

Ōtorohanga District Council  
Annual Report 2021/22





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# INTRODUCTION

## COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

Tēnā koutou katoa

It is with pleasure that we present our Annual Report for the 2021/22 year.

This year saw us embark on implementing Year 1 of our Long Term Plan (LTP) and it has been very satisfying to see that despite the ongoing challenges, uncertainty and volatility both in Aotearoa and across the globe, Council has managed to achieve most of the work programme as set out in our LTP.

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

- Continuing to improve relationships with iwi/Māori
- Lifting our game on how we communicate and engage with our community
- Ensuring our ambitious capital works programme in Three Waters was implemented as planned
- Kicking off some of our big projects – the Ōtorohanga Town Concept Plan and preliminary work around Kāwhia Wastewater
- Continuing our journey of continuous improvement through implementing the CouncilMARK Action Plan

The way we work with iwi/Māori continues to evolve as we start to partner on significant policy, projects and processes. The Ōtorohanga Town Concept Plan project team has included representatives from Nehenehenui Regional Management Committee, and the process to develop our new role of Kaitakawaenga (Iwi Relations Advisor) has been inclusive of iwi from right across the rohe (district). The long overdue refurbishment of the Council building will have design elements in it that recognise this important relationship.

Reform and legislative change continue to roll through the local government sector in waves with the most significant being Three Waters Reform. In the past year this has moved into a transition phase where much staff time has been spent providing information to central government so that the move to the new water entities on 1 July 2024 is as smooth as possible. We have participated in many forums and webinars, and continue to ensure that we are well represented at national and regional hui, so that the voice of our district is heard.

We completed all of our Three Waters projects that were funded by the \$2.375m allocated by the government and ensured that this funding was spread across the district. On top of that we delivered our own ambitious programme of upgrades. Our rationale for investing in our water infrastructure on the cusp of reform is that at the end of the day our own community are still going to be on the end of the taps, and we want to be in the best position possible for the future.

We have continued to implement the action plan from our CouncilMARK report, and this year we had a focus on risk and assurance, communications and engagement, and iwi/Māori relationships. The realignment of the organisation has continued with some new roles recruited and some changes to existing roles made. It is very important that we position our organisation to make the very best of the reforms that are coming, and to be able to respond to our community's goals and aspirations.

Council's financial position remains strong, and although we took on additional debt towards the end of the year, we remain in a sound financial position. We undertook a revaluation of our Rooding and Three Waters assets, which have increased by between 11% and 21%, adding to a healthy balance sheet. We delivered 50% of the planned capital projects by the end of the year, with another 30% due to be finished within two months of the end of the year. Given the disruptions to timeframes caused by supply chain issues we consider this is still a good result, as most of this 30% could have been completed by 30 June without these delays. We also achieved or partly achieved 64% of our non-financial performance measures, with another 8% being new measures that we established baselines for going forward.

Council's are generally viewed as being slow and bureaucratic, but this year we demonstrated our ability to be agile in two situations. One was the strategic purchase of two key properties on Maniapoto Street that were identified by the Ōtorohanga Community Board as vital for future town centre development. These properties were purchased in the middle of the August 2021 COVID-19 lockdown. The other was the \$4m



loan to help complete the 128 lot subdivision at Harpers Ave. Both of these investments carried risk, and in both cases thorough due diligence was undertaken at very short notice to achieve a good outcome.

As we close out the end of one triennium and start with a new Council for the next three years, it is worth reflecting on how far we have come as an organisation. We signalled in our Long Term Plan that despite the challenges of COVID-19 and global unrest, this was a time for investing in our community, and we talked about balancing that out with keeping our district an affordable yet attractive place to live, work and play. In closing we are reminded of the powerful whakataukī (proverb):

*He waka eke noa – we are all in this together*

Ngā mihi nui, Max and Tanya

*Max Baxter*  
**MAYOR**

14 December 2022

*Tanya Winter*  
**CHIEF EXECUTIVE**

14 December 2022

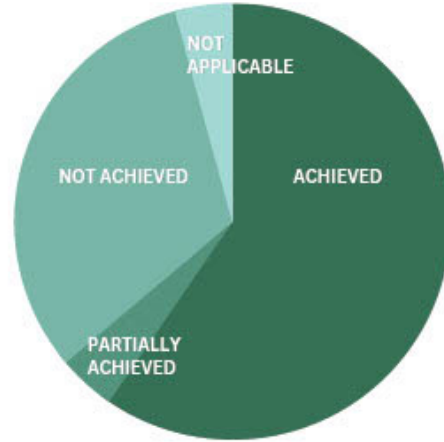


## Non-financial performance

Otorohanga District Council provides a wide range of activities and services for our community. As we strive to deliver the high level of service that our community expects from us, we seek to test our performance against a set of measures.

These non financial performance and 'level of service' targets are identified in the Long Term Plan 2021-2031, as well as the measures we use to assess them.

In total, we use 47 measures for our 10 activity areas. They include 18 new measures previously not recorded and 18 mandatory measures set by the Department of Internal Affairs for all councils.



All targets were achieved for three activities



Flood Protection



Community Services



Stormwater Drainage

We didn't meet 15 of our targets, 4 of which were impacted by COVID-19



Road Sealing



Waste Minimisation  
Increase recycling



Democracy



Service Request



The following new measures were achieved



Civil Defence  
2 measures



External Funding



Library Programmes



Dog  
Complaints



Aotea Seawall



Economic  
Development  
Agency Reporting

The following customer satisfaction measures were achieved



Parks and Reserves  
Quality and Variety  
*new measure*



Iwi Relationships  
*new measure*



Library Services  
*new measure*



Council  
Communication  
*new measure*



Waste Minimisation  
Rubbish Collection  
*new measure*



Older person  
Housing





## ELECTED MEMBERS

### Mayor:

Max Baxter

Phone (Bus):

(07) 873 4000

Mobile:

(027) 229 1430

Fax:

(07) 873 4300

Postal:

PO Box 11, Ōtorohanga

Website:

[www.otodc.govt.nz](http://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 – Wharepuhunga 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

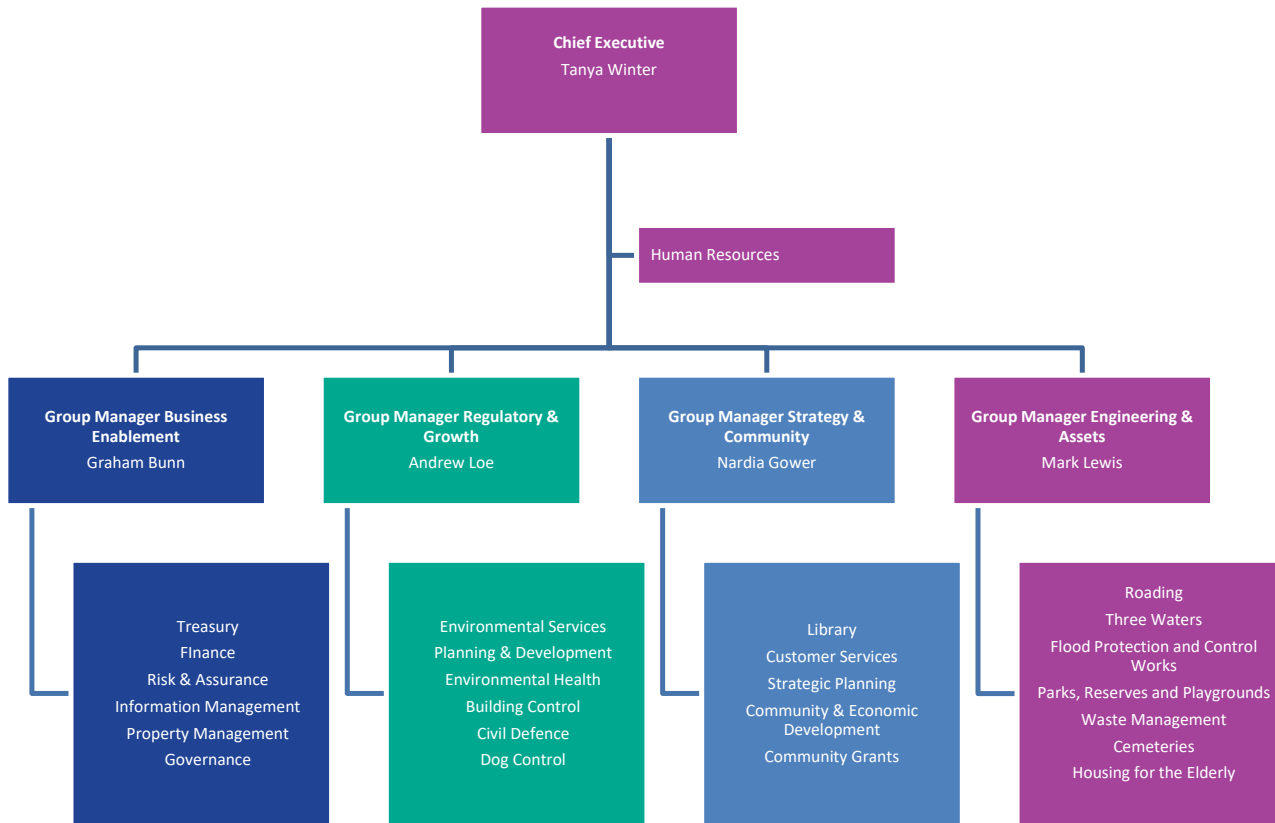
Geoff Good

(022) 678 6053





## LEADERSHIP TEAM



**Postal Address:**

**Council Chambers:**

**Telephone Number:**

**0800 Number:**

**Fax Number:**

**Email:**

**Bankers:**

**Auditors:**

**Solicitors:**

PO Box 11, Ōtorohanga 3900  
Maniapoto Street, Ōtorohanga

07 - 873 4000

0800 734 000

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Info@otodc.govt.nz

Bank of New Zealand

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

Gallie Miles, Te Awamutu

Tompkins Wake, Hamilton



## DISTRICT BACKGROUND

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

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

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

A roading network, totalling 889.5 km in length, provides access. State Highways 3, 31 and 39 account for 94.5km of this and are maintained by Fulton Hogan under contract to New Zealand Transport Agency at no cost to Council. The balance of 795km comprises 530km of sealed pavements of varying widths and 265km of metalled roads. Of these, 28km of sealed roads are within the urban Communities of Ōtorohanga and Kāwhia as is 0.5km of the unsealed roads. Within the Council maintained roading network are 204 bridges totalling 2,468m in length and including 28 stock access structures.

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

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

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
	<b><u>197,600 ha</u></b>	<b><u>10,104</u></b>

### Valuation

Rateable Properties (No. of)	5,040
Non Rateable Properties (No. of)	379
Rateable Capital Value	\$4,964,408,900
Date of Last revision of Values	1 September 2019

### Rates and Rating 2021/22

Total Rates (Excluding GST)	\$13,842,129
System of Rating	Capital Value

### Public Debt Outstanding as at 30/06/22

Public Debt Outstanding	\$4,447,613
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### 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 2022

Actual 30 June 2021 (000's)	Note	Budget 30 June 2022 (000's)	Actual 30 June 2022 (000's)
	<b>Revenue</b>		
11,707	Rates revenue 2	12,295	12,185
36	Contributions	-	63
1,522	Water by volume rates 2	1,737	1,657
5,959	Subsidies 2	8,104	6,491
2,269	Other income 2	2,138	2,222
(13)	Other gains/(losses) on asset disposal	-	(26)
21,480	<b>Total revenue</b>	24,274	22,592
	<b>Expenses</b>		
4,532	Employee benefit expenses 3	5,257	4,832
5,680	Depreciation and amortisation 11	5,422	6,154
9,223	Other expenses 4	9,879	10,764
153	Finance costs	55	37
19,588	<b>Total expenses</b>	20,613	21,787
1,892	Surplus/(deficit) for the year	3,661	805
	<b>Other Comprehensive Revenue and Expenses</b>		
4,613	Gain/(loss) on property revaluation	11,695	60,365
-	Gain/(loss) on available for sale financial assets	-	-
4,613	<b>Total other comprehensive revenue and expenses</b>	11,695	60,365
6,505	<b>Total Comprehensive Revenue and Expenses for the year</b>	15,356	61,170
	<b>Total comprehensive revenue and expense attributable to:</b>		
6,505	Ōtorohanga District Council	15,356	61,170
6,505		15,356	61,170

The accompanying notes on pages 17-53 form part of these financial statements.



# ŌTOROHANGA DISTRICT COUNCIL

## BALANCE SHEET

### AS AT 30 JUNE 2022

Actual 30 June 2021 (000's)	Note	Budget 30 June 2022 (000's)	Actual 30 June 2022 (000's)	
<b>Assets</b>				
<b>Current assets</b>				
4,070	Cash and cash equivalents	5	2,737	5,223
2,735	Receivables from non-exchange transactions	6	2,231	4,394
394	Receivables from exchange transactions	6	-	120
-	Loan Receivable	7	-	1,886
-	Prepayments		-	79
31	Inventory		30	60
7,230	Total current assets		4,998	11,762
<b>Non-current assets</b>				
583	Investments	8	1,681	683
328,157	Property, plant and equipment	9	339,357	388,995
985	Loan Receivable	7	-	985
45	Intangible assets	10	508	10
329,770	Total non-current assets		341,546	390,673
337,000	<b>Total assets</b>		346,544	402,435
<b>Liabilities</b>				
<b>Current Liabilities</b>				
2,645	Payables under exchange transactions	12	2,788	3,159
1	Provisions	13	1	1
443	Employee benefit liabilities	14	390	476
478	Development and financial contributions in advance	16	505	501
2,009	Income in Advance	15	895	1,711
-	Borrowings	17	-	4,000
5,576	Total current liabilities		4,579	9,848
<b>Non-current liabilities</b>				
15	Provisions	13	16	14
31	Employee benefit liabilities	14	45	25
448	Borrowings	17	2,448	448
494	Total non-current liabilities		2,509	487
6,070	<b>Total liabilities</b>		7,088	10,335
330,930	Net Assets		339,456	392,100
<b>Equity</b>				
162,823	Accumulated Comprehensive Revenue and Expenses	18	167,095	164,856
2,595	Council Controlled Reserves	18	2,758	1,836
3,356	Reserve Funds	18	3,372	2,887
162,156	Revaluation Reserves	18	166,231	222,521
330,930	<b>Total equity</b>		339,456	392,100

The accompanying notes on pages 17-53 form part of these financial statements.



