------|---------------------------------|
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | 697 | 180 |
| - 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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 overflows |
| 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: | 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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|------------------|--|---|--|--|--|---|
| | | | causes minimal impact on the natural environment | not seriously affected by wastewater services. | <p>Abatement notices</p> <p>Infringements notices;</p> <p>Enforcement orders; and</p> <p>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>14hrs 30 mins</p> <p>15hrs 30mins</p> | <p><0hrs 50 mins</p> <p><32hrs 0mins</p> | <p>Not achieved</p> <p>Achieved</p> | <p>1 hr 30 mins</p> <p>1 hr 54 mins</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>1 incident</p> <p>4 incidents</p> <p>6 incidents</p> <p>5.2 incidents</p> | <p><12</p> <p><5</p> <p><12</p> <p><10</p> | <p>Achieved</p> <p>Not achieved</p> <p>Achieved</p> <p>Not achieved</p> | <p>2</p> <p>6</p> <p>9</p> <p>14.2</p> |



Sewerage Overflows

A number of sewer related incidents this year were as a result of damage to the network by directional drilling contractor, there were no dry weather overflow events as result of the infrastructure failure.

Sewerage Complaints

A relatively small amount of complaints relating to the sewage network, mostly centred around blockages.

Resource Consents

Otorohanga waste water treatment plant received full compliance on four of the five discharge consents and a partial compliance on the fifth consent for the 2020-21 consent period. The partial compliance was as a result of elevated levels of Total phosphorus, Suspended Solids and E. coli.

Sewerage Treatment and Disposal Cost of Service Statement

| 2020 Actual \$ (000's) | | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|---------------------------------|------------------------------------|--------------------------------------|---------------------------------|
| | OPERATING INCOME | | |
| 76 | Activity Revenue | 62 | 70 |
| 537 | Targeted Rates | 492 | 493 |
| 24 | Development Contributions | - | 9 |
| 30 | General Rates | 23 | 30 |
| - | Other General Sources | 4 | - |
| 667 | TOTAL OPERATING INCOME | 581 | 602 |
| | OPERATING EXPENDITURE | | |
| 680 | Ōtorohanga Sewerage | 638 | 815 |
| 55 | Ōtorohanga Sewerage Loan | 79 | 51 |
| 735 | TOTAL OPERATING EXPENDITURE | 717 | 866 |
| | | | |
| (68) | NET COST OF SERVICE | (136) | (264) |



Sewerage Treatment and Disposal Funding Impact Statement

| | 2019/20 Long Term Plan \$ | 2020/21 Long Term Plan \$ | 2020/21 Actual \$ |
|---|---------------------------------|---------------------------------|-------------------------|
| | (000's) | (000's) | (000's) |
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 25 | 26 | 30 |
| Targeted rates (other than a targeted rate for water supply) | 531 | 557 | 493 |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 62 | 64 | 70 |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | 1 | 1 | - |
| Total operating funding | 619 | 648 | 593 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 142 | 145 | 348 |
| Finance costs | 54 | 52 | 48 |
| Internal charges and overheads applied | 161 | 164 | 181 |
| Other operating funding applications | 22 | 23 | 23 |
| Total application of operating funding | 379 | 384 | 600 |
| Surplus (deficit) of operating funding | 240 | 264 | (7) |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | 28 | (131) | (103) |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | 28 | (131) | (103) |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | - | - | - |
| - To improve the level of service | - | - | - |
| - To replace existing assets | 267 | 208 | 180 |
| Increase (decrease) in reserves | 1 | (75) | (290) |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 268 | 133 | (110) |
| Surplus (deficit) of capital funding | (240) | (264) | 7 |
| Funding balance | - | - | - |

FLOOD PROTECTION AND CONTROL WORKS

A system of flood control works to protect the Ōtorohanga community was constructed after a devastating flood in 1958, and Council is committed to working with the Waikato Regional Council to continue to operate and maintain these works.

Internal Borrowing

The Flood Protection and Control Works group of activities has internal borrowing as at 30 June 2021 of \$143,298. During the year no additional borrowing was taken, and repayments totalling \$13,897 were made. Interest on internal borrowings was paid of \$5,502.

Capital Expenditure

| | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|--|--------------------------------------|---------------------------------|
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | 241 | 8 |
| - 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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | >80% against quantifiable standardised assessment criteria as set by Regional Council | Achieved | 82% |



Flood Protection and Control Works Cost of Service Statement

| 2020 Actual \$ | | 2021 AP Estimate \$ | 2021 Actual \$ |
|----------------------|------------------------------------|---------------------------|----------------------|
| (000's) | | (000's) | (000's) |
| | OPERATING INCOME | | |
| 108 | Activity Revenue | 138 | 126 |
| 22 | Targeted Rates | 23 | 23 |
| - | Development Contributions | - | - |
| 6 | General Rates | 2 | 4 |
| 11 | Other General Sources | 6 | - |
| 147 | TOTAL OPERATING INCOME | 169 | 153 |
| | OPERATING EXPENDITURE | | |
| 5 | Drainage Legalisation | - | - |
| 151 | Ōtorohanga Flood Protection | 138 | 154 |
| 14 | Aotea Erosion Maintenance | 16 | 43 |
| 2 | Aotea Erosion Loan | 2 | 2 |
| 172 | TOTAL OPERATING EXPENDITURE | 156 | 199 |
| | | | |
| (25) | NET COST OF SERVICE | 13 | (46) |



Flood Protection and Control Works Funding Impact Statement

| | 2019/20 Long Term Plan \$ (000's) | 2020/21 Long Term Plan \$ (000's) | 2020/21 Actual \$ (000's) |
|---|--|--|------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 5 | 11 | 4 |
| Targeted rates (other than a targeted rate for water supply) | 24 | 24 | 23 |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees and other receipts | 139 | 154 | 126 |
| Total operating funding | 168 | 189 | 153 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 74 | 91 | 97 |
| Finance costs | 6 | 5 | 6 |
| Internal charges and overheads applied | 39 | 40 | 50 |
| Other operating funding applications | - | - | - |
| Total application of operating funding | 119 | 136 | 153 |
| Surplus (deficit) of operating funding | 49 | 53 | - |
| 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 | 74 | 22 | 8 |
| Increase (decrease) in reserves | (39) | 17 | (22) |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 35 | 39 | (14) |
| Surplus (deficit) of capital funding | (49) | (53) | - |
| 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 2021 of \$525,321. During the year no additional borrowing was taken, and repayments totalling \$56,127 were made. Interest on internal borrowings was paid of \$20,350.

Capital Expenditure

| | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|--|--------------------------------------|---------------------------------|
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | 71 | 72 |
| - Growth (Improving Service Capacity) | - | - |
| - Level of Service (Improvements to Service) | - | - |

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|------------------|--|--|--------------------|------------------|------------------------|------------------|
| | | | | | | |
| | | Compliance with resource consents for discharge from the Stormwater systems, measured by the number of: Abatement notices; and Infringement notices; and Enforcement notices; and Successful prosecutions, received in relation to the resource consents | 0 0 0 0 | 0 0 0 0 | Achieved | 0 0 0 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 | 1 |

Number of Flooding events

This measure is a record of flooding events that affect habitable floors of properties of which there were 0 this year. Council did however record a power failure of a stormwater pump that resulted in surface flooding of a house section in Kawhia. The power failure was caused by a network power outage, not asset failure.

Stormwater Resource Consents

Otorohanga Urban Discharge consent obtained Full Compliance with the consent conditions for 2020 -2021 compliance period.