## ŌTOROHANGA DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

Actual 30 June 2021 (000's)	Note	Budget 30 June 2022 (000's)	Actual 30 June 2022 (000's)
324,425	<b>Balance at 1 July</b>	324,100	330,930
6,505	Total comprehensive revenue and expense for the year	15,356	61,170
330,930	<b>Balance at 30 June</b>	339,456	392,100
	<i>Total comprehensive revenue and expense attributable to:</i>		
6,505	Ōtorohanga District Council	15,356	61,170
6,505	Total comprehensive revenue and expense	15,356	61,170

The accompanying notes on pages 17-53 form part of these financial statements.





## ŌTOROHANGA DISTRICT COUNCIL STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Actual 30 June 2021	Notes	Budget 30 June 2022	Actual 30 June 2022
(000's)		(000's)	(000's)
	<b>Cash flows from operating activities</b>		
14,578	Receipts from rates revenue	12,906	13,814
6,564	Receipts from other revenue	10,227	7,081
33	Interest received	12	35
4	Dividends received	4	5
(12,679)	Payments to suppliers and employees	(15,096)	(15,141)
(153)	Interest paid	(55)	(37)
<b>8,347</b>	<b>Net cash provided by Operating Activities</b>	<b>7,998</b>	<b>5,757</b>
	<b>Cash flows from investing activities</b>		
67	Proceeds from Sale of Property, Plant and Equipment	134	49
(7,484)	Purchase of property, plant and equipment	(10,577)	(6,660)
(937)	Purchase of investments	-	(1,986)
(65)	Purchase of intangible assets	(377)	(7)
<b>(8,419)</b>	<b>Net cash (used in) Investing Activities</b>	<b>(10,820)</b>	<b>(8,604)</b>
	<b>Cash flows from financing activities</b>		
-	Proceeds from borrowings	2,000	4,000
(3,015)	Repayment of borrowings	-	-
<b>(3,015)</b>	<b>Net cash provided by/(used in) Financing Activities</b>	<b>2,000</b>	<b>4,000</b>
<b>(3,087)</b>	<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>(822)</b>	<b>1,153</b>
7,157	Cash, cash equivalents and bank overdrafts at the beginning of the year	3,559	4,070
<b>4,070</b>	<b>Cash and cash equivalents at the end of the year.</b>	<b>2,737</b>	<b>5,223</b>

The accompanying notes on pages 17-53 form part of these financial statements.



# ŌTOROHANGA DISTRICT COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

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## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - 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 2022. The financial statements were authorised for issue by Council on 14 December 2022.

#### 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

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently awaiting royal assent from the Governor-General at the time of adoption of this Annual Report, and another bill has been introduced. At this point in time, the impacts of the proposed reforms are currently unclear.



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

Council continues to recognise its three waters assets at 30 June 2022 in accordance with the accounting policies set out on pages 18 to 47. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water service entities. 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 on an accrual basis based on usage.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

#### **New Zealand Transport Agency roading subsidies**



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

ODC receives government grants from New Zealand Transport Agency, which subsidises part of ODC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### **Other grants received**

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

### **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



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(ii) Sale of goods – full cost recovery

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

**Interest and dividends**

Interest income is recognised using the effective interest method.

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

### Breakdown of rates and further information

	Actual 2021	Actual 2022
	(000's)	(000's)
General Rates	5,649	6,110
<b>Targeted rates attributable to activities</b>		
Water	213	269
Sewerage	493	708
Refuse	269	303
Land Transport	4,886	4,677
Security	73	57
Erosion Protection	23	49
CBD Development	38	-
Halls	22	27
Rates penalties	41	(15)
<b>Total revenue from rates</b>	11,707	12,185
Metered Water Charges	1,522	1,657
<b>Total Water by Volume Rates</b>	1,522	1,657



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

### Breakdown of Subsidies and Grants

	Actual 2021	Actual 2022
	(000's)	(000's)
<b>Subsidies</b>		
NZTA government grants	5,322	4,493
Other Subsidies	637	1,998
<b>Total Subsidies</b>	<b>5,959</b>	<b>6,491</b>

Other subsidies include Department of Internal Affairs subsidies for 3 Water projects, waste minimisation subsidies, Ministry of Social Development subsidies for youth employment initiatives, Sport NZ and Creative Communities funding.

### Breakdown of Other Income

	Actual 2021	Actual 2022
	(000's)	(000's)
<b>Other Income</b>		
User charges	666	779
Metal Royalties	-	-
Regulatory revenue	1,096	1,313
Petrol tax	92	91
Vested assets revenue	378	-
Interest income for financial assets not at fair value through profit and loss		
- cash and cash equivalents	33	35
Dividend income	4	4
<b>Total other income</b>	<b>2,269</b>	<b>2,222</b>

### 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 2021/22 financial year is \$22,023,013 (2021: \$21,006,851).

Total revenue from exchange transactions includes the revenue from interest, rental, royalties and other revenue. Total exchange revenue for the 2021/22 financial year is \$595,339 (2021: \$485,809).





## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

	Actual 2021	Actual 2022
	(000's)	(000's)
Non-exchange revenue	21,007	22,023
Exchange revenue	486	595
<b>Total Revenue</b>	<b>21,493</b>	<b>22,618</b>
Total revenue per statement of comprehensive revenue and expenses	21,480	22,592
Add back: Other gains/(losses) on asset disposal	13	26
<b>Classified revenue per statement of comprehensive revenue and expenses</b>	<b>21,493</b>	<b>22,618</b>

### 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:

	Actual 2021	Actual 2022
	(000's)	(000's)
<b>Non-cancellable operating leases as lessor</b>		
Not later than one year	22	24
Later than one year and not later than five years	71	58
Later than five years	253	241
Total non-cancellable operating leases	346	323

### 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.



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

### Breakdown of personnel costs and further information

	Actual 2021 (000's)	Actual 2022 (000's)
Salaries and wages	4,390	4,692
Employer contributions to defined contribution plans	118	113
Increase/(decrease) in employee benefit liabilities	24	27
<b>Total employee benefit expenses</b>	<b>4,532</b>	<b>4,832</b>

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

	Actual 2021 (000's)	Actual 2022 (000's)
<b>Councillors</b>		
Full-time equivalent members	8	8
Remuneration	273	276
<b>Senior Management Team, including Chief Executive</b>		
Full-time equivalent members	4	5
Remuneration	685	765
Total full-time equivalent personnel	12	13
Total key management personnel remuneration	958	1,041

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

### Chief Executive

The Chief Executive received the following remuneration:

	Cost during the financial year	
	Actual 2021 (000's)	Actual 2022 (000's)
Salary	228	247
Motor Vehicle	13	8
Fringe Benefit Tax	4	7
<b>Total Chief Executive's remuneration</b>	<b>245</b>	<b>262</b>



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

### Elected representatives

	Total remuneration	
	Actual 2021 (000's)	Actual 2022 (000's)
Max Baxter, Mayor	88	88
Roy Johnson	37	37
Robyn Klos	23	23
Annette Williams	25	25
Katrina Christison	28	28
Christopher Jeffries	23	25
Bryan Ferguson	22	22
Rodney Dow	27	28

### Council Employees

	Actual 2021	Actual 2022
Total remuneration by band for employees as at 30 June		
< \$60,000	26	29
\$60,000 – \$79,999	16	12
\$80,000 – \$99,999	7	9
\$100,000 – \$179,999	8	6
\$220,000 – \$239,999	1	1
Total Employees	58	57

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 44 (2021: 42) full-time employees, with the balance of 13 part time employees representing 6.1 (2021: 6.3) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

### *Severance payments*

For the year ended 30 June 2022 ODC made severance payments to one employee totalling \$62,203 (2021: 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.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

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 2021	Actual 2022
	(000's)	(000's)
Deloitte fees for financial statement audit	162	147
Deloitte fees for other assurance services	4	8
Deloitte fees for long term plan audit	86	-
Minimum lease payments under operating leases	8	13
Activity operation	1,802	2,040
Asset maintenance	835	1,141
Road maintenance	3,852	4,020
Grants and Subsidies	450	522
Insurance	157	165
Youth Initiatives	505	756
Regional Initiatives	92	123
Other expenses	1,270	1,829
Total other expenses	9,223	10,764

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

### 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 2021	Actual 2022
	(000's)	(000's)
<b>Non-cancellable operating leases as lessee</b>		
Not later than one year	10	1
Later than one year and not later than five years	1	-
Later than five years	-	-
Total non-cancellable operating leases	11	1



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

### 5. Cash and cash equivalents

#### Accounting policy

##### Cash and cash equivalents

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

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

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

	Actual 2021 (000's)	Actual 2022 (000's)
Cash and cash equivalents	4,070	5,223
<b>Total cash and cash equivalents</b>	<b>4,070</b>	<b>5,223</b>

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 \$312,164 (2021: \$267,219)

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. Receivables are classified as loans and receivables.

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - continued**

	Actual 2021	Actual 2022
	(000's)	(000's)
Rates receivables	957	812
Other receivables	821	1,585
Sundry debtors	1,839	2,533
	3,617	4,930
Less provision for impairment of receivables	(488)	(416)
	3,129	4,514
Represented by:		
Receivables from non-exchange transactions	2,735	4,394
Receivables from exchange transactions	394	120
	3,129	4,514

Rates are struck on the 1<sup>st</sup> of July each year, and are charged in two instalments. In the year ended 30 June 2022 these instalments were due on 27<sup>th</sup> August 2021 and 28<sup>th</sup> January 2022. A charge of 5% is added to all rates levied and due for the 2021/22 year that remains unpaid after 27<sup>th</sup> August 2021 and 28<sup>th</sup> January 2022. A further 5% charge is added to all rates that have been levied in any financial year previous to 1<sup>st</sup> July 2021 which remained unpaid as at that 1<sup>st</sup> August 2021.

All other receivables have standard terms of 30 days from the date of the invoice. No interest is charged for other receivables that remain unpaid after the completion of the term. There are no impairment issues with other receivables.

*Impairment*

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

	Actual 2021	Actual 2022
	(000's)	(000's)
Balance at beginning of the year	(665)	(488)
Amounts remitted	-	-
(Increase)/decrease in provision	177	72
Balance at end of the year	(488)	(416)

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.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

### 7. Loan Receivable

#### Accounting Policy

##### 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. Loan receivables are classified as loans and receivables.

	Actual 2021 (000's)	Actual 2022 (000's)
<b>Current portion</b>		
Loan receivable	-	1,886
Total current portion	-	1,886
<b>Non-current portion</b>		
Balance at end of the year	985	985
Total non-current portion	985	985

The face value of loans receivable is \$2.87M (2021: 0.98M). The terms of these loans range from 18 months to 10 years (2021: 10 years), and the interest rates range from 2.95%-7.0% (2021: 2.95%)

### 8. 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.





## **Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued**

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.

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 2022:

#### **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 2022 - continued

	Actual 2021	Actual 2022
	(000's)	(000's)
<b>Available for sale Financial Assets</b>		
Unlisted shares – Waikato Regional Airport Ltd	464	464
Unlisted shares – Ballance Agrinutrients	11	11
Unlisted shares – Local Government Funding Agency	100	100
Borrower Note – Local Government Funding Agency	-	100
Unlisted shares – Civic Financial Services	8	8
Total equity investments	583	683

#### *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 2022 - continued

### 9. Property, Plant and Equipment

#### Accounting Policy

##### Property, plant and equipment

Property, plant and equipment consist of:

*Operational assets* – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

*Restricted assets* – Restricted assets are mainly parks and reserves and related buildings owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

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

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

##### Revaluation

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

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

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

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

##### Additions

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

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

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

##### Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When revalued



## Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated comprehensive revenue and expenses.

### **Subsequent costs**

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

### **Depreciation**

Depreciation is provided on a straight-line basis or diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Useful Life (Years)	Depreciation Rate
Buildings	40-100	1-2.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixture	10	10% DV
Library Books	6.6	15% DV
Plant and Machinery	2.5-3	33.33-40%
<u>Water Treatment</u>		
Piping	50-80	1.25-2%
Equipment	20-50	2-5%
Other	20	5%
<u>Water Reticulation</u>		
Piping	15-80	1.25-6.66%
Equipment	5-30	3.33-20%
Other	25	4%
<u>Wastewater</u>		
Piping	50-80	1.25-2%
Equipment	10-60	1.66-10%
Other	20-80	1.25-5%
<u>Stormwater</u>		
Piping	20-80	1.25-5%
Equipment	10-60	1.66-10%
Other	25	4%
<u>Roading</u>		
<i>Pavement (Basecourse)</i>		
- Sealed	30-60	1.66-3.33%
- Unsealed	5-10	10-20%
Seal	5-15	6.7-20%
Culverts	10-80	1.25-10%
Bridges	12-94	1-8.5%
Kerb & Channel/ Catchpits	45	2.2%
Footpaths	20-55	1.8-5%
Streetlights	5-46	2-20%
Signposting	5-20	5-20%
Delineators/ RPMs	3-7	14.3-33.3%



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

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.

#### **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.



## Ōtorohanga District Council Notes to the Financial Statements for the year ended 30 June 2022 - continued

### 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 2022:

#### **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 fair value market assessment of Land and Building assets was undertaken by Quotable Value.

**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2022 - continued**

2022

	Cost /revaluation 1 July 2021	Accumulated depreciation	Carrying amount	Additions	Disposals (cost)	Disposals (accumulated depreciation)	Transfers out of Fixed Assets	Revaluation Movement	Depreciation	Cost /revaluation 30 June 2022	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
<b>Council Operational assets</b>												
Land	10,716	-	10,716	330	-	-	-	-	-	11,046	-	11,046
Buildings	6,256	-	6,256	316	-	-	-	-	408	6,572	408	6,164
Plant & Machinery/ Motor Vehicles	1,664	703	961	251	71	35	-	-	179	1,844	847	997
Furniture & Equipment/ Library Books	2,117	1,448	669	282	432	395	-	-	173	1,967	1,226	741
Heritage Assets	256	-	256	-	-	-	-	-	-	256	-	256
Total operational assets	21,009	2,151	18,858	1,179	503	430	-	-	759	21,685	2,481	19,204
<b>Council infrastructural assets</b>												
Sewerage system	8,008	265	7,743	245	-	-	-	1,842	283	9,549	-	9,549
Water system	9,259	323	8,936	886	1	1	-	71	364	9,520	-	9,520
Rural water supply	9,453	265	9,188	113	-	-	-	1,988	259	11,026	-	11,026
Drainage network	8,563	154	8,409	228	-	-	-	2,252	152	10,733	-	10,733
Stopbanks	3,617	-	3,617	-	-	-	-	-	-	3,617	-	3,617
Roading, Bridges & Culverts	257,452	3,717	253,735	3,057	38	-	-	54,212	4,051	306,993	-	306,993
Work In Progress	719	-	719	1,514	719	-	-	-	-	1,514	-	1,514
Total infrastructural assets	297,071	4,724	292,347	6,043	757	1	-	60,365	5,109	352,952	-	352,952
<b>Council restricted assets</b>												
Land	10,178	-	10,178	15	-	-	-	-	-	10,193	-	10,193
Buildings	6,720	-	6,720	6	-	-	-	-	241	6,700	241	6,459
Work In Progress	54	-	54	187	54	-	-	-	-	187	-	187
Total restricted assets	16,952	-	16,952	208	54	-	-	-	241	17,080	241	16,839
Total ODC property, plant and equipment	335,032	6,875	328,157	7,430	1,314	431	-	60,365	6,109	391,717	2,722	388,995

Land under roads included in Roothing network totals \$53,709,700.

**Ōtorohanga District Council**  
**Notes to the Financial Statements for the year ended 30 June 2022 - continued**

2021

	Cost /revaluation 1 July 2020	Accumulated depreciation	Carrying amount	Cost /revaluation 30 June 2021	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
<b>Council Operational assets</b>						
Land	8,755	-	8,755	10,716	-	10,716
Buildings	6,201	-	6,201	6,256	-	6,256
Plant & Machinery/ Motor Vehicles	1,422	594	828	1,664	703	961
Furniture & Equipment/ Library	1,895	1,373	522	2,117	1,448	669
Books						
Heritage Assets	250	-	250	256	-	256
Total operational assets	18,523	1,967	16,556	21,009	2,151	18,858
<b>Council infrastructural assets</b>						
Sewerage system	7,845	-	7,845	8,008	265	7,743
Water system	8,579	-	8,579	9,259	323	8,936
Rural water supply	9,360	-	9,360	9,453	265	9,188
Drainage network	8,415	-	8,415	8,563	154	8,409
Stopbanks	3,617	-	3,617	3,617	-	3,617
Roading, Bridges and Culverts	251,650	-	251,650	257,452	3,717	253,735
Work In Progress	798	-	798	719	-	719
Total infrastructural assets	290,264	-	290,264	297,071	4,724	292,347
<b>Council restricted assets</b>						
Land	8,199	-	8,199	10,178	-	10,178
Buildings	6,317	-	6,317	6,720	-	6,720
Work In Progress	51	-	51	54	-	54
Total restricted assets	14,567	-	14,567	16,952	-	16,952
Total ODC property, plant and equipment	323,354	1,967	321,387	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 2022 - continued

An independent valuation of the entity's buildings was performed in the previous 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 previous 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.

In the current financial year, the water, wastewater and stormwater asset valuations were independently completed by Beca Projects NZ Limited. The total fair value of the 3 waters infrastructural assets at 30 June 2022 was \$40,828,364.

The roading valuation was independently completed by Beca Projects NZ Limited. The total fair value of the roading infrastructural assets at 30 June 2022 was \$306,992,743.

As at balance date no items of property, plant and equipment were temporarily idle. No items of property, plant and equipment were retired from active use and not classified as held for sale.

Rental property held by the Council is held to provide housing for the elderly, and the carrying amount as at 30 June 2022 is \$3,027,879 (2021: \$3,186,900).

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - 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)	
<b>Infrastructural Assets</b>					
Water treatment plants & facilities	2,747	252	-	7,714	30 June 2022
Other water assets	17,798	747	-	28,344	30 June 2022
Wastewater treatment plants & facilities	1,846	33	-	4,023	30 June 2022
Other wastewater assets	7,703	212	-	15,664	30 June 2022
Stormwater drainage	10,733	228	-	17,179	30 June 2022
Flood protection and control works	4,092	-	-	5,573	30 June 2022
Roads & footpaths	306,993	3,057	-	408,271	30 June 2022
<b>Total infrastructural assets</b>	<b>351,438</b>	<b>4,529</b>	<b>-</b>	<b>481,355</b>	

Capital commitments

	Actual 2021	Actual 2022
	(000's)	(000's)
<b>Capital commitments</b>		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	3,503	5,836
<b>Other Expenditure Commitments</b>		
Maintenance Contracts	7,555	3,902

**10. Intangible assets – Computer Software****Accounting Policy****Intangible assets***Software acquisition*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

*Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the profit or loss.

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

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - continued**

Computer software (finite life)      3 years      33.3%

**Impairment of intangible assets**

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

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

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

	<b>Actual 2021 (000's)</b>	<b>Actual 2022 (000's)</b>
Balance as at 1 July		
Cost	419	472
Accumulated amortisation	(386)	(427)
Opening carrying amount	33	45
Year ended 30 June		
Additions	53	10
Disposals – cost	-	-
Disposals – accumulated amortisation	-	-
Amortisation charge	(41)	(45)
Movement	12	(35)
Balance at 30 June		
Cost	472	482
Accumulated amortisation	(427)	(472)
Closing carrying amount	45	10

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

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

**Other intangibles**

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 2022 - continued****11. Depreciation and Amortisation**

	Actual 2021	Actual 2022
	(000's)	(000's)
Depreciation	5,639	6,109
Amortisation	41	45
<b>Total depreciation and amortisation</b>	<b>5,680</b>	<b>6,154</b>

*Depreciation by group of activity*

	Actual 2021	Actual 2022
	(000's)	(000's)
Roads and Footpaths	3,717	4,051
Water Supply	611	633
Sewerage Treatment & Disposal	268	286
Flood Protection & Control Works	37	33
Stormwater Drainage	122	120
Waste Management	8	8
Community Services	574	632
Regulatory Services	7	6
Governance & Leadership	336	385
	<b>5,680</b>	<b>6,154</b>

**12. Payables under exchange transactions****Accounting Policy****Payables under exchange transactions**

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

**Deposits and bonds**

Deposits and bonds are recognised at their face value at the time they are received. The refund of deposits and bonds is recognised at the time that all conditions related to that bond are met.

	Actual 2021	Actual 2022
	(000's)	(000's)
Trade payables	1,753	2,318
Deposits and bonds	730	662
Accrued expenses	162	179
<b>Total payables under exchange transactions</b>	<b>2,645</b>	<b>3,159</b>

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 2022 - continued

#### 13. Provisions

##### Accounting Policy

###### Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

###### *Landfill post-closure costs*

ODC, as operator of the 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 2022 - continued****Provisions**

	Actual 2021	Actual 2022
	(000's)	(000's)
Opening Balance	17	17
Maintenance and Monitoring Costs	-	(2)
Closing balance	17	15
Represented by:		
Current portion	1	1
Non-current provisions	16	14
	17	15

**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% (2021: 7.00%).

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - continued****14. Employee benefit liabilities****Accounting Policy****Employee entitlements***Short-term employee entitlements*

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

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

*Long-term employee entitlements*

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

*Presentation of employee entitlements*

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

	<b>Actual 2021</b>	<b>Actual 2022</b>
	<b>(000's)</b>	<b>(000's)</b>
Accrued pay	142	164
Annual leave	301	312
Long service leave	25	23
Sick leave	6	2
<b>Total employee benefit liabilities</b>	<b>474</b>	<b>501</b>
Comprising:		
Current	443	476
Non-current	31	25
<b>Total employee benefit liabilities</b>	<b>474</b>	<b>501</b>

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - continued****15. Income in advance**

	Actual 2021	Actual 2022
	(000's)	(000's)
Rates	525	592
Metered Water Charges	32	28
Debtors	172	178
Government Subsidies	1,199	841
Dog Registrations	67	59
Trade Waste	7	7
Health Licences	7	6
Total income in advance	2,009	1,711

**16. Development and financial contributions in advance****Accounting Policy**

Development and financial contributions are recognised as a current liability until such time as the project they are collected for is undertaken, at which time they are recognised as non-exchange revenue.

	Actual 2021	Actual 2022
	(000's)	(000's)
Roading Safety Improvements	463	486
Thomson/Harper Water Main	1	1
Ōtorohanga Stormwater Capacity Upgrade	7	7
Ōtorohanga Community Water Treatment	7	7
Total development and financial contributions in advance	478	501

**17. Borrowings****Accounting Policy****Borrowings**

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method net of transaction costs.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.



**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - continued**

	Actual 2021 (000's)	Actual 2022 (000's)
<b>Current</b>		
Secured loans	-	4,000
Total current borrowings	-	4,000
<b>Non-current</b>		
Concessionary loan	448	448
Total non-current borrowings	448	448

**Fixed-rate debt**

The majority of ODC's secured debt of \$4,000,000 (2021: nil) is issued at a fixed rate of 3.28% (2021: 0%). The effective net interest rates charged after discount is 3.28% (2021: 0%).

Total borrowing from the Local Government Funding Agency (LGFA) as at 30 June 2022 is \$4,000,000 (2021: nil).

**Security**

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2021: \$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 29<sup>th</sup> June 2007, and \$283,000 on 14<sup>th</sup> March 2008. The interest rate on this loan is 0% (2021: 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.



## Otorohanga District Council

### Notes to the Financial Statements for the year ended 30 June 2022 - continued

#### 18. Equity

##### Accounting Policy

##### Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated comprehensive revenue and expenses
- Restricted reserves
- Asset revaluation reserves
- Available for sale revaluation reserve

##### *Restricted reserves*

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

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

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

##### *Asset revaluation reserve*

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

##### *Available for sale revaluation reserve*

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



**Ōtorohanga District Council**

**Notes to the Financial Statements for the year ended 30 June 2022 - continued**

	Actual 2021	Actual 2022
	(000's)	(000's)
<b>Accumulated Funds</b>		
Balance at 1 July	163,585	165,418
Transfers to restricted reserves	(141)	(106)
Transfers from property revaluation reserves on disposal	-	-
Transfers from restricted reserves	82	575
Surplus/(deficit) for the year	1,892	805
<b>Total Accumulated Funds at 30 June</b>	<b>165,418</b>	<b>166,692</b>
<i>Represented by:</i>		
Accumulated Comprehensive Revenue and Expenses	162,823	164,856
Council Controlled Reserves	2,595	1,836
	165,418	166,692
<b>Restricted Reserves</b>		
Balance at 1 July	3,297	3,356
Transfers to accumulated funds	(82)	(575)
Transfers from accumulated funds	141	106
<b>Total Restricted Reserves at 30 June</b>	<b>3,356</b>	<b>2,887</b>
<b>Asset Revaluation Reserves</b>		
Balance at 1 July	157,543	162,156
Net revaluation gains	4,613	60,365
Transfer to accumulated funds on disposal of property	-	-
Balance 30 June	162,156	222,521
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	8,506	8,506
Buildings	3,471	3,471
<i>Infrastructural assets</i>		
Sewerage system	4,395	6,237
Water system	5,615	5,686
Drainage network	6,105	8,357
Rural Water Supply	6,007	7,995
Roading network	113,369	167,581
Floodbank	2,443	2,443
<i>Restricted assets</i>		
Land	6,582	6,582
Buildings	5,662	5,662
<b>Total Asset Revaluation Reserves</b>	<b>162,155</b>	<b>222,520</b>
<b>Available for sale Revaluation Reserve</b>		
Balance at 1 July	1	1
Net change in fair value	-	-
Transfer to surplus or deficit on disposal	-	-
Balance at 30 June	1	1
<b>Total Asset Revaluation Reserves at 30 June</b>	<b>162,156</b>	<b>222,521</b>

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - 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
<b>2022</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>
Roads and Footpaths	705	11,745	(12,275)	175
Water Supply	(1,359)	3,703	(3,760)	(1,416)
Sewerage	(371)	1,230	(1,473)	(614)
Flood Protection	133	340	(363)	110
Waste Management	213	496	(429)	280
Regulatory Services	11	196	(201)	6
Community Facilities & Services	(35)	373	(379)	(41)
Governance and Leadership	541	1,387	(1,334)	594
District Development	36	82	(99)	19
General Funds	2,720	6,150	(6,147)	2,723
<b>Total Council Controlled Reserves - 2022</b>	<b>2,594</b>	<b>25,702</b>	<b>(26,460)</b>	<b>1,836</b>
<b>2021</b>				
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	157	146	(170)	133
Waste Management	192	409	(388)	213
Regulatory Services	(20)	204	(173)	11
Community Facilities & Services	(7)	363	(391)	(35)
Governance and Leadership	721	1,443	(1,623)	541
District Development	33	101	(98)	36
General Funds	2,830	5,789	(5,899)	2,720
<b>Total Council Controlled Reserves - 2021</b>	<b>3,832</b>	<b>25,905</b>	<b>(27,143)</b>	<b>2,594</b>

**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 2022 - continued****19. Contingencies****Contingent Liabilities**

	<b>Actual 2021</b>	<b>Actual 2022</b>
	<b>(000's)</b>	<b>(000's)</b>
Guarantees	1,120	1,120
Uncalled Capital – Local Government Funding Agency	100	100
Uncalled Capital – Waikato Local Authority Shared Services	6	6
	<b>1,226</b>	<b>1,226</b>

*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 2022, LGFA had borrowings totalling \$15,789m (2021: \$13,605m).

Financial reporting standards require ODC to recognise the guarantee liability at fair value. However, ODC has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. ODC considers the risk of the 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 2022 (2021: \$5,717). At present ODC is not aware of any plan to call the capital in the near future.



## Ōtorohanga District Council

### Notes to the Financial Statements for the year ended 30 June 2022 - continued

#### 20. Related party transactions

*The following transactions were carried out with related parties:*

##### **Key management personnel**

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

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

No provision has been required, nor any expense recognised for impairment of receivables to related parties (2021: \$nil).

#### 21. Events after balance sheet date

##### **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 will no longer deliver three waters services or own the assets required to deliver these services from 1 July 2024.

Legislation related to the establishment of the new Three Water Entities is before Parliament at the time this Annual Report is being prepared, with the first bill having its third reading on the 7<sup>th</sup> December 2022. This bill was passed and is awaiting royal assent before becoming law at the time of adoption of this report. The second bill, which establishes the processes around the transition of assets from Council to the new entity was introduced in December 2022.