Kawhia Urban Discharge consent obtain Low Risk Non-compliance for the 2020-2021 compliance period



Stormwater Drainage Cost of Service Statement

| 2020 Actual \$ (000's) | | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|---------------------------|------------------------------------|--------------------------------|---------------------------|
| | OPERATING INCOME | | |
| (4) | Activity Revenue | 10 | 1 |
| - | - Targeted Rates | - | - |
| - | - Development Contributions | - | - |
| 214 | General Rates | 207 | 211 |
| - | - Other General Sources | - | - |
| 210 | TOTAL OPERATING INCOME | 217 | 212 |
| | OPERATING EXPENDITURE | | |
| 167 | Ōtorohanga Stormwater | 175 | 170 |
| 43 | Kāwhia Stormwater | 41 | 42 |
| 210 | TOTAL OPERATING EXPENDITURE | 216 | 212 |
| - | NET COST OF SERVICE | 1 | - |

Stormwater Drainage Funding Impact Statement

| | 2019/20 Long Term Plan \$ (000's) | 2020/21 Long Term Plan \$ (000's) | 2020/21 Actual \$ (000's) |
|---|--------------------------------------|--------------------------------------|------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 181 | 187 | 211 |
| 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 | - | - | 1 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 10 | 10 | - |
| Total operating funding | 191 | 197 | 212 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 17 | 17 | 13 |
| Finance costs | 21 | 19 | 20 |
| Internal charges and overheads applied | 37 | 38 | 38 |
| Other operating funding applications | 18 | 18 | 19 |
| Total application of operating funding | 93 | 92 | 90 |
| Surplus (deficit) of operating funding | 98 | 105 | 122 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (55) | (55) | (56) |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | (55) | (55) | (56) |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | - | - | - |
| - To improve the level of service | - | - | - |
| - To replace existing assets | 6 | 22 | 72 |
| Increase (decrease) in reserves | 37 | 28 | (6) |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 43 | 50 | 66 |
| Surplus (deficit) of capital funding | (98) | (105) | (122) |
| Funding balance | - | - | - |

COMMUNITY SERVICES

Internal Borrowing

The Community Services group of activities has internal borrowing as at 30 June 2021 of \$613,012. During the year no additional borrowing was taken, and repayments totalling \$83,656 were made. Interest on internal borrowings was paid of \$24,383.

Capital Expenditure

| | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|--|--------------------------------------|---------------------------------|
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | 312 | 146 |
| - Growth (Improving Service Capacity) | 50 | - |
| - Level of Service (Improvements to Service) | 126 | 282 |

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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% | 45% compliance | Achieved | 93% |
| | | Park furniture meets safety and maintenance criteria | 70% | 80% meet safety criteria | Achieved | 90% |
| 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 | Not achieved | 14 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 | 2020/21 | Achieved/ | 2020/21 Actual |
|---|--|--|--------------------------------------|---|--------------|--|
| | | | 2016/2017 | Target | Not achieved | |
| Relevance of library services to the community is measured by: <ul style="list-style-type: none"> • Material issued • Physical items • E-books • Digital materials • Physical visits • Website visits | Healthy, cohesive, and informed communities have access to a wide range of current library materials, in a variety of formats. People in the community have access to public spaces offering programmes and activities which contribute to local identity, lifelong learning and recreation | 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) | Achieved | 11% increase (36,174 Physical items 1,841 e-resources) |
| | | Library visits per capita per year | 4.18 visits | 2% increase in visitor numbers per year | Not achieved | 7% decrease (24,262 visits) |

| Level of Service | How it contributes to our community outcomes | How we measure our performance | Baseline | 2020/21 | Achieved/ | 2020/21 Actual |
|---|--|---|-------------|--|--------------|---------------------------------|
| | | | 2016/2017 | Target | Not achieved | |
| <ul style="list-style-type: none"> Computer sessions | | | | | | |
| 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 | Achieved | 21% increase (693 participants) |
| 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 | 81% |

Number of Books Issued

A total of 38,015 physical and e-materials were issued at Ōtorohanga and Kāwhia libraries between 1 July 2020 and 30 June 2021. This is a 11% increase on the 2019/20 year when 33,750 items were issued.

Physical items have increased to 36,174, which is still 7% down on issues pre-COVID-19 (2018/19), but has increased on last year's use. This figure correlates with the decrease in visits to the library during the year.

eResources continue to grow in use (1841 issues), with an increase of 15% against last year's usage. The uptake of eResources during the lockdown last year has kick started the growth within these collections.

Library Programmes and activities

Between 1 July 2020 and 30 June 2021, a total 693 participants (adults and children) attended library programmes and activities. This is a 21% increase on last year. COVID-19 has affected both years, as Level 4 (library closed) and Level 3 (no children's programmes run) have occurred in both years.

Visits per Capita per Year

During the 2020/21 year, there were 24,262 visits to the Ōtorohanga Library. Visits to the Kāwhia Library are not recorded. The Ōtorohanga Library's visitor figure equates to 2.4 visits per capita per year, over the entire District's population.

Visits are down 7% on the previous year. The lack of tourists has impacted the numbers of visits. Prior to COVID-19, the library saw a lot of tourist visitors over the summer months. These were predominantly utilising the APNK network. During Level 3 restrictions, visits were down at the library.

Current Book Stock

As at 30 June 2021, 81% of the Ōtorohanga Library book stock had been published since 2010. This is slightly lower than the 2019/20 year (82%) and is due to weeding being deferred due to staff shortages.

Note: This measure has not been applied to the Kāwhia Library book stock – the Kāwhia Library holdings has consisted primarily of donated materials, most of which are not of recent publication. In the six months from January 2021 to June 2021 work has started to refresh the collections at Kāwhia. However, there is still a lot to do in the branch to improve the age of the collections.



Housing for the Elderly

Housing for the elderly is owned and managed to meet community expectations, fulfil social obligations and ensure that there is a good standard of affordable rental accommodation available to elderly residents.

Key Housing for the Elderly Level of Service Targets and Performance

| Level of Service | How it contributes to our community outcomes | How we measure our performance | Baseline | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|---|--|--|--|-------------------|------------------------|---|
| | | | 2016/2017 | | | |
| Provide Housing for the Elderly that is fully utilised | This service ensures Ōtorohanga 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 | Ōtorohanga 98.95% Kāwhia 96.47% | >95% occupied | Achieved | Ōtorohanga 96.15% Kāwhia 98.3% |
| 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 | 100% satisfaction |

Occupancy Rates

During the year, units in Ōtorohanga were unoccupied for an approximate total of 12 weeks, while units in Kāwhia were unoccupied for a total of 19.5 weeks.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|---|---|---|--|--|------------------------|--------------------------|
| | | | 2016/2017 | | | |
| 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 3 days |
| 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 (BWOFF) | 4 of 4 applicable buildings have current BWOFF* | Current BWOFF in place | Achieved | 4 out of 4 current BWOFF |

* Buildings are Ōtorohanga Council Building, Swimming Pools, Kāwhia Community Hall and Ōtorohanga 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. Council contracts the operation of the swimming pool out to CLM, an experienced leisure facility operator.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 0 complaints |
| 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 | 2,833 page views |

Number of Complaints

No complaints for the Ōtorohanga cemetery were received during the year.

Website Page Views

A total of 2,833 page views were received for cemetery information pages on www.otodc.govt.nz, up until 30 June 2021.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 2.63% 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 | 9 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 Ōtorohanga and Kāwhia | Full Compliance | Full Compliance | Not achieved | Partial compliance |
| Provide a roadside litter collection service throughout the rural area | This service ensures that Ōtorohanga'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 | Achieved | 2 complaints |

Recycling Volumes

Overall there was an increase in recycling volumes over the previous year of 2.63%. This can be attributed to increased public interest, good education and global trends focused at looking after our environment.

Number of Complaints

A total of 9 complaints have been recorded as being received related to kerbside collection. These related to missed pickups. 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 2020/21 and all reports have been forwarded to Waikato Regional Council with Council's report.

The partial compliance relates to issues with the monitoring and reporting processes in place. Council has now engaged new sampling contractors along with a new reporting contractor to make sure we fully comply with consents.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|---|---|---|--------------------|-----------------|------------------------|-----------------|
| | | | | | | |
| Delivery of sport and leisure activities as per agreement between Sport Waikato and Ōtorohanga 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 | Achieved | 100% compliance |

Council no longer funds a Sports Co-ordinator, but instead has an agreement with Sport Waikato to deliver a range of sport and active recreation outcomes for our district. Sport Waikato met their obligations under this agreement through the 2020/21 financial year.



Community Services Cost of Service Statement

| 2020 Actual \$ | | 2021 AP Estimate \$ | 2021 Actual \$ |
|----------------------|------------------------------------|---------------------------|----------------------|
| (000's) | | (000's) | (000's) |
| | OPERATING REVENUE | | |
| 418 | Activity Revenue | 477 | 430 |
| 380 | Targeted Rates | 379 | 381 |
| 60 | Development Contributions | 10 | 21 |
| 1,901 | General Rates | 2,211 | 2,012 |
| 10 | Other General Sources | 6 | 1 |
| 2,769 | TOTAL OPERATING REVENUE | 3,083 | 2,845 |
| | OPERATING EXPENDITURE | | |
| 691 | Parks and Reserves | 814 | 805 |
| 147 | Public Conveniences | 169 | 129 |
| 376 | Library | 368 | 342 |
| 375 | Swimming Pools | 408 | 392 |
| 163 | Pensioner Housing | 176 | 292 |
| 68 | Halls | 68 | 82 |
| 52 | Harbour Services | 57 | 57 |
| 99 | Cemeteries | 113 | 98 |
| 161 | Other Council Property | 187 | 158 |
| 406 | Solid Waste Management | 453 | 427 |
| 98 | Security Patrol | 114 | 98 |
| 57 | Sport Waikato | 57 | 56 |
| 2,693 | TOTAL OPERATING EXPENDITURE | 2,984 | 2,936 |
| 76 | NET COST OF SERVICE | (99) | (91) |



Community Services Funding Impact Statement

| | 2019/20 Long Term Plan \$ (000's) | 2020/21 Long Term Plan \$ (000's) | 2020/21 Actual \$ (000's) |
|---|--|--|------------------------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 2,011 | 2,104 | 2,012 |
| Targeted rates (other than a targeted rate for water supply) | 372 | 374 | 381 |
| Subsidies and grants for operating purposes | 33 | 34 | 42 |
| Fees and charges | 104 | 106 | 67 |
| Internal charges and overheads recovered | - | - | 1 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 355 | 364 | 322 |
| Total operating funding | 2,875 | 2,982 | 2,825 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 1,660 | 1,696 | 1,543 |
| Finance costs | 26 | 23 | 24 |
| Internal charges and overheads applied | 595 | 605 | 584 |
| Other operating funding applications | 140 | 143 | 171 |
| Total application of operating funding | 2,421 | 2,467 | 2,322 |
| Surplus (deficit) of operating funding | 454 | 515 | 503 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | 10 | 10 | 21 |
| Increase (decrease) in debt | (83) | (83) | (84) |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | (73) | (73) | (63) |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | - | 36 | - |
| - To improve the level of service | 37 | 43 | 146 |
| - To replace existing assets | 210 | 190 | 282 |
| Increase (decrease) in reserves | 134 | 173 | 12 |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 381 | 442 | 440 |
| Surplus (deficit) of capital funding | (454) | (515) | (503) |
| Funding balance | - | - | - |

REGULATORY SERVICES

Internal Borrowing

The Regulatory Services group of activities has no internal borrowing as at 30 June 2021. Subsequently, no interest was paid during the year.

Capital Expenditure

| | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|--|--------------------------------------|---------------------------------|
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | - | - |
| - Growth (Improving Service Capacity) | - | - |
| - Level of Service (Improvements to Service) | 4 | 2 |

Building Control

The rationale for this activity is to safeguard people and property by monitoring, inspecting and controlling all building construction and modifications in accordance with the Building Act 2004.

Key Building Control Level of Service Targets and Performance

| Level of Service | How it contributes to our community outcomes | How we measure our performance | Baseline 2016/2017 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|---|---|--|---|---------------------------|---------------------------|------------------------|
| | | | | | | |
| The Council processes, inspects and certifies work in Ōtorohanga District | The Council remains a Building Consent Authority to help ensure buildings are safe | Ōtorohanga District Council maintains its processes so that it meets BCA accreditation every two years | Accreditation rating valid until September 2017 | Not measured | Achieved | Accreditation 2020/22 |
| | 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 | Achieved | 100% pools on register |
| Building consent applications are processed within 20 working days as required by Sec 48 of the Building Act 2004 | Council certifies all consented building work complies with the Building Code – ensuring our communities are safe | Percentage of consents processed within 20 working days | 100% | 100% | Not achieved | 85% |

Accreditation

An audit and review of Councils building consent authority processes was undertaken by International Accreditation New Zealand August 2021. Council's Building Consent Authority status was considered and deemed low risk and formal re-accreditation is pending and will be advised before the end of September 2021. International Accreditation New Zealand signed off the audit in October 2020. The latest assessment of the BCA functions covers all aspects of plan review and building inspections. The next audit will occur in August 2023.

Swimming Pool Inspections

Over 200 pools are currently listed on the swimming pool register. There have been over 100 inspections of pool fences completed this year. Our 3 year target of inspecting all pools on the register has been achieved and we are now into our following 3 year cycle.. The Building Act 2004, states that "residential pools ... are inspected at least once every 3 years". The program of inspections including follow up visits will continue into the next year.

Building Consent Applications

During the year Council issued 262 building consents. This total is a increase of 34 consents compared to the previous year where 228 consents were issued.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|---|--|---|--------------------------------------|--|------------------------|--|
| | | | | | | |
| All resource consent decisions will be notified within the time limits of Sec 115 of the Resource Management Act 1991 | Efficiently processing resource consent applications enables the Council to regulate land-use activities consistently with its District Plan (Land use regulations), demonstrating that the Council values the natural environment | The time to process non-notified land use and subdivision consents will be no more than 20 working days | 93% processed within 20 working days | 100% | Not achieved | 76% 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 | Updated information available on Council website |

Non-notified Consents

A total of 76 non-notified consents were issued during the year. The processing time for eighteen 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.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|---|---|---|------------------------|-----------------------------|------------------------|---|
| | | | 1 exercise conducted | 2 formal training exercises | Not achieved | 1 exercise conducted |
| 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 | One meeting undertaken | Once between exercises | Achieved | Meetings of WWEOA Committee held on 19/08/2020, 12/11/2020, 26/02/2021 & 27/05/2021 |
| | | The Civil Defence action team comprising key staff will meet at least once between formal exercises to ensure preparedness and training schedules are maintained. | | | | |

Waipa, Waitomo and Ōtorohanga are members of a shared service arrangement called the Western Waikato Emergency Operating Area (WWEOA). 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 Ōtorohanga. Senior managers and key CDEM staff from all three councils meet regularly to coordinate emergency management issues and the implementation of the Waikato Civil Defence Plan.

A combined training exercise with staff from Waipa District Council focusing on water shortages was held in Te Awamutu on 3 December 2020.

A foundation training workshop was held on 17 September 2020 for new staff. This was attended by staff from all three Councils. A foundation training workshop for District Councillors and Community Board members was held on 14 April 2021.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | | 100% | |

Dog registrations and Impounding

At 30 June 2021 there were 2,174 dogs registered in the Ōtorohanga District. This was a decrease of 101 from the number of registration in the previous year. During the year 91 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 four years. The contractor, Ōtorohanga District

Animal Control Services has developed a strong understanding of the District and 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 education, compliance among dog owners and maintain a high level of public safety for the residents of our District.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|------------------|--|--------------------------------|--------------------|----------------|------------------------|----------------|
| | | | 100% | 100% | Achieved | 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 Ōtorohanga 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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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% | Not applicable | Not applicable |
| 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 was completed in 2018. All food premises in Ōtorohanga District are now operating under food control plans.

There are 40 current food registrations in District. Eight of these businesses are registered on National Programmes which means the premises are audited by independent verifiers instead of Council officers.

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 premise 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. There are currently 22 venues in the District that hold a licence to sell and/or supply alcohol.



Regulatory Services Cost of Service Statement

| 2020 Actual \$ | | 2021 AP Estimate \$ | 2021 Actual \$ |
|----------------------|------------------------------------|---------------------------|----------------------|
| (000's) | | (000's) | (000's) |
| | OPERATING REVENUE | | |
| 742 | Activity Revenue | 711 | 1,111 |
| - | Targeted Rates | - | - |
| - | Development Contributions | - | - |
| 1,080 | General Rates | 1,226 | 927 |
| 144 | Other General Sources | 257 | 72 |
| 1,966 | TOTAL OPERATING INCOME | 2,194 | 2,110 |
| | OPERATING EXPENDITURE | | |
| 815 | Building Control | 765 | 816 |
| 256 | Planning & Development | 299 | 220 |
| 165 | Civil Defence | 147 | 140 |
| 179 | Dog Control | 196 | 174 |
| 13 | Stock Ranging & Impounding | 24 | 18 |
| 114 | Environmental Health | 175 | 108 |
| 394 | Environmental Services Manager | 587 | 603 |
| 1,936 | TOTAL OPERATING EXPENDITURE | 2,193 | 2,079 |
| 30 | NET COST OF SERVICE | 1 | 31 |



Regulatory Services Funding Impact Statement

| | 2019/20 | 2020/21 | 2020/21 |
|---|----------------|----------------|--------------|
| | 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 | 852 | 847 | 927 |
| Targeted rates (other than a targeted rate for water supply) | - | - | - |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 793 | 810 | 1,058 |
| Internal charges and overheads recovered | 263 | 269 | 300 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 14 | 14 | 53 |
| Total operating funding | 1,922 | 1,940 | 2,338 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 1,177 | 1,179 | 1,612 |
| Finance costs | 1 | 1 | - |
| Internal charges and overheads applied | 714 | 730 | 677 |
| Other operating funding applications | 11 | 12 | 13 |
| Total application of operating funding | 1,903 | 1,922 | 2,302 |
| Surplus (deficit) of operating funding | 19 | 18 | 36 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (2) | (2) | - |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | (2) | (2) | - |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | - | - | - |
| - To improve the level of service | 2 | 2 | 2 |
| - To replace existing assets | - | - | - |
| Increase (decrease) in reserves | 15 | 14 | 34 |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 17 | 16 | 36 |
| Surplus (deficit) of capital funding | (19) | (18) | (36) |
| 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 2021 and, subsequently, no interest paid.