There were no other significant events subsequent to balance date.

**Ōtorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2022 - continued****22. Financial instrument risks****Financial instruments categories**

	Actual 2021	Actual 2022
	(000's)	(000's)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	4,070	5,223
Receivables from non-exchange transactions	2,735	4,394
Receivables from exchange transactions	394	120
Loan receivable	985	2,871
	8,184	12,608
<b>Available for sale financial assets</b>		
Listed shares	-	-
Unlisted shares	583	683
<i>Total available for sale financial assets</i>	583	683
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities at amortised cost</b>		
Payables under exchange transactions	2,645	3,159
Borrowings		
- secured loans	448	4,448
<i>Total financial liabilities at amortised cost</i>	3,093	7,526

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.



## **Otorohanga District Council**

### **Notes to the Financial Statements for the year ended 30 June 2022 - continued**

#### **23. Explanation of major variances against budget**

Explanations for major variations from the Council estimate figures in the 2021/31 Long Term Plan are as follows:

##### **Statement of Comprehensive Revenue and Expenses**

Subsidies were \$1,613,000 under budget. This is due to a to Covid lockdowns in August resulting in some roading work not being undertaken and carried over into the 2022/23 financial year. This subsidy will carry over and be available for Council to utilise in 2022/23.

Employee benefit expenses was down on budget by \$425,000. This related to the on-going organisational realignment, and some jobs being budgeted for which were not filled for the entire year, as well as some vacancies that took some time to fill.

Depreciation and amortisation was \$732,000 above budget. This reflects both additional depreciation for new assets acquired in the 2020/21 financial year after the budgets were finalised and 2021/22 financial year additions. There was also additional depreciation due to the revaluation of the land and buildings in 2020/21, which was not reflected in the budgets.

##### **Balance Sheet**

Cash and cash equivalents is up on budget by \$2,486,000. This is due in large part to the loan taken during the year, which was fully drawn down but has not yet been fully spent, as well as the surplus in the current year.

Receivables are \$2,283,000 over budget due to the timing of invoicing and payments of some larger debtors, including subsidy claims for Three Water funding, as well as the receipt of GST refunds.

Loan receivable has \$2,781,000 over budget due to not being budgeted for at the time of the Long Term Plan being prepared, as they had not been granted at that time.

Borrowings is up on budget by \$2,000,000 due to the loan being taken during the year being for a larger amount than was budgeted. This was done to cover additional costs that were identified during the year through reports to Council.

Revaluation reserves were above budget by \$56,290,000 and Property Plant and Equipment was above budget by \$49,638,000 due to the revaluation of all roading and 3 waters assets.

##### **Statement of Cash Flows**

Cash flows from operating activities was below budget by \$2,241,000, mostly as a result of decreased receipts from other revenue of \$2,856,000.

Cash flows from investing activities is below budget by \$2,216,000, mostly due to the timing of capital projects and the increased amount carried over as work in progress at year end.

Cash flows from financing activities is \$2,000,000 over budget. This is due to a budgeted loan of \$2,000,000 being increased to \$4,000,000 instead.





# **PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY**



## **PERFORMANCE DURING 2021/22**

### **Statement of Service Performance**

The Local Government Act 2002 contains a requirement for Council to report on non-financial information in the Annual Report. In developing its Long Term Plan for the 2021-31 years, Council set a number of performance measures which are reported on by activity.

These performance measures contain elements of quality, quantity, timeliness and location (where applicable).

### **Quality Management**

The Council is committed to the principles of quality service and continuous improvement and, to this end, has controls in place for monitoring and improving the quality of the service it provides.

### **Capital Works**

Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers and progress is reported on a regular basis to the Council.

### **Project Management**

The Engineering Management Department undertakes the functions of planning, programming, supervision and technical audit of professional services and physical contracts let for the council, either through the in-house Business Unit or through independent consulting engineers. Substantial works are undertaken by consultants and contractors under separate contracts. For all professional services or physical contracts, monies are retained until after a satisfactory maintenance period, when the contract is deemed complete.



## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

### Statement of Compliance

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

### Statement of Responsibility

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

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

In the opinion of the Council and Management of Ōtorohanga District Council, the annual Financial Statements for the year ended 30 June 2022 fairly reflect the financial position and operations of Ōtorohanga District Council.

*Max Baxter*  
**MAYOR**

*Tanya Winter*  
**CHIEF EXECUTIVE**

*Graham Bunn*  
**GROUP MANAGER BUSINESS  
ENABLEMENT**

14 December 2022



## **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 2021/22 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 2021/22 year was the first year of the 2021-31 LTP.



## **BORROWING AND INVESTMENT POLICY**

### **Background**

The Borrowing and Investment Policy incorporates the Investment and Borrowing Policies. The investment policy sets the parameters within which investment activity can occur, approved organisations for investment, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the borrowing policy is to ensure that Council's debt and associated risks are maintained at prudent levels. It sets the parameters within which debt may be raised and the types of debt instruments available. Refer to the Annual Plan for an outline of the policy.

### **Overall Performance**

There are no significant variations or material departures from the Councils' Borrowing and Investment Policy as reported in the 2021-31 Long Term Plan.



## **OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO COUNCILS' DECISION-MAKING PROCESSES**

Council is committed to engaging with Iwi/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 Iwi/Māori 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 2021-22 has seen this continue as a key focus area, and we have done this across many parts of organisation.

Our relationships with Nehenehenui and Ngā Tai O Kāwhia Regional Management Committees, Maniapoto Māori Trust Board, and Raukawa Settlement Trust continue to strengthen as a result of several influences:

- The creation of a Māori Ward for the Ōtorohanga district
- The development of the Ōtorohanga Town Concept Plan
- The recruitment process for a Kaitakawaenga (Iwi Relations Advisor)
- The renewal of some significant resource consents
- The reforms impacting on local government

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. Internally our cultural competency is developing, and other staff and Councillors have also attended meetings, and so the net is cast wider.

As the flagship project in Year 1 of our Long Term Plan it has been vital that we had Iwi/Māori involved on the Ōtorohanga Town Concept Plan Project Team. Three members of Nehenehenui RMC were nominated to be on that roopu (group) and have added enormous value to the project and the concept plan.

The refurbishment of the Council building commenced this year and iwi involvement was sought in relation to design elements of our new-look office space. It is really important that we provide a welcoming environment to all our manuhiri (visitors) and that we reflect the important landmarks in our rohe (district) in our office.



# **SIGNIFICANT ACTIVITIES**

## COMBINED COST OF SERVICE STATEMENT

For the Year ended 30 June 2022

2020/21 Actual \$ (000's)		2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
	<b>OPERATING REVENUE</b>		
7,849	Activity Revenue	10,242	8,714
7,539	Targeted Rates	7,805	7,746
36	Development Contributions	-	63
5,690	General Rates	6,227	6,095
6,670	Other General Sources	8,224	8,521
<b>27,784</b>	<b>TOTAL OPERATING REVENUE</b>	<b>32,498</b>	<b>31,139</b>
	<b>Reconciling Items:</b>		
(6,670)	Internal Recoveries	(8,224)	(8,521)
(12)	Gains/(losses) on asset disposal	-	(26)
378	Assets vested in Council	-	-
<b>21,480</b>	<b>TOTAL OPERATING REVENUE PER STATEMENT OF COMPREHENSIVE INCOME</b>	<b>24,274</b>	<b>22,592</b>
	<b>OPERATING EXPENDITURE</b>		
9,251	Land Transport	9,778	10,030
3,119	Water Supply	3,900	4,271
865	Wastewater	1,039	1,107
211	Stormwater	234	199
154	Flood Protection	135	129
427	Waste Management	551	452
1,940	Regulatory Services	2,706	2,463
3,330	Community Facilities & Services	3,315	3,693
2,291	District Development	1,824	2,475
5,041	Governance	5,477	5,628
<b>26,629</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>28,959</b>	<b>30,447</b>
	<b>Reconciling Items:</b>		
(6,864)	Internal Recoveries	(8,224)	(8,521)
-	Interest difference	(122)	(211)
(177)	Doubtful Debt Provision adjustment		72
<b>19,588</b>	<b>TOTAL OPERATING EXPENDITURE PER STATEMENT OF COMPREHENSIVE INCOME</b>	<b>20,613</b>	<b>21,787</b>
<b>1,892</b>	<b>NET PROFIT/(LOSS)</b>	<b>3,661</b>	<b>805</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.



**Whole of Council Funding Impact Statement**

	2020/21 Annual Plan \$	2020/21 Actual \$	2021/22 Long Term Plan \$	2021/22 Actual \$
	(000's)	(000's)	(000's)	(000's)
<b>Sources of Operating Funding</b>				
General rates, uniform annual general charges, rates penalties	5,800	5,690	6,227	6,095
Targeted Rates (other than a targeted rate for water supply)	7,579	7,539	7,805	7,746
Subsidies and grants for operating purposes	2,232	2,686	3,115	3,240
Fees and charges	878	1,247	1,481	1,490
Interest and dividends from investments	111	37	16	40
Local authorities fuel tax, fines, infringement fees and other receipts	609	607	642	722
<b>Total Operating Funding</b>	<b>17,209</b>	<b>17,806</b>	<b>19,286</b>	<b>19,333</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	12,398	12,799	14,468	14,004
Finance Costs	197	153	55	37
Other operating funding applications	1,350	1,368	1,116	1,684
<b>Total application of operating funding</b>	<b>13,945</b>	<b>14,320</b>	<b>15,639</b>	<b>15,725</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,264</b>	<b>3,486</b>	<b>3,647</b>	<b>3,608</b>
<b>Sources of Capital Funding</b>				
Subsidies and grants for capital expenditure	2,474	3,274	4,988	3,222
Development and financial contributions	10	21	-	40
Increase (decrease) in debt	1,080	(445)	2,538	(261)
Gross proceeds from sale of assets	107	67	134	49
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>3,671</b>	<b>2,917</b>	<b>7,660</b>	<b>3,050</b>
<b>Application of capital funding</b>				
Capital expenditure				
- To meet additional demand	50	48	175	30
- To improve the level of service	858	222	3,021	841
- To replace existing assets	6,723	7,407	9,052	4,868
Increase (decrease) in reserves	(696)	(1,274)	(941)	919
Increase (decrease) of investments	-	-	-	-
<b>Total application of capital funding</b>	<b>6,935</b>	<b>6,403</b>	<b>11,307</b>	<b>6,658</b>
<b>Surplus (deficit) of capital funding</b>	<b>(3,264)</b>	<b>(3,486)</b>	<b>(3,647)</b>	<b>(3,608)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## LAND TRANSPORT

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

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

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

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

### Internal Borrowing

The Roads and Footpaths group of activities has internal borrowing as at 30 June 2022 of \$2,488,617. During the year no additional borrowing was taken, but repayments totalling \$417,096 were made. Interest on internal borrowings was paid of \$58,114.

### Capital Expenditure

	2021/22 LTP Estimate \$	2021/22 Actual \$
	(000’s)	(000’s)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	5,302	3,057
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	236	-

### Key Land Transport Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21	2021/22	Achieved/ Not Achieved	2021/22
		Actual	Target		Actual
A safe local transport network provided for users and the community	The change from the previous financial year in the number of fatalities and serious injury crashes on the local network, expressed as a number.	-5 fatalities/ serious injuries	0	Achieved	0

You can expect	How we measure our performance	2020/21	2021/22	Achieved/ Not Achieved	2021/22
		Actual	Target		Actual
Footpaths will be fit for purpose	The percentage of footpaths within the District that fall within the level of service standard of 3 or better (minor cracking only) for the condition of footpaths	59.92%	70%	Not Achieved	59.85%
The preservation of the pavement life of sealed roads	The average quality of ride on a sealed local road network, measured by smooth travel exposure value of 150 or better	97%	97%	Not Achieved	96%
	The percentage of the sealed local road network that is resurfaced annually	16.9%	6%	Achieved	10.5%
Customer service requests to be dealt with promptly and appropriately	The percentage of customer service requests relating to roads and footpaths to which Council responds within 10 working days*, as recorded in the request for service system	88.6%	90%	Not Achieved	64%

### **Road Safety**

There was no change in the number of fatal and serious accidents between last year and the year ending 30 June 2022. Road condition was not a factor in all recorded accidents.

### **Footpath Condition**

The target was not achieved as there was a slight decrease in the condition as compared with the 2020/21 year. Staff will continue to seek improvements through focussing on the renewal of the worst sections of footpath in the district.

Footpath surveys are undertaken every 3 years, and in the intervening years the changes are recorded via any maintenance done on footpaths that is recorded in RAMM, as well as regular inspections undertaken by staff in response to service requests received.

### **Sealed Road Quality**

There has been no change in ride quality when compared with the previous year. A full round of roughness measurement was completed in 21/22. The result is only

marginally under target however the trend indicates there is no deterioration in ride quality in the network, and no reduction in performance. A greater focus on ride quality driven pavement rehabilitations will be undertaken.

### **Road Resealing Percentage**

There was a larger programme completed this year when compared to the previous year. This was due to the completion of sites that were deferred from 20/21 resulting from the disruption caused by COVID related delays.

### **Service Request Response**

The result represents those service requests that were completed within 10 working days or less. Whilst this is an improvement on the previous year is still improvements required. The service request system is still under review as is the way these targets are monitored throughout the year. COVID related disruption during the year together with staff turnover also made achievement of the measure challenging.