Capital Expenditure

| | 2021 AP Estimate \$ | 2021 Actual \$ |
|--|---------------------------|----------------------|
| | (000's) | (000's) |
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | - | - |
| - Growth (Improving Service Capacity) | - | - |
| - Level of Service (Improvements to Service) | - | - |

There was no capital expenditure in the current year as the previously carried over property development project has not been undertaken.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 8 lots sold | Not achieved | 0 lots sold |

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | Ōtorohanga District Development Board provides quarterly reports to Council | 1 report | 6 monthly reports received | Achieved | 6 monthly reports received |
| 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

| 2020 Actual \$ | | 2021 AP Estimate \$ | 2021 Actual \$ |
|----------------|------------------------------------|---------------------|----------------|
| (000's) | | (000's) | (000's) |
| | OPERATING REVENUE | | |
| - | Activity Revenue | - | 500 |
| - | Targeted Rates | - | - |
| - | Development Contributions | - | - |
| 355 | General Rates | 392 | 301 |
| - | Other General Sources | - | - |
| 355 | TOTAL OPERATING REVENUE | 392 | 801 |
| | OPERATING EXPENDITURE | | |
| - | Property Development | - | - |
| 355 | District Promotion | 392 | 801 |
| 355 | TOTAL OPERATING EXPENDITURE | 392 | 801 |
| - | NET COST OF SERVICE | - | - |

Community Development Funding Impact Statement

| | 2019/20 Long Term Plan \$ | 2020/21 Long Term Plan \$ | 2020/21 Actual \$ |
|---|---------------------------|---------------------------|-------------------|
| | (000's) | (000's) | (000's) |
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 353 | 355 | 301 |
| Targeted rates (other than a targeted rate for water supply) | - | - | - |
| Subsidies and grants for operating purposes | - | - | 500 |
| 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 | 353 | 355 | 801 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 86 | 56 | - |
| Finance costs | 123 | 66 | - |
| Internal charges and overheads applied | 25 | 16 | 9 |
| Other operating funding applications | 347 | 349 | 792 |
| Total application of operating funding | 581 | 487 | 801 |
| Surplus (deficit) of operating funding | (228) | (132) | - |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (1,634) | (872) | - |
| Gross proceeds from sale of assets | 1,944 | 1,037 | - |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | 310 | 165 | - |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | - | - | - |
| - To improve the level of service | - | - | - |
| - To replace existing assets | - | - | - |
| Increase (decrease) in reserves | 82 | 33 | - |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 82 | 33 | - |
| Surplus (deficit) of capital funding | 228 | 132 | - |
| Funding balance | - | - | - |

GOVERNANCE AND LEADERSHIP

Depreciation Expense

Total depreciation for Governance and Leadership group of activities was \$310,949.

Internal Borrowing

The Governance and Leadership group of activities has no internal borrowings as at 30 June 2021 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

| | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|--|--------------------------------------|---------------------------------|
| Capital Expenditure | | |
| - Renewals (Maintaining Service Capacity) | 542 | 509 |
| - Growth (Improving Service Capacity) | - | - |
| - Level of Service (Improvements to Service) | 40 | 25 |

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 Ōtorohanga 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 Ōtorohanga District Council

Governance of the Ōtorohanga 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 Ōtorohanga Community Ward and one each for the five rural Wards) elected by the residents and ratepayers of the particular wards.
- Four members of the Ōtorohanga Community Board, elected by the residents and ratepayers of that community
- Four members of the Kāwhia Community Board, of which three are elected by the residents and ratepayers of the Kāwhia 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 Ōtorohanga 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 Ōtorohanga District the Communities of Ōtorohanga and Kāwhia 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.

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 97.47% |
| | | Number of complaints upheld against the election process | No complaints upheld against the election process | N/A | Achieved | No complaints against by-election processes |
| | | 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 | Agendas available two working days before meeting |

Council Business in Open Meeting

Overall 97.47% of council business was conducted in open meetings. This includes all items except for adoption of previous minutes, the public forum and councillor updates. The Council had a total of 82 items, of which 4 were

conducted in closed meetings. Ōtorohanga Community Board had 44 items, with none conducted in closed meetings, and Kāwhia Community Board had 32 items and no items 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 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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 100% allocated for both schemes |
| Management and provision of Ōtorohanga 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 Ōtorohanga District Council General Grants and ongoing Grants within budget allocation | Within budget allocation | Within annual budget allocation | Achieved | Within annual budget allocation |

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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 applicable | Adopted before 30 June | Achieved | Long Term Plan adopted 29 th June 2021 |
| | | The Annual Plan will be adopted before 30 June annually | 2017/18 Annual Plan adopted 20 th June 2017 | Not applicable | Not applicable | Not applicable |
| | | The Annual Report will include an unqualified audit opinion | 2016/17 Annual Report audit opinion did not identify any issues | Achieved | Achieved | No issues identified |
| 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 | 2020 survey, target 50% response | Not achieved | Council undertook extensive consultation through the Long Term Plan process and had a sufficient knowledge of level of service perceptions that the survey was not conducted. |



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 | 2020/21 Target | Achieved/ Not achieved | 2020/21 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 | 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 | 100% Review of Gambling Venue Policies completed |

| Level of Service | How it contributes to our community outcomes | How we measure our performance | Baseline 2016/2017 | 2020/21 Target | Achieved/ Not achieved | 2020/21 Actual |
|------------------|--|--------------------------------|--|-----------------|------------------------|-------------------------------|
| | | | No plan changes proposed during the year | 100% compliance | Achieved | 100% No plan changes proposed |

District Plan

The Ōtorohanga District Plan was declared operative on 30 October 2014. The RMA states that a review of the District Plan must commence on or before 2024.

The Government released a first draft of the Natural and Built Environments Bill (NBA), the primary legislation to replace the RMA, in late June 2021. This is the first of three Acts that will transform the management of New Zealand’s resource management system. The other legislation is the Strategic Planning Act (SPA) and the Climate Adaptation Act (CAA), both of which are under development.

Both the full NBA and the SPA will be introduced into Parliament in 2022. The Ministry for the Environment is working on a plan to establish and transition to the new resource management system.

This new legislation will significantly change how resource management law is framed and delivered. Until Council has a better understanding of the timing and manner of transition to this new regime there will be no significant review or changes to the Ōtorohanga District Plan.

Bylaws

A draft of a revised Water Services Bylaw is being prepared to present to Council as the first step of a review process.

A number of bylaws are now due for review; Trade Waste Bylaw; Stock Movement Bylaw; Traffic Bylaw; Structures and Works in Public Places Bylaw. No new bylaws have been proposed or adopted.

Policy Development

An initial review of the gambling venues policies was presented to Council on 20 October 2020. Council resolved that consultation should be undertaken on a new policy that would allow an increase in the number of Class 4 Venues in the District. A draft Class 4 Venue Policy was approved for consultation on 15 December 2020.

The Board Venue Policy 2010 was confirmed without change on 15 December 2020.

Following a public hearing held on 8 June Council resolved to retain a ‘sinking lid policy’ for Class 4 Venues. The Class 4 Venue Policy 2021 was adopted by Council on 15 June 2021.



Governance and Leadership Cost of Service Statement

| 2020 Actual \$ (000's) | | 2021 AP Estimate \$ (000's) | 2021 Actual \$ (000's) |
|---------------------------------|--|--------------------------------------|---------------------------------|
| | OPERATING REVENUE | | |
| 142 | Activity Revenue | 175 | 109 |
| 22 | Targeted Rates | 21 | 21 |
| - | Development Contributions | - | - |
| 2,186 | General Rates | 1,701 | 2,151 |
| 4,695 | Other General Sources | 4,892 | 4,547 |
| 7,045 | TOTAL OPERATING INCOME | 6,789 | 6,828 |
| | OPERATING EXPENDITURE | | |
| 948 | Ōtorohanga District Council | 909 | 870 |
| 130 | Ōtorohanga Community Board | 148 | 132 |
| 61 | Kāwhia Community Board | 78 | 62 |
| 82 | Council Support | 608 | 137 |
| 744 | Corporate Planning | 955 | 1,188 |
| 12 | Resource Management Policy Development | 74 | 11 |
| 4,680 | Support Services | 4,880 | 4,768 |
| 6,657 | TOTAL OPERATING EXPENDITURE | 7,652 | 7,168 |
| 388 | NET COST OF SERVICE | (863) | (340) |



Governance and Leadership Funding Impact Statement

| | 2019/20 Long Term Plan \$ | 2020/21 Long Term Plan \$ | 2020/21 Actual \$ |
|---|---------------------------------|---------------------------------|-------------------------|
| | (000's) | (000's) | (000's) |
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 2,039 | 2,201 | 2,151 |
| Targeted rates (other than a targeted rate for water supply) | 20 | 21 | 21 |
| Subsidies and grants for operating purposes | 22 | 23 | 35 |
| Fees and charges | 32 | 32 | 34 |
| Internal charges and overheads recovered | 4,177 | 4,265 | 4,301 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 197 | 200 | 40 |
| Total operating funding | 6,487 | 6,742 | 6,582 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 3,653 | 3,893 | 4,378 |
| Finance costs | (52) | (162) | (93) |
| Internal charges and overheads applied | 1,651 | 1,657 | 1,813 |
| Other operating funding applications | 203 | 207 | 287 |
| Total application of operating funding | 5,455 | 5,595 | 6,385 |
| Surplus (deficit) of operating funding | 1,032 | 1,147 | 197 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | (32) | (33) | - |
| Gross proceeds from sale of assets | 59 | 89 | 67 |
| Lump sum contributions | - | - | - |
| Total sources of capital funding | 27 | 56 | 67 |
| Application of capital funding | | | |
| Capital expenditure | | | |
| - To meet additional demand | - | - | - |
| - To improve the level of service | 10 | 26 | 25 |
| - To replace existing assets | 387 | 635 | 509 |
| Increase (decrease) in reserves | 662 | 542 | (270) |
| Increase (decrease) of investments | - | - | - |
| Total application of capital funding | 1,059 | 1,203 | 264 |
| Surplus (deficit) of capital funding | (1,032) | (1,147) | (197) |
| Funding balance | - | - | - |



SUPPORTING INFORMATION



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

Waikato Regional Airport Limited (WRAL)

This Company, established in 1989, operates the Airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former shareholding to secure the retention of the airport as a major infrastructural facility important to the economy of the Waikato.

The objective of the airport company is to operate a successful commercial business, providing safe, appropriate and efficient services for the transportation of people and freight in and out of the airport of Hamilton.

Council holds 3.125% of the airport company's shares. The remaining shares are owned by Hamilton City Council, Matamata-Piako, Waipa and Waikato District Councils.

Waikato Regional Airport Ltd Group reported total comprehensive revenue and expenses of \$41,930,000 for the year ended 30 June 2021 (2020: \$10,209,000 surplus).

No dividend was paid in 2021 (2020: \$300,000).

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

A comparison of the company's unaudited financial and performance measures for the year ended 30 June 2021 is summarised below:

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

| | Actual to 30 June 2021 | Statement of Corporate Intent |
|---|------------------------------|-------------------------------------|
| Earnings before tax, interest, depreciation & amortisation (EBITDA) excluding land sales <i>of at least</i> | \$6.9M | (\$0.5M) |
| Earnings before tax, interest, depreciation & amortisation (EBITDA) including land sales <i>of at least</i> | \$10.0M | \$0.3M |
| Net surplus/(deficit) before tax <i>no less than</i> | \$40.0M | (\$3.7M) |
| Net surplus/(deficit) after tax <i>of no less than</i> | n/a | n/a |
| Net operating cash flow (excluding land sales) <i>of at least</i> | \$10.4M | (\$1.5M) |
| Net debt <i>a maximum of</i> | \$12.0M | \$30.0M |
| Shareholders funds to total assets <i>of at least</i> | 100% | 65% |
| Net profit after tax, interest and revaluations to total shareholders funds <i>of at least</i> | n/a | n/a |
| Net profit after tax, interest and revaluations to total assets <i>of at least</i> | n/a | n/a |
| Percentage of Non-Landing Charges to Total Revenue <i>of at least</i> | 77% | 60% |
| Land sales <i>of at least</i> | \$8.6M | \$4.0M |
| Interest Rate Cover <i>of at least</i> | 12.4x | (4.0x) |



Waikato Local Authorities Shared Services (WLASS)

| | Ownership Interest | |
|---|--------------------|-------------|
| | Actual 2020 | Actual 2021 |
| Waikato Local Authority Shared Services | 0.26% | 0.26% |

The contingent liability arising from ODC’s interest is disclosed in note 18. 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.

At the time of the adoption of this Annual Report, the Annual Report of the WLASS had not been audited. For results for this year check the WLASS website.

New Zealand Local Government Funding Agency Ltd (LGFA)

New Zealand Local Government Funding Agency Ltd was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current rating from Standard and Poor’s of AA+.

Council became a shareholder in the LGFA along with 29 other local authorities and the New Zealand Government. Council contributed \$100,000 for its shareholding in LGFA.

Four performance targets are specified for LGFA in the Statement of Intent. Progress against each of these targets for 30 June 2021 is discussed below.



| Current Performance Targets | Target | Result | Achieved |
|---|--|-------------------------------------|--------------|
| Net interest income for the period to 30 June 2021 | Greater than \$18.8 million | \$19.537 million | Achieved |
| Annual issuance and operating expenses (excluding AIL) for the period to 30 June 2021 | Less than \$6.80 million | \$6.659 million | Achieved |
| Total nominal lending (short and long term) to Participating Local Authorities at 30 June 2021 | At least \$11.66 billion | \$12.039 billion | Achieved |
| Conduct an annual survey of council who borrow from LGFA | Achieve at least an 85% satisfaction score for the value added by LGFA | August 2020 survey outcome of 98.8% | Achieved |
| Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements | | 100% | Achieved |
| Achieve 85% market share of all council borrowing in New Zealand | | 79% | Not achieved |
| Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually | | All councils visited | Achieved |
| No breaches of Treasury Policy, any regulatory or legislative requirements including the Health & Safety at Work Act 2015 | | No breaches | Achieved |
| Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due | | 100% | Achieved |
| Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency. | | AA+/AAA | Achieved |



ANNUAL REPORT DISCLOSURE STATEMENT

Annual report disclosure statement for year ending 30 June 2021.