**Land Transport – Cost of Service Statement**

2020/21 Actual \$ (000's)		2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
	<b>OPERATING INCOME</b>		
5,417	Activity Revenue	6,151	4,587
4,886	Targeted Rates	4,657	4,677
-	Development Contributions	-	-
-	General Rates	-	-
1,092	Other General Sources	1,274	1,228
<b>11,395</b>	<b>TOTAL OPERATING INCOME</b>	<b>12,082</b>	<b>10,492</b>
	<b>OPERATING EXPENDITURE</b>		
8,159	Land Transport	8,504	8,802
1,092	Engineering Business Unit	1,274	1,228
<b>9,251</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>9,778</b>	<b>10,030</b>
<b>2,144</b>	<b>NET COST OF SERVICE</b>	<b>2,304</b>	<b>462</b>

**Land Transport Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates (other than a targeted rate for water supply)	4,794	4,657	4,677
Subsidies and grants for operating purposes	2,166	2,798	2,496
Fees and charges	-	-	-
Internal charges and overheads recovered	1,028	1,274	1,228
Local authorities fuel tax, fines, infringement fees and other receipts	95	76	94
<b>Total Operating Funding</b>	<b>8,083</b>	<b>8,805</b>	<b>8,495</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,701	4,362	3,920
Finance costs	108	50	58
Internal charges and overheads applied	1,611	1,975	1,978
Other operating funding applications	3	10	10
<b>Total application of operating funding</b>	<b>5,423</b>	<b>6,397</b>	<b>5,966</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,660</b>	<b>2,408</b>	<b>2,529</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,750	3,277	1,997
Development and financial contributions	-	-	-
Increase (decrease) in debt	(417)	(417)	(417)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>2,333</b>	<b>2,860</b>	<b>1,580</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	16	236	-
- To replace existing assets	4,450	5,302	3,057
Increase (decrease) in reserves	527	(269)	1,052
Increase (decrease) of investments			
<b>Total application of capital funding</b>	<b>4,993</b>	<b>5,269</b>	<b>4,109</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,660)</b>	<b>(2,408)</b>	<b>(2,529)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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 2022 of \$1,131,567. During the year \$109,000 of additional borrowing was

taken, and repayments totalling \$99,067 were made. Interest on internal borrowings was paid of \$22,433.

### Capital Expenditure

	2021/22 LTP Estimate \$	2021/22 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	1,744	834
- Growth (Improving Service Capacity)	50	27
- Level of Service (Improvements to Service)	1,990	166

### Key Water Supply Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21	2021/22	Achieved/ Not achieved	2021/22
		Actual	Target		Actual
Water that is safe to drink	The extent to which the Council's drinking water supply complies with: a) Part 4: Bacterial Compliance Criteria b) Part 5: Protozoal Compliance Criteria	Complies Non compliant	Complies Complies	Not Achieved	Partially Complies Non compliant
Losses from the water supply network are minimised	The percentage of real water loss from the Council's networked reticulation system - Ōtorohanga - Kāwhia	25%	<28%	Not Achieved	34%
		40%	<28%	Not Achieved	43%

You can expect	How we measure our performance	2020/21	2021/22	Achieved/ Not achieved	2021/22
		Actual	Target		Actual
A potable, reliable and sustainable drinking water supply	The number of complaints, per 1000 connections, received about water clarity, water taste, water odour, water pressure or flow, continuity of supply, and the Council's response to any of these issues, as recorded in the request for service system	23 complaints	≤ 5 complaints	Not Achieved	45 complaints received for the whole district
	The average consumption of drinking water per day per resident within the Ōtorohanga District	405.57 litres/person/day	< 300 litres/person/day	Achieved	260 litres/person/day
Customer service requests are dealt with promptly and appropriately	Where the Council attends a call-out in response to a fault or unplanned interruption to its reticulation system, the following median response times are measured:				
	Urgent Call-outs:				
	Attendance	1 hr 24 mins	< 1.5 hours	Not Achieved	2.5 hours
	Resolution	1 hrs 36 mins	< 18 hours	Achieved	2.21 hours
Non-Urgent Call-outs:					
Attendance	6 hrs 24 mins	< 36 hours	Achieved	3.42 hours	
Resolution	19 hrs 6 mins	< 36 hours	Achieved	4 hours	



### **Bacterial and Protozoa Compliance**

Kāwhia was non-compliant for Bacterial and Protozoa compliance. The non compliance for bacteria was largely due to turbidity exceedances, and three E.coli positive sample events.

Ōtorohanga has been compliant throughout the year for bacterial, but was not compliant for protozoa due to turbidity readings within some of the tested samples. This has resulted in the measure being not achieved.

For protozoa, the treatment plants had no continuous monitoring data available to be assessed for compliance, therefore the requirements could not be demonstrated. Processes are now in place to ensure this monitoring is performed in future.

### **Percentage of real water loss**

Installation of water meters carried out recently in Kāwhia will help reduce water losses. We have already seen a reduction in usage compared to this time last year which can be attributed to leaks found during meter installation. For the 2021/22 financial year, an estimated water loss has been calculated using the movement in reservoir levels during the night to calculate potential water loss.

Ōtorohanga water loss up 9% on the prior year of 25% can be linked to some major leaks found in the reticulation. Two of these major leaks were on a section of main that has now been replaced.

### **Number of Complaints**

The reason for a higher than usual number of complaints can be attributed to a number of these complaints directly related to issues arising from two capital works projects. Mt View new water main and Kāwhia water meter installation. We also had a number of complaints due to some burst pipes on the Tihiroa rising main. Work is about to begin to replace the section of main causing issues.

### **Response times to call-outs**

The Urgent Call Out attendance not getting achieved is partly due to issues in our process with the way service requests have been getting signed off. We are currently trialling a new process to rectify this issue.



**Water Supply Cost of Service Statement**

2020/21 Actual \$		2021/22 LTP Estimate \$	2021/22 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING INCOME</b>		
85	Activity Revenue	1,458	1,109
1,735	Targeted Rates	2,006	1,926
6	Development Contributions	-	10
54	General Rates	201	205
957	Other General Sources	1,576	1,629
<b>2,837</b>	<b>TOTAL OPERATING INCOME</b>	<b>5,241</b>	<b>4,879</b>
	<b>OPERATING EXPENDITURE</b>		
314	Arohena RWS	340	413
81	Ranginui RWS	76	91
240	TIhiroa RWS	280	287
242	Waipa RWS	291	285
936	Ōtorohanga Water Supply	1,058	1,071
441	Ōtorohanga Water Treatment Station	531	686
22	Ōtorohanga Water Supply Loan	18	17
320	Kāwhia Water Supply	305	382
523	Water Services	1,000	1,039
<b>3,119</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>3,899</b>	<b>4,271</b>
<b>(282)</b>	<b>NET COST OF SERVICE</b>	<b>1,342</b>	<b>608</b>





**Water Supply Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	34	201	205
Targeted rates (other than a targeted rate for water supply)	1,882	2,006	1,926
Subsidies and grants for operating purposes	-	-	89
Fees and charges	17	5	18
Internal charges and overheads recovered	997	1,576	1,629
Local authorities fuel tax, fines, infringement fees and other receipts	4	3	57
<b>Total operating funding</b>	<b>2,934</b>	<b>3,791</b>	<b>3,924</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	885	1,346	1,546
Finance costs	53	54	22
Internal charges and overheads applied	1,417	1,762	2,034
Other operating funding applications	35	58	60
<b>Total application of operating funding</b>	<b>2,390</b>	<b>3,220</b>	<b>3,662</b>
<b>Surplus (deficit) of operating funding</b>	<b>544</b>	<b>571</b>	<b>262</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	1,450	945
Development and financial contributions	-	-	-
Increase (decrease) in debt	506	1,813	10
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>506</b>	<b>3,263</b>	<b>955</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	50	27
- To improve the level of service	213	1,990	166
- To replace existing assets	798	1,744	834
Increase (decrease) in reserves	39	50	190
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>1,050</b>	<b>3,834</b>	<b>1,217</b>
<b>Surplus (deficit) of capital funding</b>	<b>(544)</b>	<b>(571)</b>	<b>(262)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## WASTEWATER TREATMENT AND DISPOSAL

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

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

### Internal Borrowing

The Sewerage Treatment and Disposal group of activities has internal borrowing as at 30 June 2022 of \$1,160,839. During the year \$30,000 of additional borrowing was taken, and repayments totalling \$121,254 were made. Interest on internal borrowings was paid of \$25,641.

### Capital Expenditure

	2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	516	245
- Growth (Improving Service Capacity)	75	-
- Level of Service (Improvements to Service)	175	-

### Key Wastewater Treatment and Disposal Levels of Service Targets and Performance

You can expect	How we measure our performance	2020/21	2021/22	Achieved/ Not achieved	2021/22
		Actual	Target		Actual
Wastewater operations are optimised.	The number of dry weather sewerage overflows from the Ōtorohanga sewerage system, per 1000 connections	0 overflows	0 overflows	Not Achieved	2 overflows
Wastewater operations are managed in accordance with resource consents	Compliance with the resource consents for discharge from the Ōtorohanga sewerage system measured by the number of:  Abatement notices  Infringements notices;	0 non-compliance actions	0 non-compliance actions	Achieved	0 non-compliance actions

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
			Enforcement orders; and Convictions, received by the Council		
Customer service requests are dealt with promptly and appropriately	Median response times for attending to sewerage overflows resulting from a blockage or other fault in the sewerage system; measured as  Attendance time: from the time of notification to the time service personnel reach the site  Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault	1 hr 30 mins  1 hour 54 mins	< 50 minutes  < 24 hours	Not Achieved  Achieved	1 hr 23 mins  1 hr 41 mins
Wastewater operations to be managed to minimise complaints.	Total number of complaints received by Council about: Sewage odour; Sewerage system faults; Sewerage system blockages; and Response to issues with the sewerage system, expressed per 1000 connections to the sewerage system	31.2 complaints	< 30 complaints	Achieved	8 complaints



### Sewerage Overflows

These overflows were due to pipe partial blockages - the pipes were unblocked and then jetted to clean the pipes to help prevent reoccurring problems.

### Response Times

The Attendance Time not being achieved is partly due to issues in our process with the way service requests have been assigned and signed off. What has been recorded is the time of sign-off in the system rather than the actual response time. We are currently trialling a new process rectify this issue.

### Sewerage Treatment and Disposal Cost of Service Statement

2020/21 Actual \$		2021/22 LTP Estimate \$	2021/22 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING INCOME</b>		
70	Activity Revenue	315	337
493	Targeted Rates	707	708
9	Development Contributions	-	13
30	General Rates	39	38
-	Other General Sources	-	-
<b>602</b>	<b>TOTAL OPERATING INCOME</b>	<b>1,061</b>	<b>1,096</b>
	<b>OPERATING EXPENDITURE</b>		
815	Ōtorohanga Sewerage	996	1,077
51	Ōtorohanga Sewerage Loan	39	28
-	Kāwhia Sewerage	4	1
<b>866</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,039</b>	<b>1,106</b>
<b>(264)</b>	<b>NET COST OF SERVICE</b>	<b>22</b>	<b>(10)</b>



**Sewerage Treatment and Disposal Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	26	39	38
Targeted rates (other than a targeted rate for water supply)	557	707	708
Subsidies and grants for operating purposes	-	-	-
Fees and charges	64	65	57
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1	-	-
<b>Total operating funding</b>	<b>648</b>	<b>811</b>	<b>803</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	145	507	588
Finance costs	52	37	26
Internal charges and overheads applied	164	178	188
Other operating funding applications	23	26	26
<b>Total application of operating funding</b>	<b>384</b>	<b>748</b>	<b>828</b>
<b>Surplus (deficit) of operating funding</b>	<b>264</b>	<b>63</b>	<b>(25)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	250	280
Development and financial contributions	-	-	-
Increase (decrease) in debt	(131)	443	(121)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(131)</b>	<b>693</b>	<b>159</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	75	-
- To improve the level of service	-	175	-
- To replace existing assets	208	516	245
Increase (decrease) in reserves	(75)	(10)	(111)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>133</b>	<b>756</b>	<b>134</b>
<b>Surplus (deficit) of capital funding</b>	<b>(264)</b>	<b>(63)</b>	<b>25</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FLOOD PROTECTION

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

### Internal Borrowing

The Flood Protection group of activities has internal borrowing as at 30 June 2022 of \$270,394. During the year \$170,000 of additional borrowing was taken, and repayments totalling \$6,646 were made. Interest on internal borrowings was paid of \$2,141.

### Capital Expenditure

	2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	30	228
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	-	-

### Key Flood Protection Levels of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
		New measure	Ōtorohanga flood protection system maintained	Achieved	Inspections undertaken
Flood protection and control works to be well managed, maintained and operated	The major flood protection and control works are maintained, repaired and renewed to approved standards				



**Flood Protection Cost of Service Statement**

2020/21 Actual \$		2021/22 LTP Estimate \$	2021/22 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING INCOME</b>		
126	Activity Revenue	135	111
-	- Targeted Rates	-	-
-	- Development Contributions	-	-
-	- General Rates	-	-
-	- Other General Sources	-	-
<b>126</b>	<b>TOTAL OPERATING INCOME</b>	<b>135</b>	<b>111</b>
	<b>OPERATING EXPENDITURE</b>		
154	Ōtorohanga Flood Protection	135	129
<b>154</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>135</b>	<b>129</b>
<b>(28)</b>	<b>NET COST OF SERVICE</b>	<b>-</b>	<b>(18)</b>



**Flood Protection Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	11	-	-
Targeted rates (other than a targeted rate for water supply)	24	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	154	135	111
<b>Total operating funding</b>	<b>189</b>	<b>135</b>	<b>111</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	91	45	60
Finance costs	5	7	2
Internal charges and overheads applied	40	29	25
Other operating funding applications	-	1	-
<b>Total application of operating funding</b>	<b>136</b>	<b>82</b>	<b>87</b>
<b>Surplus (deficit) of operating funding</b>	<b>53</b>	<b>53</b>	<b>24</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-;	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(14)	(17)	163
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(14)</b>	<b>(17)</b>	<b>163</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	22	30	228
Increase (decrease) in reserves	17	6	(41)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>39</b>	<b>36</b>	<b>187</b>
<b>Surplus (deficit) of capital funding</b>	<b>(53)</b>	<b>(53)</b>	<b>(24)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



## STORMWATER MANAGEMENT

Council is required to administer urban drainage maintenance under the Land Drainage Act 1908, and considers that this activity also makes a positive contribution towards the potential for beneficial development in the urban areas. The provision of urban drainage protects private property (including land and assets) from flooding and subsequent erosion, and enables Council to fulfil its statutory responsibilities under the Building Act 1991.

Environment Waikato has largely relieved Council of their responsibility for managing rural land drainage schemes.

### Internal Borrowing

The Stormwater Drainage group of activities has internal borrowing as at 30 June 2022 of \$470,213. During the year no additional borrowing was taken, and repayments totalling \$55,110 were made. Interest on internal borrowings was paid of \$10,506.

### Capital Expenditure

	2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	331	-
- Growth (Improving Service Capacity)	50	-
- Level of Service (Improvements to Service)	37	-

### Key Stormwater Management Levels of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
Stormwater operations are optimised	The number of flooding events in the District; and, For each flooding event, the number of habitable rooms affected – expressed per 1000 properties connected to the stormwater system	0 flooding events	0 flooding events	Achieved	0 flooding events

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
Stormwater operations are managed in accordance with resource consents	Compliance with resource consents for discharge from the stormwater system, measured by the number of: Abatement notices; and Infringement notices; and Enforcement notices; and Successful prosecutions, received in relation to the resource consents	0 non-compliance actions	0 non-compliance actions	Achieved	0 non-compliance actions
Service response times are reasonable	The median response time to attend a flooding event, measured from the time of notification until service personnel arrive on site	0 flooding events	<4 hours 30 minutes	Not applicable	0 flooding events
Stormwater operations are managed to minimise complaints	Number of complaints received by the Council about the performance of the Stormwater system, expressed per 1000 properties connected to the Stormwater system, as recorded in the request for service system	1 complaint	≤ 2 complaints	Achieved	2 complaints



**Stormwater Management Cost of Service Statement**

2020/21 Actual \$ (000's)		2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
	<b>OPERATING INCOME</b>		
1	Activity Revenue	-	-
-	Targeted Rates	-	-
-	Development Contributions	-	-
211	General Rates	234	199
-	Other General Sources	-	-
<b>212</b>	<b>TOTAL OPERATING INCOME</b>	<b>234</b>	<b>199</b>
	<b>OPERATING EXPENDITURE</b>		
170	Ōtorohanga Stormwater	192	158
42	Kāwhia Stormwater	42	41
<b>212</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>234</b>	<b>199</b>
-	<b>NET COST OF SERVICE</b>	-	-

**Stormwater Management Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	187	234	199
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	10	-	-
<b>Total operating funding</b>	<b>197</b>	<b>234</b>	<b>199</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	17	39	10
Finance costs	19	13	11
Internal charges and overheads applied	38	34	38
Other operating funding applications	18	21	21
<b>Total application of operating funding</b>	<b>92</b>	<b>107</b>	<b>80</b>
<b>Surplus (deficit) of operating funding</b>	<b>105</b>	<b>127</b>	<b>119</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(55)	307	(55)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(55)</b>	<b>307</b>	<b>(55)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	50	-
- To improve the level of service	-	37	-
- To replace existing assets	22	331	-
Increase (decrease) in reserves	28	16	(64)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>50</b>	<b>434</b>	<b>(64)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(105)</b>	<b>(127)</b>	<b>(119)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## WASTE MANAGEMENT AND MINIMISATION

Councils urban rubbish and recycling collection services, the operation of our transfer stations and the servicing of rural recycling depots are undertaken under contract by Envirowaste. Our closed landfills have resource consents issued by the Waikato Regional Council, and we monitor and manage those in accordance with the consent requirements.

### Internal Borrowing

The Waste Management and Minimisation group of activities has internal borrowing as at 30 June 2022 of \$122,879. During the year \$20,000 of additional borrowing was taken, and repayments totalling \$24,808 were made. Interest on internal borrowings was paid of \$2,554.

### Capital Expenditure

	2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	331	-
- Growth (Improving Service Capacity)	50	-
- Level of Service (Improvements to Service)	37	-

### Key Stormwater Management Levels of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
		New measure	≥ 90% user satisfaction	Achieved	100% satisfaction
A reliable weekly household kerbside rubbish and recycling collection service in Kāwhia and Ōtorohanga	The level of satisfaction with the weekly kerbside collection services, as measured by the annual residents survey				

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
		Waste minimisation to be actively promoted	Increase in recycling volumes over previous year, as measured through the contract report	2.63% increase	10% increase

**User Satisfaction**

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

The annual residents survey had a total of 47 respondents. The following are the results of 25 responses of the 26 that said they receive the weekly kerbside collection

- Very Satisfied (45%)
- Satisfied (32%)
- OK (23%)

**Increase in Recycling Volumes**

Not achieved on the basis that Council was on track to achieve target but ceasing recycling collections/operations due to covid meant that target couldn't be achieved



**Waste Management and Minimisation Cost of Service Statement**

2020/21 Actual \$ (000's)		2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
	<b>OPERATING INCOME</b>		
41	Activity Revenue	53	60
269	Targeted Rates	303	302
-	Development Contributions	-	-
147	General Rates	218	156
-	Other General Sources	-	-
<b>457</b>	<b>TOTAL OPERATING INCOME</b>	<b>574</b>	<b>518</b>
	<b>OPERATING EXPENDITURE</b>		
363	Refuse & Recycling	470	396
63	Litter Control	80	56
<b>426</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>550</b>	<b>452</b>
<b>31</b>	<b>NET COST OF SERVICE</b>	<b>24</b>	<b>66</b>

**Waste Management and Minimisation Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	150	218	156
Targeted rates (other than a targeted rate for water supply)	269	303	303
Subsidies and grants for operating purposes	35	37	56
Fees and charges	5	5	4
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	11	-	-
<b>Total operating funding</b>	<b>470</b>	<b>563</b>	<b>519</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	390	410	343
Finance costs	5	2	3
Internal charges and overheads applied	45	124	93
Other operating funding applications	2	1	1
<b>Total application of operating funding</b>	<b>442</b>	<b>537</b>	<b>440</b>
<b>Surplus (deficit) of operating funding</b>	<b>28</b>	<b>26</b>	<b>79</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	11	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(28)	(5)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(28)</b>	<b>6</b>	<b>(5)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	20	-
- To replace existing assets	20	26	8
Increase (decrease) in reserves	(20)	(14)	66
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>-</b>	<b>32</b>	<b>74</b>
<b>Surplus (deficit) of capital funding</b>	<b>(28)</b>	<b>(26)</b>	<b>(79)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## COMMUNITY FACILITIES AND SERVICES

### Internal Borrowing

The Community facilities & Services group of activities has internal borrowing as at 30 June 2022 of \$455,483. During the year \$230,000 of additional borrowing was taken, and repayments totalling \$66,101 were made. Interest on internal borrowings was paid of \$10,432.

### Capital Expenditure

	2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	387	99
- Growth (Improving Service Capacity)	-	2
- Level of Service (Improvements to Service)	531	670

### **Parks and Reserves**

Council's involvement in parks, reserves and associated activities is, in part, based upon provisions of the Reserves Act 1977 and the Resource

Management Act 1991 and is also intended to improve the general quality of life for the residents in the District. In particular, the parks and reserves provide facilities for passive or active enjoyment by residents and visitors alike.

### Key Parks, and Reserves Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
The provision of a range of safe parks and reserve spaces and equipment that meet the needs of residents	Percentage of residents satisfied with the variety and quality of parks/reserves, as measured by the annual customer survey	New measure	≥ 90% satisfaction	Achieved	93% satisfaction overall (98% variety, 88% quality)
The provision of clean, well maintained public toilets.	Number of justified complaints received about the state of public toilets, as recorded in the request for service system	14 complaints	<12 complaints	Achieved	9 complaints

### **Variety of Parks and Reserves**

The annual residents survey had a total of 47 respondents. The following are the results of 44 responses when asked if ODC has a good VARIETY of parks and reserves

Very Satisfied (48%)

Satisfied (40%)

OK (10%)

Unsatisfied (2%)

### **Quality of Parks and Reserves**

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 88%

## **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.

The annual residents survey had a total of 47 respondents. The following are the results of 44 responses when asked if ODC has a good QUALITY of parks and reserves

Very Satisfied (34%)

Satisfied (23%)

OK (31%)

Unsatisfied (9%)

Very unsatisfied (3%)

#### *(b) Fostering Community Connectedness*

Connectedness is the feeling of being welcome, included, respected and able to easily contribute. Connected communities are more cohesive, stable and high-functioning, more resilient and better able to develop and participate in enterprise and growth opportunities.

Public libraries are perfectly placed to provide this role for the community. They are a welcoming public space open to all, and in general safe and trusted. They provide a place for people to connect with each other and with a world of information and ideas.

#### *(c) Safeguarding Cultural Memory*

The public library has a unique role to collect, preserve and provide access to the cultural memories of the local community.

The public library enables people now, and into the future, to connect or reconnect to their families' and community's stories.



**Key Library Level of Service Targets and Performance**

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
Library facilities, services and activities to meet the needs of the community	Percentage of Library users satisfied with Library services, as measured by the annual customer survey	New measure	≥ 90% user satisfaction	Achieved	100% satisfaction
	The number of participants in Library programmes and activities, and service users is increasing, as measured in the Library reports to Council	21% increase (693 participants)	Establish new baseline	Achieved	22,343 baseline established

***Library Satisfaction***

Using the rating of OK and above, and removing responses ‘I don’t know’ the total satisfaction rating is 100%  
 The libraries annual residents survey had a total of 96 submissions.  
 The following are the results of 79 responses, with 17 not answering the question  
 Very Satisfied (72%)  
 Satisfied (23%)  
 OK (5%)

## Housing for the Elderly

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

### Key Housing for the Elderly Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
		The Council units to be maintained to a comfortable and safe standard, and fully utilised	Percentage of tenants satisfied with the comfort and safety of the unit, as measured by the annual tenant satisfaction survey	100% satisfaction	> 95% satisfaction
	Percentage occupancy rate, expressed as an annualised monthly average	96.15% Ōtorohanga 98.3% Kāwhia	> 95% combined average	Achieved	99% Ōtorohanga 98.6% Kāwhia

#### **Comfort of the unit**

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

The annual residents survey had a total of 14 respondents from a total of 29 units. The following are the results of 12 responses, with two not answering the question

Very Satisfied (83%)

Satisfied (17%)

#### **Safety of the unit**

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

The annual residents survey had a total of 14 respondents from a total of 29 units. The following are the results of 12 responses, with two not answering the question

Very Satisfied (83%)

Satisfied (17%)

## 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

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
The provision of community swimming pool facilities that are safe for users and staff.	Swimming pools maintain PoolSafe Accreditation and compliance with pool water quality standard*, as measured by Pool Manager's monthly reports	89.5% compliance	> 95% compliance	Achieved	95.7% compliance

\* Acceptable standards as defined in the contract including NZ Standard 5826

### **Water Quality Tests**

No results for October 2021 as pool was closed due to Covid Restrictions. This didn't affect compliance results

## Cemeteries

The Activity is undertaken to comply with legislation under Section 4 of the Burial and Cremations Act 1964, and to meet the expectations of the Community.

### Key Cemeteries Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21	2021/22	Achieved/ Not	2021/22
		Actual	Target	achieved	Actual
Council to provide efficiently serviced and well maintained cemeteries.	Number of justified complaints regarding grounds maintenance at all Council cemeteries, as recorded in the service request system	0 Complaints	< 5 Complaints	Achieved	4 complaints

### **Number of Complaints**

The majority of these are around mowing which was partly affected by lockdowns and issues with our contractor which have now been addressed.

## Civil Defence

The rationale for this activity is to fulfil Council's legal obligation under the Civil Defence Emergency Management Act 2002 and to fulfil the Community's expectation that this service will be provided.

### Key Civil Defence Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
The Council and the community to be well prepared for a civil defence emergency	Community Response Plans are in place for Kāwhia and Ōtorohanga and reviewed every 3 years	New measure	Community response plans in place	Achieved	Plans in place
	The evaluation of annual exercises as a measure of effectiveness of training	New measure	Baseline assessment	Achieved	Baseline established

### **Community Response Plans**

Ōtorohanga and Kāwhia have Community Response Plans in place. These plans are due for review during 22/23.

### **Annual Exercise Evaluation**

An exercise was undertaken 27 May 2022 and assessed by three CDEM professionals from the Group Office. This assessment aligns the three Councils of the Western Waikato Districts regionally within 'Advancing 61 -80%' phase.

A total of 35 staff representing the three Councils participated in the five-hour exercise. The exercise was based on a storm and flood event which would be a realistic event for the three Councils. The exercise enabled all Functions with the EOC to be tested and assessed.

## Aotea Sea Wall

### Key Aotea Sea Wall Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
Aotea sea wall to be well maintained.	The major flood protection and control works are maintained and repaired to approved standards	New measure	Aotea sea wall maintained	Achieved	Sea wall maintained

### **Aotea Sea Wall Maintenance**

Resource Consent Renewal Process has started for the Seawall and a future maintenance programme will be identified.



**Community Services Cost of Service Statement**

2020/21 Actual \$		2021/22 LTP Estimate \$	2021/22 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING REVENUE</b>		
376	Activity Revenue	493	459
62	Targeted Rates	76	76
21	Development Contributions	-	40
1,940	General Rates	2,127	2,095
793	Other General Sources	649	682
<b>3,192</b>	<b>TOTAL OPERATING REVENUE</b>	<b>3,345</b>	<b>3,352</b>
	<b>OPERATING EXPENDITURE</b>		
805	Parks and Reserves	750	892
129	Public Conveniences	136	120
44	Aotea Seawall	47	22
82	Halls	85	88
57	Harbour Services	67	63
342	Library	398	439
392	Swimming Pools	394	382
292	Pensioner Housing	282	293
98	Cemeteries	115	116
792	Engineering Services	649	681
140	Civil Defence	157	147
158	Council Property	235	449
<b>3,331</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>3,315</b>	<b>3,692</b>
<b>(139)</b>	<b>NET COST OF SERVICE</b>	<b>30</b>	<b>(340)</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.



**Community Services Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,140	2,127	2,095
Targeted rates (other than a targeted rate for water supply)	60	76	76
Subsidies and grants for operating purposes	-	-	63
Fees and charges	75	80	61
Internal charges and overheads recovered	813	649	682
Local authorities fuel tax, fines, infringement fees and other receipts	333	413	335
<b>Total operating funding</b>	<b>3,421</b>	<b>3,345</b>	<b>3,312</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,935	1,713	1,747
Finance costs	21	13	10
Internal charges and overheads applied	848	840	1,090
Other operating funding applications	148	151	194
<b>Total application of operating funding</b>	<b>2,952</b>	<b>2,717</b>	<b>3,041</b>
<b>Surplus (deficit) of operating funding</b>	<b>469</b>	<b>628</b>	<b>271</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	10	-	40
Increase (decrease) in debt	(60)	314	164
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>(50)</b>	<b>314</b>	<b>204</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	2
- To improve the level of service	170	531	670
- To replace existing assets	299	387	99
Increase (decrease) in reserves	(51)	24	(296)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>418</b>	<b>942</b>	<b>475</b>
<b>Surplus (deficit) of capital funding</b>	<b>(468)</b>	<b>(628)</b>	<b>(271)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.