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

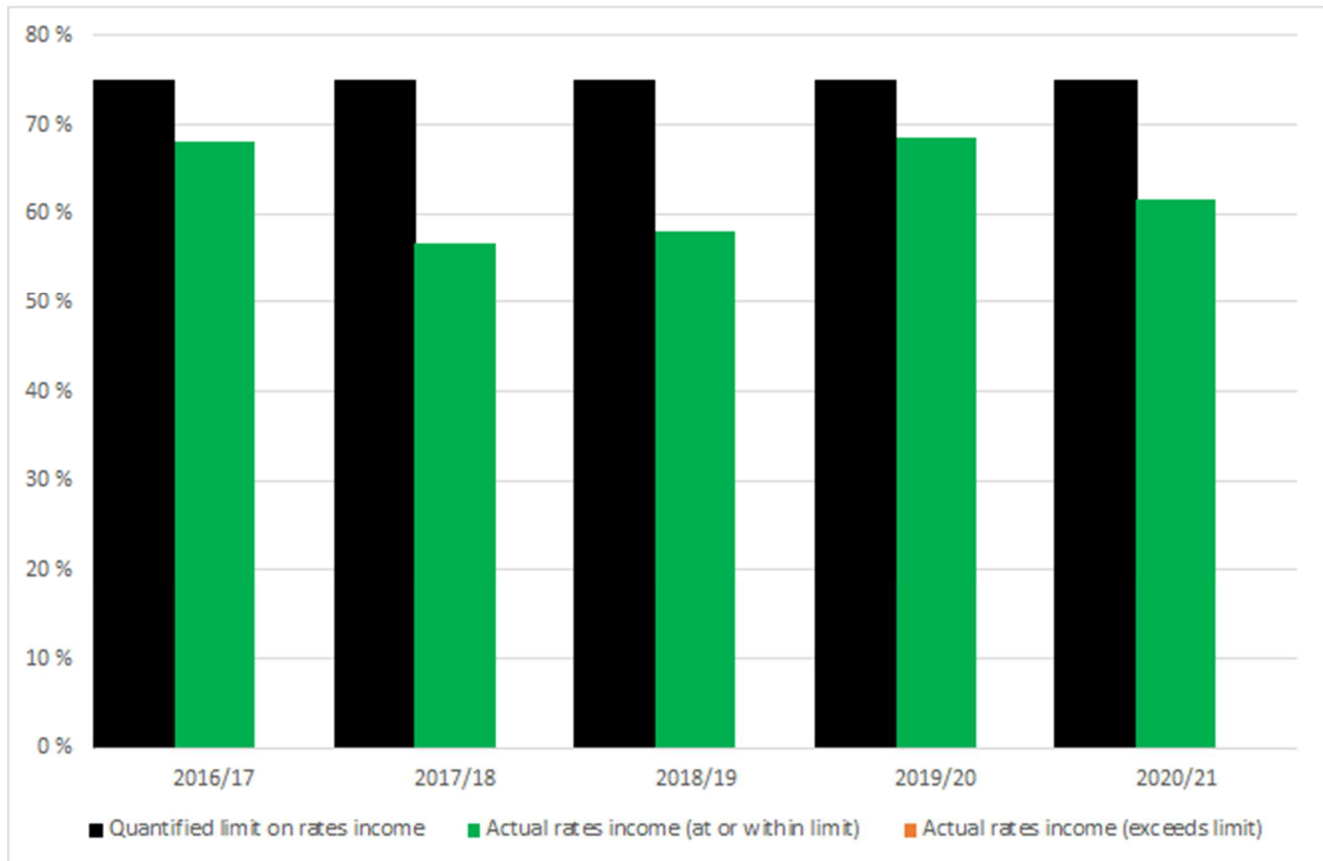
Rates affordability benchmark

The council meets the rates affordability benchmark if-

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

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



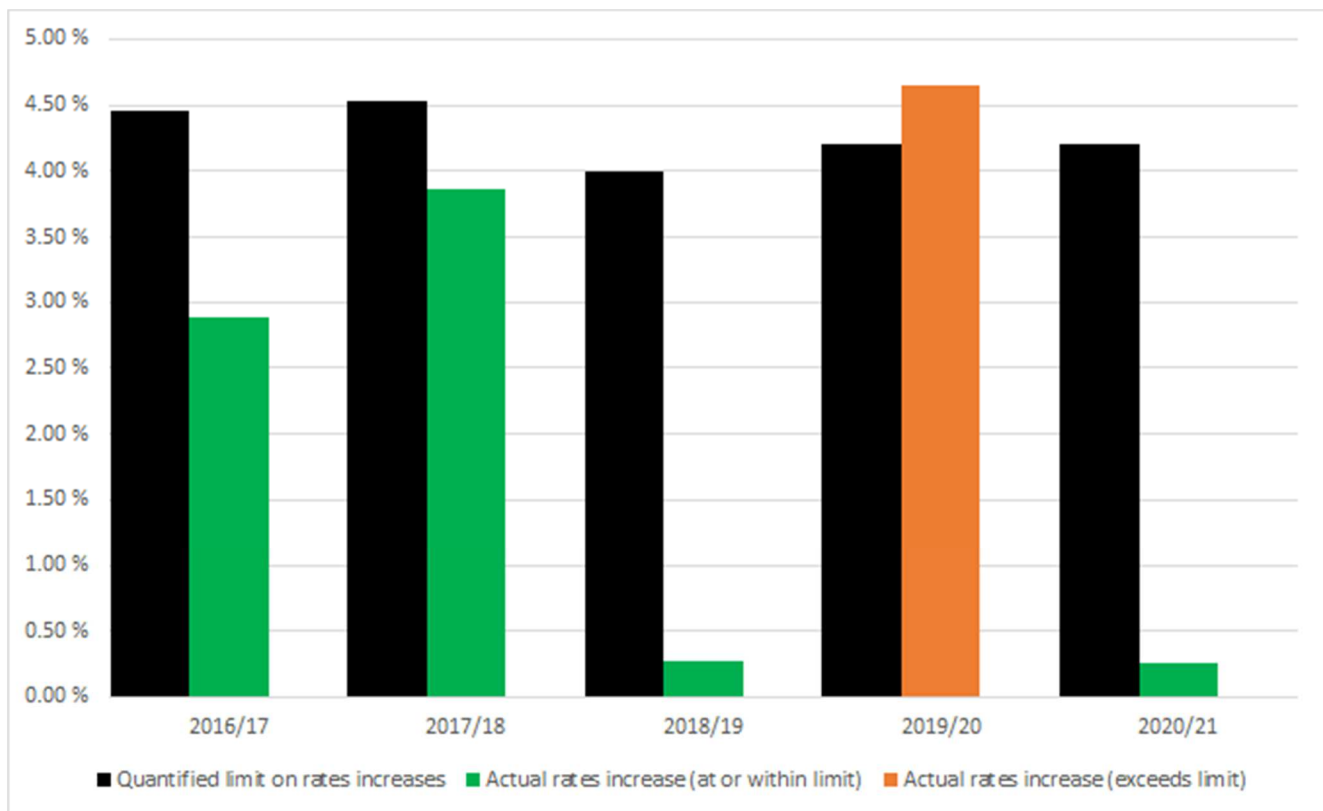


Rates (increases) affordability

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

The breach in the 2019/20 financial year is due to increased rates penalties from the 2018/19, which is up about \$60k. There was also increased rates received due to changes in capital value of properties between when the rates were budgeted and when the actual rates were struck.

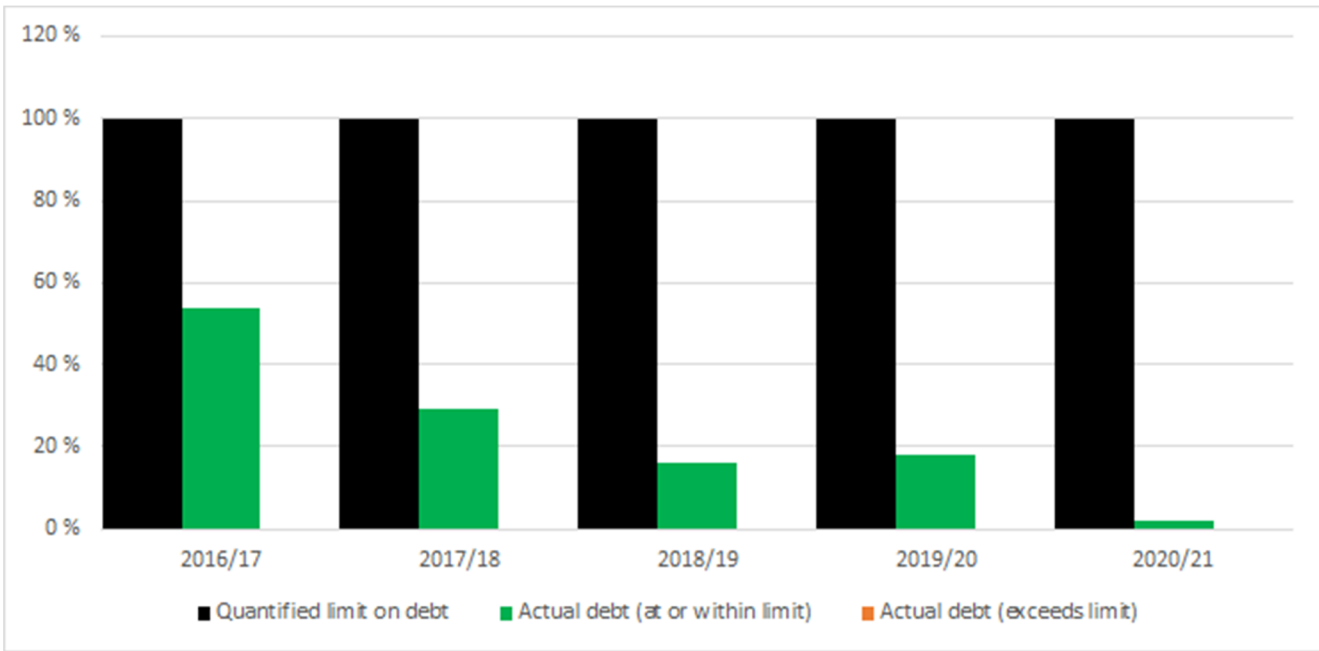
Also in 2019/20, Council moved from a fixed charge for Water rates in Ōtorohanga township to metered water. As such, the level of income from water rates can fluctuate more than it had previously, and this increased income has also pushed the actual rates increase above the quantified limit on rates increases in that year.



Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is borrowing cannot exceed 100% of total revenue.

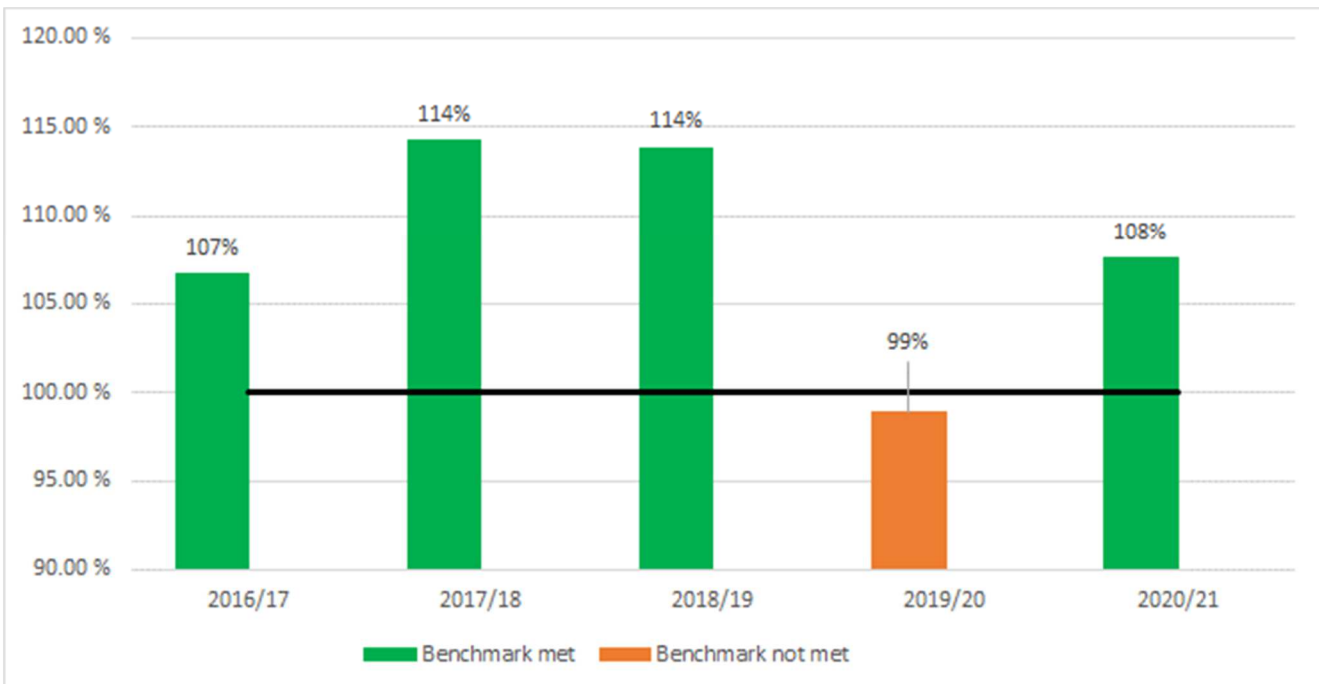


Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment)

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

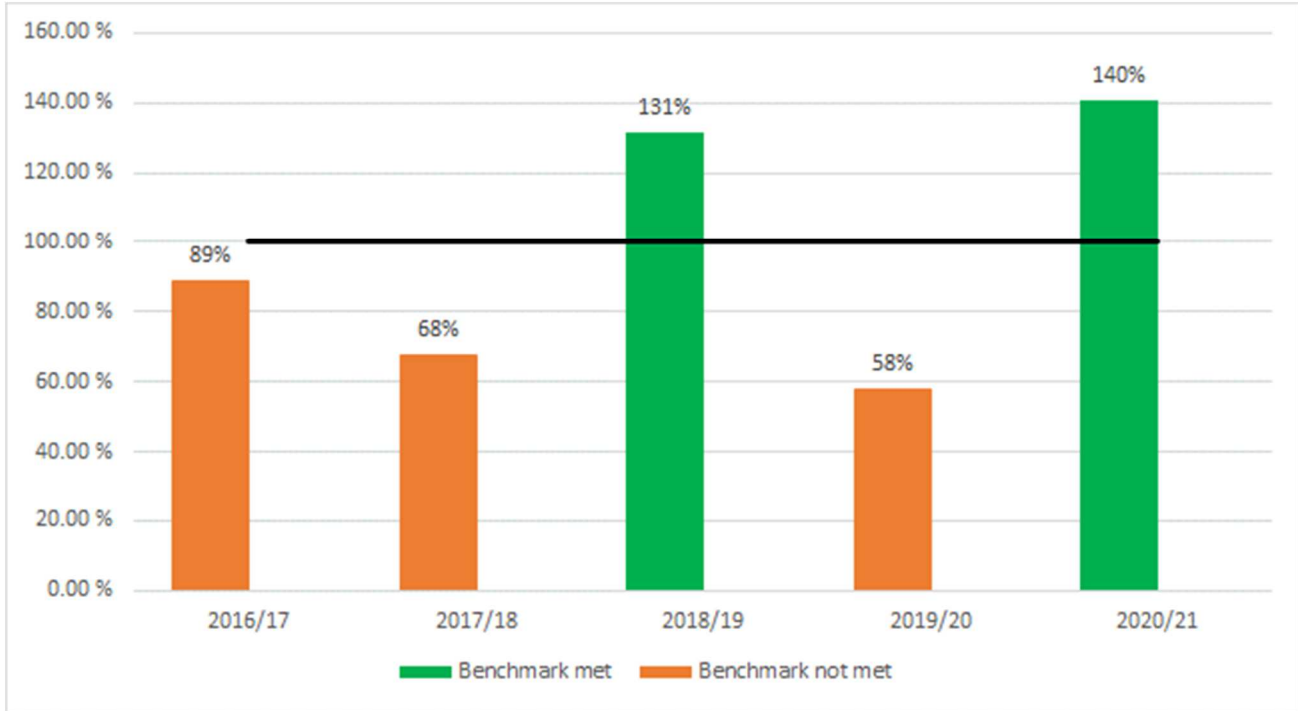
The significant decrease from previous years in 2019/20 relates to the decreased capital subsidy received from NZTA for roading works. This relates to the lockdown for Covid-19 happening during the normal time when a large amount of roading capital work is undertaken.





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.

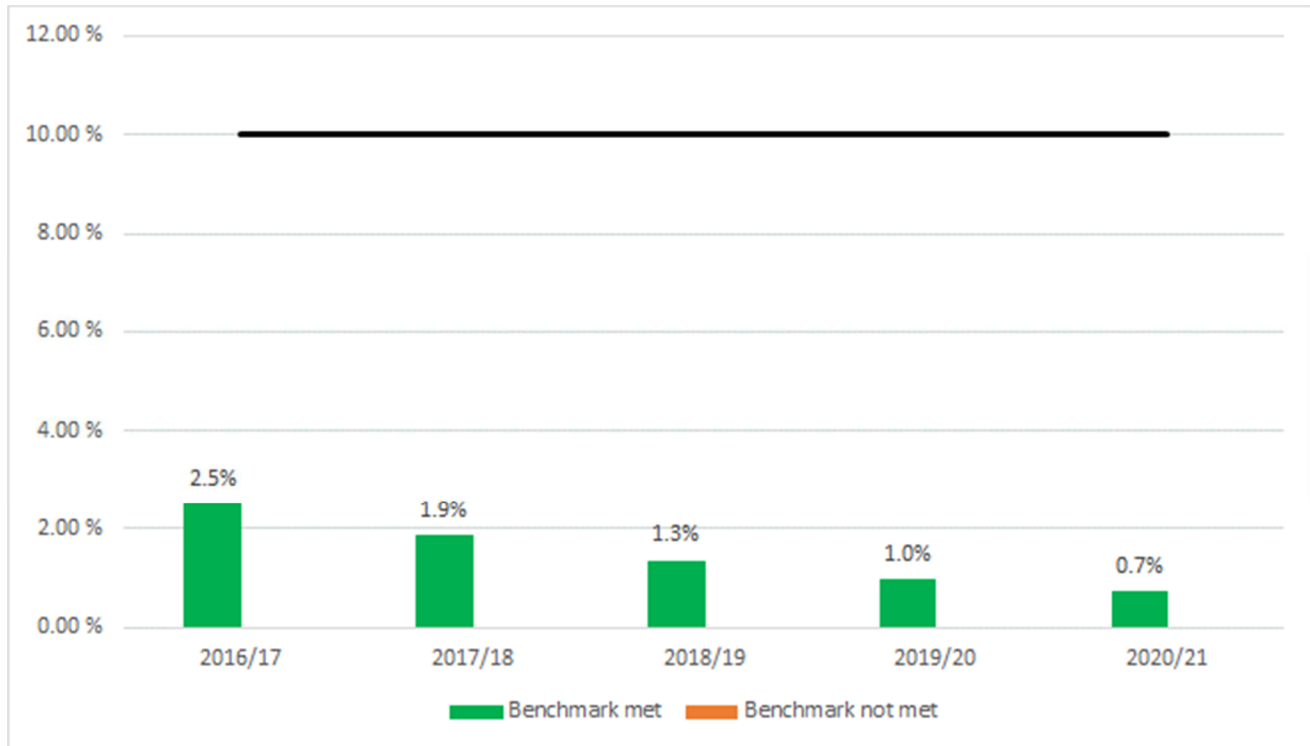




Debt servicing benchmark

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).