## REGULATORY SERVICES

### Internal Borrowing

The Regulatory Services group of activities has no internal borrowing as at 30 June 2022. Subsequently, no interest was paid during the year.

### Capital Expenditure

	2021/22 LTP Estimate \$	2021/22 Actual \$
	(000's)	(000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	-	-
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	2	3

### **Building Control**

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

### Key Building Control Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
		Building consent applications will be processed within the statutory timeframes of the Building Act 2004.	Building consent applications processed within 20 working days, as measured by the Building Consent Tracking Database.	85% compliance	100% compliance
Known privately owned swimming pools comply with the Building Act 2004	All private swimming pools on Council's register will be inspected at least every three years.	100% of pools inspected	>33% of pools inspected – as an annual average over 3 year period	Achieved	33.3%
Council maintains its Building Control Authority (BCA) status	Biennial BCA Accreditation retained	BCA Accreditation retained	BCA Accreditation retained	Achieved	Accreditation retained

**Accreditation**

Accreditation has been retained for 2021 and our next audit will occur in August 2023.

**Building Consent Applications**

89.5% of building consent applications were processed within 20 working days due to staffing constraints.

**Planning and Development**

This activity exists as a result of the statutory requirements of the Resource Management Act 1991. Under this Act Council is required to promote the sustainable management of natural and physical resources and to enable people and communities to provide for their social, economic, and cultural well-being.

Key Planning and Development Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
		Resource consent applications to be processed in accordance with the provisions of the Resource Management Act 1991.	Resource consent application processed and decisions issued within statutory timeframes.	76% processed within 20 working days	100% compliance

**Non-notified Consents**

101 resource consent application processed with 77 granted within statutory timeframes. 76% compliance due to staffing constraints.

**Animal Control**

The rationale for this activity is to service the Community's expectation for health, order and safety and to meet the Council's statutory obligations under the Dog Control Act 1996.

Key Dog Control Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
Council to protect public safety by ensuring compliance with the Dog Control Act 1996 and bylaw, and the Impounding Act 1956.	Known dogs in the District are registered, as recorded in Council's dog registration database.	New measure	≥ 98% of known dogs registered	Not Achieved	97% registered
	Complaints about dog attacks and stock wandering on public roads are responded to within two hours, as measured by the contractor's monthly report.	New measure	100% compliance with response times	Achieved	100% compliance

**Dog Registrations**

2331 dogs registered as of 31 May 2022. 76 unregistered dogs were recorded on the registration database on 31 May 2022. 97% of known dogs were registered.

**Complaint Response Times**

The contractor's monthly reports for 2021-2022 recorded the following events that were responded to within the required timeframe.

Dog attacks – 16 incidents

Stock callouts – 23 incidents

## Environmental Health

The rationale for this group of activities is to fulfil Council's duty to provide Environmental Health services to meet the requirements of the Health Act 1956, the Local Government Act 2002 and the Resource Management Act 1991.

### Key Environmental Health Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
Public health and safety to be maintained through ensuring compliance with the Food Act 2014 and Sale and Supply of Alcohol Act 2012.	All food premises and venues involved in the sale or supply of alcohol are monitored at least annually for compliance with statutory requirements, as measured by inspection records.	100%	100%	Not Achieved	34% compliance
Excessive noise complaints are responded to by the Council	All complaints regarding excessive noise are investigated within two hours of the complaint being received, as measured by contractor's monthly report (from request for service system).	New measure	100%	Not Achieved	12% compliance

### **Food Premise Monitoring**

There are 46 registered food premises in the District. Contractors employed by Council completed verification audits on 16 premises. The lack of contractor availability has meant that we have not achieved the measure due to only 34% of premises being inspected. Since July 2022, Council has now employed a permanent Environmental Health Officer, which will help with achieving these measures in the following years.

### **Noise Complaints**

Data not available for the entire year. For period Jan – June 2022 a total of 25 noise complaints were received. Three calls were responded too. Council does not currently employ an afterhours Noise Control service. Since July 2022, Council has now employed a permanent Environmental Health Officer, which will help with achieving these measures in the following years.



**Regulatory Services Cost of Service Statement**

2020/21 Actual \$		2021/22 LTP Estimate \$	2021/22 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING REVENUE</b>		
1,111	Activity Revenue	1,292	1,315
-	Targeted Rates	-	-
-	Development Contributions	-	-
788	General Rates	713	521
72	Other General Sources	689	616
<b>1,971</b>	<b>TOTAL OPERATING INCOME</b>	<b>2,694</b>	<b>2,452</b>
	<b>OPERATING EXPENDITURE</b>		
816	Building Control	1,145	1,052
220	Planning & Development	375	392
192	Animal Control	240	213
108	Environmental Health	256	190
603	Regulatory Services	689	616
<b>1,939</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>2,705</b>	<b>2,463</b>
<b>32</b>	<b>NET COST OF SERVICE</b>	<b>(11)</b>	<b>(11)</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.



**Regulatory Services Funding Impact Statement**

	2020/21	2021/22	2021/22
	Long Term Plan	Long Term Plan	Actual
	\$	\$	\$
	(000's)	(000's)	(000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,079	713	521
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	693	1,279	1,313
Internal charges and overheads recovered	258	689	644
Local authorities fuel tax, fines, infringement fees and other receipts	18	13	2
<b>Total operating funding</b>	<b>2,048</b>	<b>2,694</b>	<b>2,480</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,385	1,693	1,465
Finance costs	-	-	-
Internal charges and overheads applied	645	1,004	1,004
Other operating funding applications	17	7	17
<b>Total application of operating funding</b>	<b>2,047</b>	<b>2,704</b>	<b>2,486</b>
<b>Surplus (deficit) of operating funding</b>	<b>1</b>	<b>(10)</b>	<b>(6)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	4	2	3
- To replace existing assets	-	-	-
Increase (decrease) in reserves	(2)	(13)	(8)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>2</b>	<b>(11)</b>	<b>(5)</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2)</b>	<b>11</b>	<b>5</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.

## DISTRICT DEVELOPMENT

### Depreciation Expense

There was no depreciation for District Development group of activities.

### Internal Borrowing

The District Development group of activities has no internal borrowings as at 30 June 2022 and, subsequently, no interest paid.

### Capital Expenditure

There was no capital expenditure in the current year either budgeted or undertaken.

### **Community Development**

Council has undertaken this activity to provide grants and partnerships in the community, through direct grants from Council or grants provided by external funders that are administered locally by Council.

### Key Community Development Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
The Council will maximise external grants/subsidies to support its key priorities, projects, activities and services	Council staff will scope external funding opportunities and lodge applications to secure funding, as determined by Council resolution.	New measure	The number and nature of applications lodged and level of funding secured.	Not applicable	Baseline established
The Council will work towards achieving improved community wellbeing through the provision of financial support to community organisations	Community groups/organisations funded by Council fulfil their funding obligations, as measured by their reporting to Council.	New measure	100% of Funding Obligations Fulfilled	Achieved	Reports received*

\* Not all community organisations are required under their funding agreements to report to Council, but all those that are have been received, or are scheduled to be received after the completion of their AGM's.

## Economic Development

Our economic development activity focuses on partnership agreements with the Ōtorohanga District Development Board (ODDB), Te Waka (the regional economic development agency), and Hamilton and Waikato Tourism to deliver on our priorities for improving local economic wellbeing.

### Key Economic Development Level of Service Targets and Performance

Level of Service	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
The Council will ensure the district is actively promoted as a place to live and visit, and will work towards achieving improved economic outcomes through the implementation of an economic development strategy.	The economic development agencies funded by Council (Ōtorohanga District Development Board, Hamilton & Waikato Tourism and Te Waka) fulfil their funding obligations, as measured by their reporting to Council	New measure	Funding obligations fulfilled	Achieved	Funding obligations fulfilled*

\* Te Waka is not required to report to Council as per their agreement, so they have been deemed to comply for this measure.



### Policy Development

Our policy development function involves establishing our strategic direction via policy, strategy, bylaw and planning. While many of our policies are

developed to address local issues or to achieve desired outcomes, we also have a statutory responsibility to develop and review some policies, strategies and plans (and to report on these) under legislation.

### Key Policy Development Level of Service Targets and Performance

	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
The Council deliver its policy development in accordance with relevant legislative requirements, and engage our communities in the process	All legislatively required policies, bylaws, plans and strategies are adopted/ reviewed in accordance with statutory requirements, as recorded in the resolution database	New measure	100% compliance	Not achieved	Some policies not reviewed

### Policy Reviews

The following policies and bylaws have not been reviewed in accordance with statutory requirements

- Keeping of Stock, Poultry and Bees Bylaw (due to resourcing limitations)
- Stock Movement Bylaw (due to resourcing limitations)
- Structures and Works in Public Spaces (due to resourcing limitations)
- Dangerous and Insanitary Buildings Policy (due to resourcing limitations)
- Policy for Building over Services Reticulation (not being completed due to Three Water Reform)
- Water Services Bylaw (not being completed due to Three Water Reform)



**District Development Cost of Service Statement**

2020/21 Actual \$		2021/22 LTP Estimate \$	2021/22 Actual \$
(000's)		(000's)	(000's)
	<b>OPERATING REVENUE</b>		
550	Activity Revenue	299	665
34	Targeted Rates	57	37
-	Development Contributions	-	-
1,670	General Rates	1,453	1,734
-	Other General Sources	-	-
<b>2,254</b>	<b>TOTAL OPERATING REVENUE</b>	<b>1,809</b>	<b>2,436</b>
	<b>OPERATING EXPENDITURE</b>		
801	District Development	624	1,102
193	Council Support	205	233
1,188	Corporate Planning	836	1,029
11	District Plan	57	12
98	Security Patrol	103	99
<b>2,291</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,825</b>	<b>2,475</b>
<b>(37)</b>	<b>NET COST OF SERVICE</b>	<b>(16)</b>	<b>(39)</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.



**District Development Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,574	1,453	1,734
Targeted rates (other than a targeted rate for water supply)	73	57	57
Subsidies and grants for operating purposes	31	281	655
Fees and charges	18	18	11
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1	-	-
<b>Total operating funding</b>	<b>1,697</b>	<b>1,809</b>	<b>2,457</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	769	662	660
Finance costs	-	-	-
Internal charges and overheads applied	468	455	609
Other operating funding applications	968	706	1,205
<b>Total application of operating funding</b>	<b>2,205</b>	<b>1,823</b>	<b>2,474</b>
<b>Surplus (deficit) of operating funding</b>	<b>(508)</b>	<b>(14)</b>	<b>(17)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase (decrease) in reserves	(508)	(14)	(17)
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>(508)</b>	<b>(14)</b>	<b>(17)</b>
<b>Surplus (deficit) of capital funding</b>	<b>508</b>	<b>14</b>	<b>17</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.

## GOVERNANCE AND SUPPORT SERVICES

### Internal Borrowing

The Governance and Leadership group of activities has no internal borrowings as at 30 June 2022 and, subsequently, no interest paid.

### Capital Expenditure

	2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
Capital Expenditure		
- Renewals (Maintaining Service Capacity)	718	398
- Growth (Improving Service Capacity)	-	-
- Level of Service (Improvements to Service)	30	2

### **Democracy**

Local government in New Zealand receives its mandate from the Government through legislation. Local democratic representation is the best way for our local communities' voices to be heard. The majority of our democracy services are set in law; the Local Government Act 2002 and the

Local Electoral Act 2001 determine the processes that ensure each community is fairly represented.

### Key Democracy Level of Service Targets and Performance

You can expect	How we measure our performance	2020/21	2021/22	Achieved/ Not achieved	2021/22
		Actual	Target		Actual
The Council to conduct all its business in an open and transparent manner.	Regular 'meet the Council' sessions are scheduled for Ōtorohanga and Kāwhia	New measure	≥ 11 public sessions scheduled in each of Kāwhia and Ōtorohanga	Not Achieved	Kāwhia 1 Ōtorohanga 8
	Residents satisfied with Council communication, as measured by an annual survey	New measure	≥ 50% rate council communication as acceptable or better	Achieved	80%

**Public Sessions**

Not Achieved due to COVID restrictions

Kāwhia 1

Ōtorohanga 8

OCB 3

ODC 5

Our focus is on ensuring our communities, elected members and staff are safe. With the Delta COVID strain becoming prevalent in mid-2021 all public sessions were paused until May 2022. Meetings were publicly available via online streaming, including public forum sessions of the agenda.

**Council Communications**

Using the rating of OK and above, and removing responses 'I don't know' the total satisfaction rating is 80%

The annual residents survey had a total of 47 respondents. The following are the results of 45 responses to the question "Do you think ODC communicates well with the community?"

Very Satisfied (27%)

Satisfied (40%)

OK (12%)

Unsatisfied (9%)

Very Unsatisfied (12%)

**Iwi Liaison**

Our Iwi liaison function is provided to facilitate input from Māori and Iwi into Council decision-making processes. The creation of a Māori Ward will assist with this. We recognise Māori and Iwi as an important group within the

community and we also have some responsibilities specified in law regarding our relationships with Māori and Iwi. We acknowledge the cultural and spiritual relationships that Māori and Iwi have with ancestral lands and taonga.

**Key Iwi Liaison Level of Service Targets and Performance**

You can expect	How we measure our performance	2020/21 Actual	2021/22 Target	Achieved/ Not achieved	2021/22 Actual
The Council to establish formal relationships with Iwi holding mana whenua status in the District	We will work with Iwi Leaders, representing mana whenua in the District, to build/maintain strong, productive relationships	New measure	Iwi Leaders rate their relationship with Council as good or better	Achieved	100% rating

***Iwi Relationship Rating***

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

The annual Iwi Relationship Survey had a total of 10 respondents. The following are the results of 9 responses to the question “Please consider the past year against previous years, do you think council has improved its relationships with Iwi leaders?”