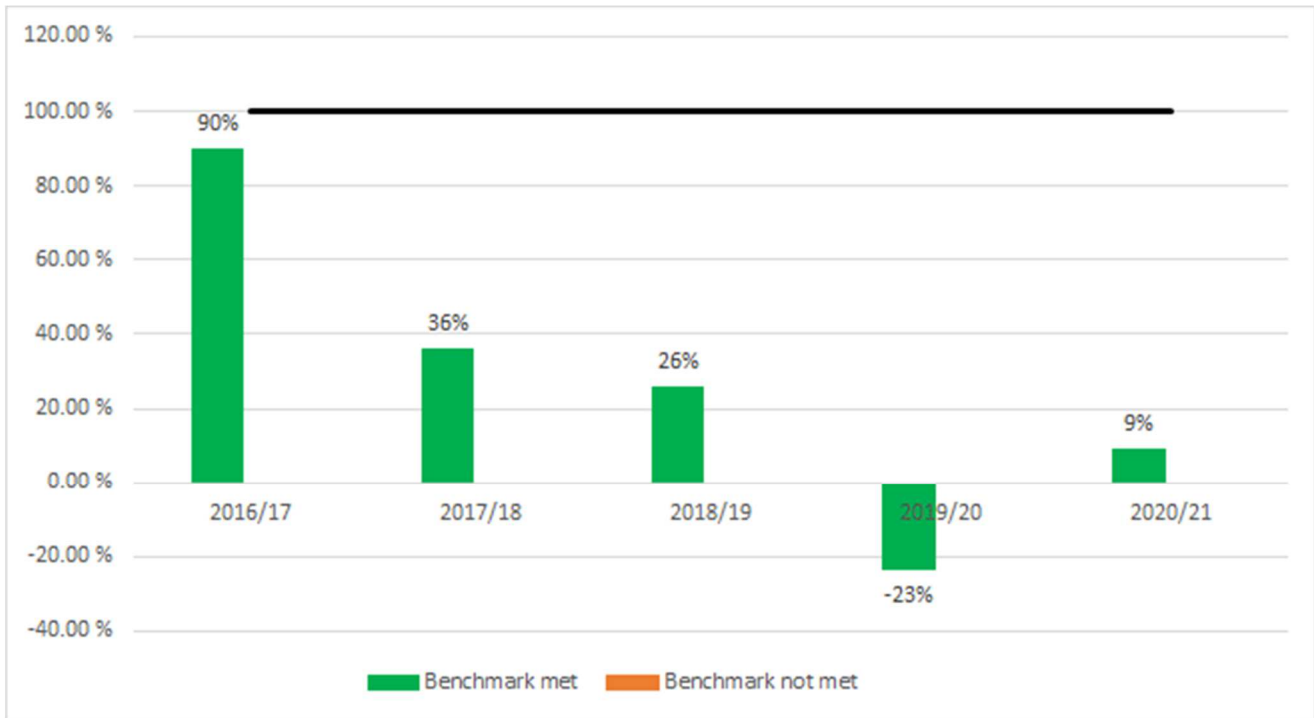
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

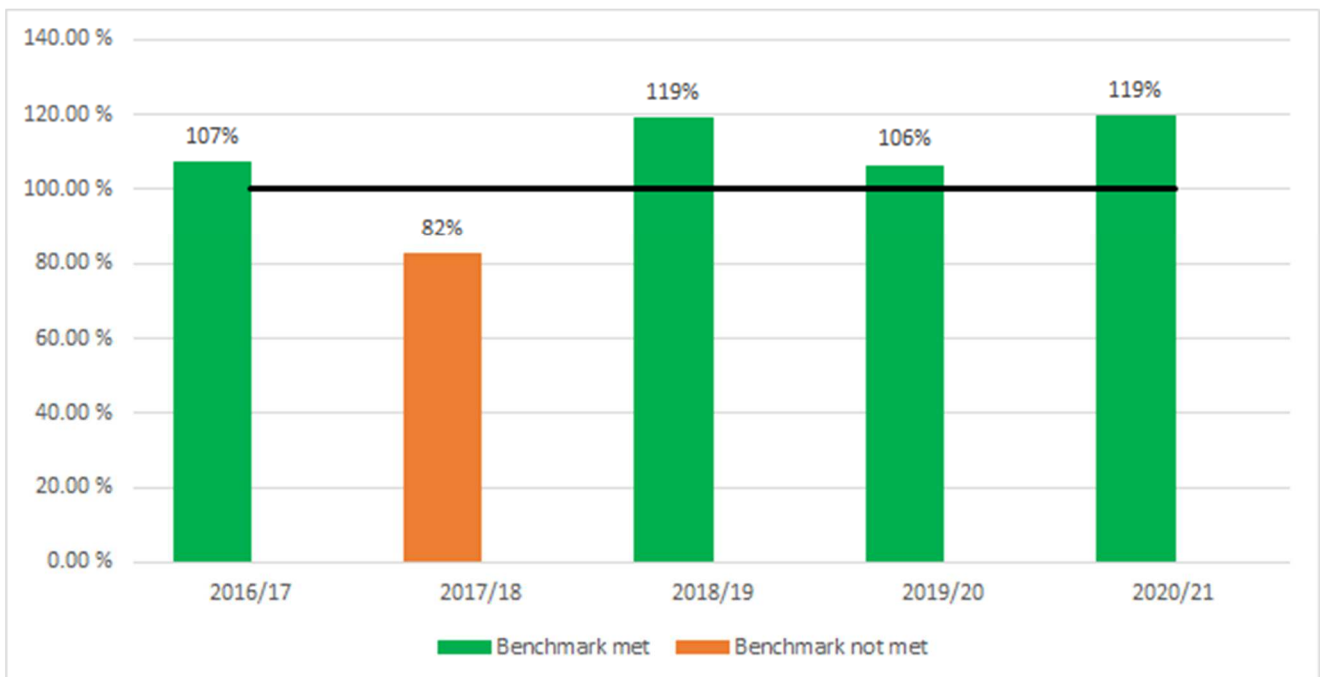
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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:

| | 2021 |
|-------------------------------------|-----------------|
| Number of rating units | 5,347 |
| Total Capital value of rating units | \$5,026,455,000 |
| Total Land value of rating units | \$3,519,460,400 |

Insurance

| | Carrying value 30 June 2021 | 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 | 52,714 | 95,725 | - | - |

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



Deloitte.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ŌTOROHANGA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Ōtorohanga 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 26 November 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 11 to 50:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 59, 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 annual plan;
- the statement of service provision (referred to as Significant Activities) on pages 58 to 113:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, 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
- the statement about capital expenditure for each group of activities on pages 58 to 113, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and



Deloitte.

- the funding impact statement for each group of activities on pages 58 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 118 to 123, 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 and annual plans.

Emphasis of Matter –Three Waters Reform

Without modifying our opinion, we draw attention to note 20 on page 48, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

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.

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.



Deloitte.

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 annual 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'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 provision, 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 obtain sufficient appropriate audit evidence regarding the entities or business activities within the Council to express an opinion on the consolidated audited information.

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.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 9, 52 to 56, 115 to 117 and 124, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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.



Deloitte.

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: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out assurance engagements in the areas of the Long Term Plan 2021-2031 and Debenture Trust Deed Reporting, which are compatible with those independence requirements. Other than these engagements, 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