Its’ Better (100%)



**Governance and Support Services Cost of Service Statement**

2020/21 Actual \$ (000's)		2021/22 LTP Estimate \$ (000's)	2021/22 Actual \$ (000's)
	<b>OPERATING REVENUE</b>		
74	Activity Revenue	48	70
21	Targeted Rates	-	-
-	Development Contributions	-	-
851	General Rates	1,241	1,146
3,755	Other General Sources	4,036	4,366
<b>4,701</b>	<b>TOTAL OPERATING INCOME</b>	<b>5,325</b>	<b>5,582</b>
	<b>OPERATING EXPENDITURE</b>		
870	Ōtorohanga District Council	918	952
132	Ōtorohanga Community Board	140	151
62	Kāwhia Community Board	85	81
3,976	Support Services	4,333	4,443
<b>5,040</b>	<b>TOTAL OPERATING EXPENDITURE</b>	<b>5,476</b>	<b>5,627</b>
<b>(339)</b>	<b>NET COST OF SERVICE</b>	<b>(151)</b>	<b>(45)</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.



**Governance and Support Services Funding Impact Statement**

	2020/21 Long Term Plan \$ (000's)	2021/22 Long Term Plan \$ (000's)	2021/22 Actual \$ (000's)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	590	1,241	1,146
Targeted rates (other than a targeted rate for water supply)	21	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	31	30	27
Internal charges and overheads recovered	3,582	3,858	4,234
Local authorities fuel tax, fines, infringement fees and other receipts	113	18	43
<b>Total operating funding</b>	<b>4,337</b>	<b>5,147</b>	<b>5,450</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,361	3,691	3,668
Finance costs	(99)	(122)	(95)
Internal charges and overheads applied	1,169	1,261	1,354
Other operating funding applications	108	135	146
<b>Total application of operating funding</b>	<b>4,539</b>	<b>4,965</b>	<b>5,073</b>
<b>Surplus (deficit) of operating funding</b>	<b>(202)</b>	<b>182</b>	<b>377</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	100	-
Gross proceeds from sale of assets	107	134	49
Lump sum contributions	-	-	-
<b>Total sources of capital funding</b>	<b>107</b>	<b>234</b>	<b>49</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	40	30	2
- To replace existing assets	542	718	398
Increase (decrease) in reserves	(677)	(333)	26
Increase (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>(95)</b>	<b>415</b>	<b>426</b>
<b>Surplus (deficit) of capital funding</b>	<b>202</b>	<b>(181)</b>	<b>(377)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

Due to changes in the grouping of activities in the 2021-31 Long Term Plan, the prior year comparatives have been restated in the new groupings for consistency.





# **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 \$39,721,000 for the year ended 30 June 2022 (2021: \$67,458,000 surplus).

No dividend was paid in 2022 (2021: nil).

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 2022 is summarised below:

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

	Actual to 30 June 2022	Statement of Corporate Intent
Earnings before tax, interest, depreciation & amortisation (EBITDA) excluding land sales <i>of at least</i>	\$6.327M	\$5.2M
Earnings before tax, interest, depreciation & amortisation (EBITDA) including land sales <i>of at least</i>	\$6.714M	\$5.7M
Net surplus/(deficit) before tax <i>no less than</i>	\$2.488M	\$1.2M
Net operating cash flow (excluding land sales) <i>of at least</i>	\$4.471M	\$3.6M
Net debt <i>a maximum of</i>	\$16.774M	\$29.0M
Shareholders funds to total assets <i>of at least</i>	85%	75%
Percentage of Non-Landing Charges to Total Revenue <i>of at least</i>	82%	60%
Land sales <i>of at least</i>	\$2.02M	\$2.0M
Interest Rate Cover <i>of at least</i>	15.1x	4.0x



**Waikato Local Authorities Shared Services (WLASS)**

	Ownership Interest	
	Actual 2021	Actual 2022
Waikato Local Authority Shared Services	0.26%	0.26%

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

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

LASS objective

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

Introduction

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

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

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

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 2022 is discussed below.



Current Performance Targets	Target	Result	Achieved
Total operating income	Greater than \$19.1 million	\$18.6 million	Not Achieved
Annual issuance and operating expenses (excluding AIL) for the period to 30 June 2022	Less than \$7.2 million	\$7.2 million	Not Achieved
Total nominal lending (short and long term) to Participating Local Authorities at 30 June 2022	At least \$13.294 billion	\$14.019 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 2021 survey outcome of 99.2%	Achieved
Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements		100%	Achieved
Achieve 80% market share of all council borrowing in New Zealand		80%	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 2022.

#### 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.

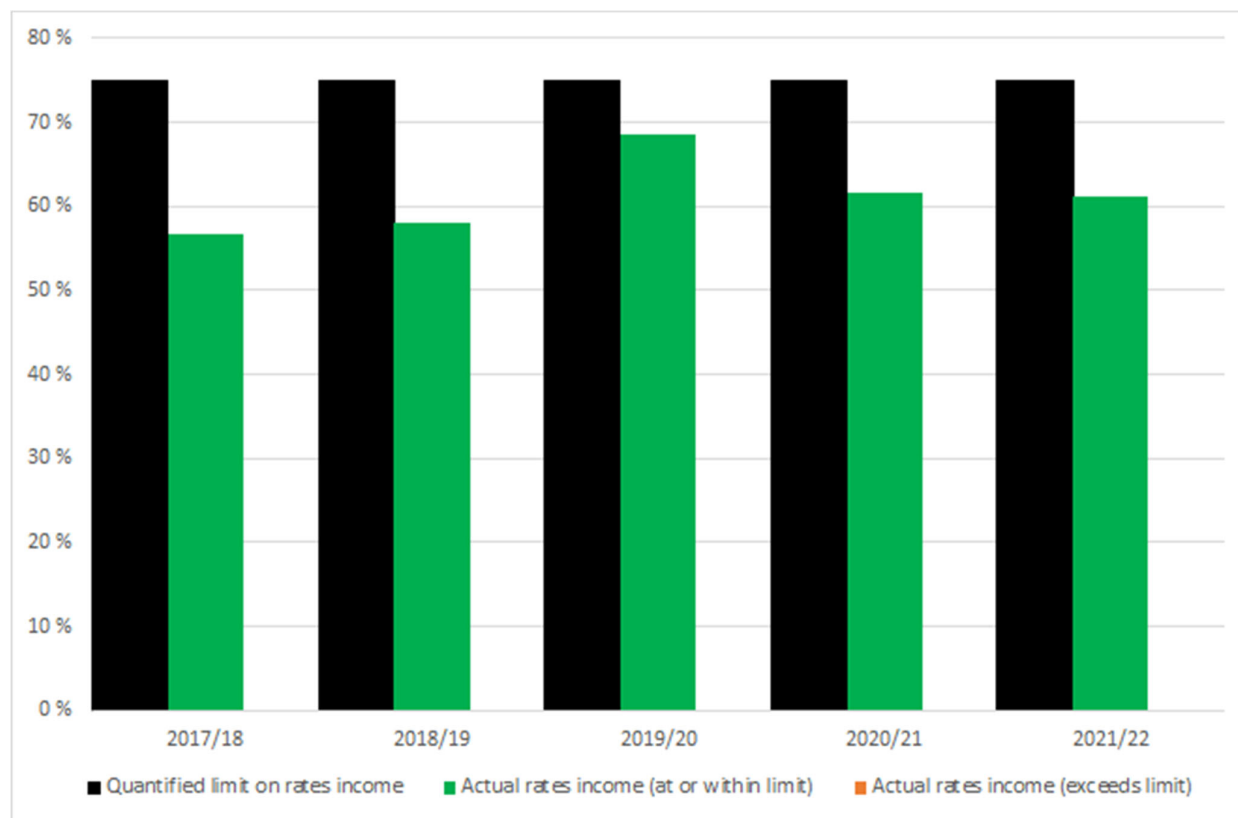
#### Rates affordability benchmark

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.



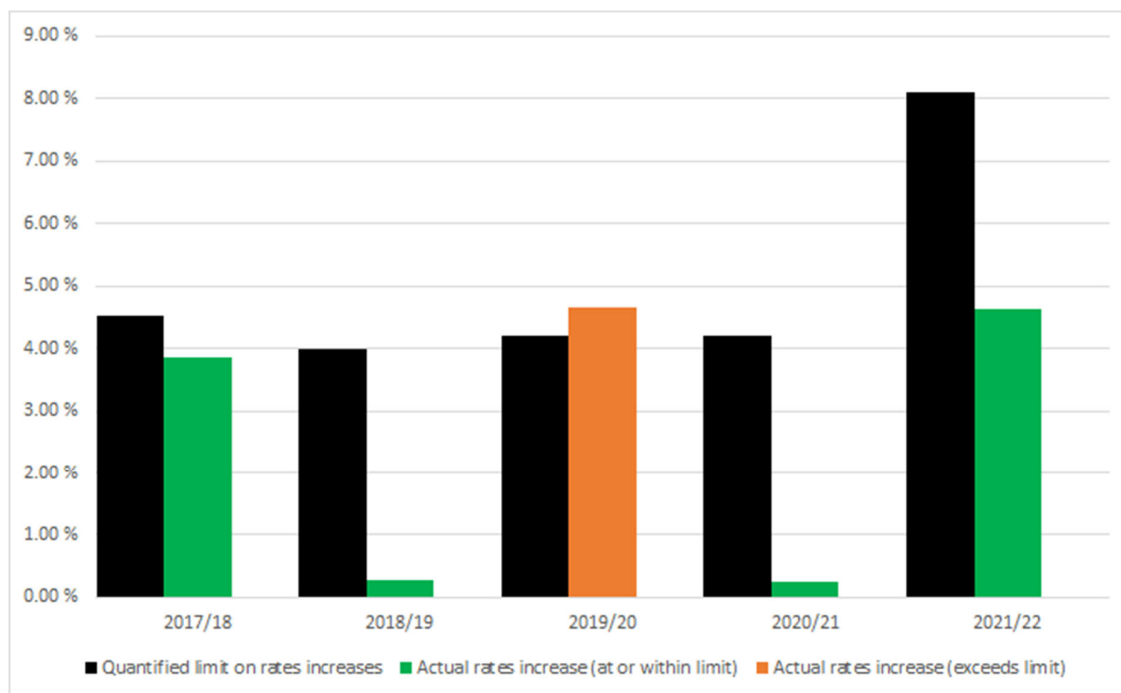


### Rates (increases) affordability

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.

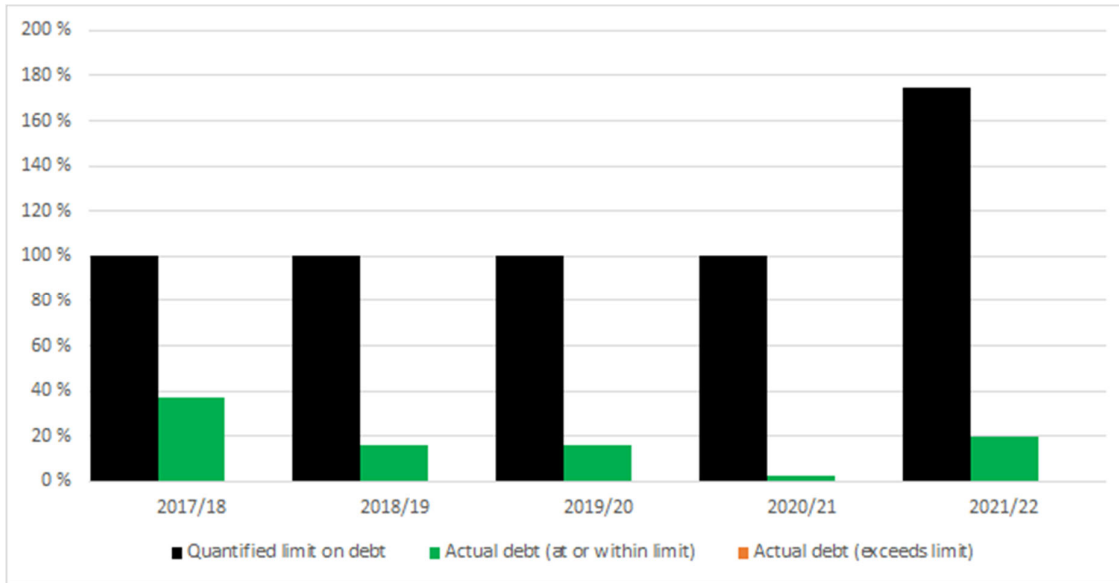
Also in 2019/20, Council moved from a fixed charge for Water rates in Ōtorohanga township to metered water. As such, the level of income from water rates can fluctuate more than it had previously, and this increased income has also pushed the actual rates increase above the quantified limit on rates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

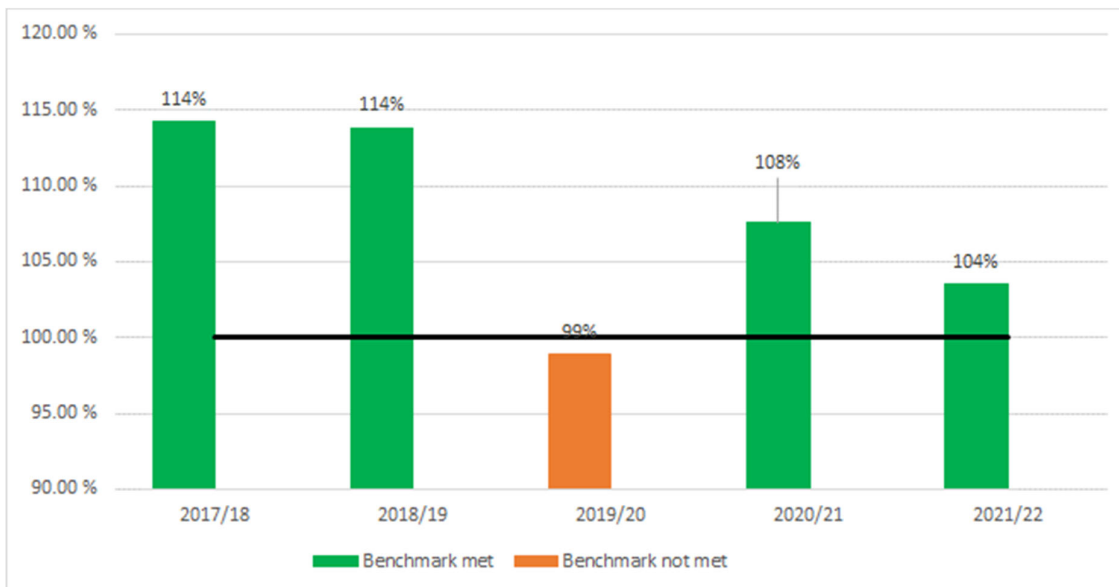


### Balanced budget benchmark

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.

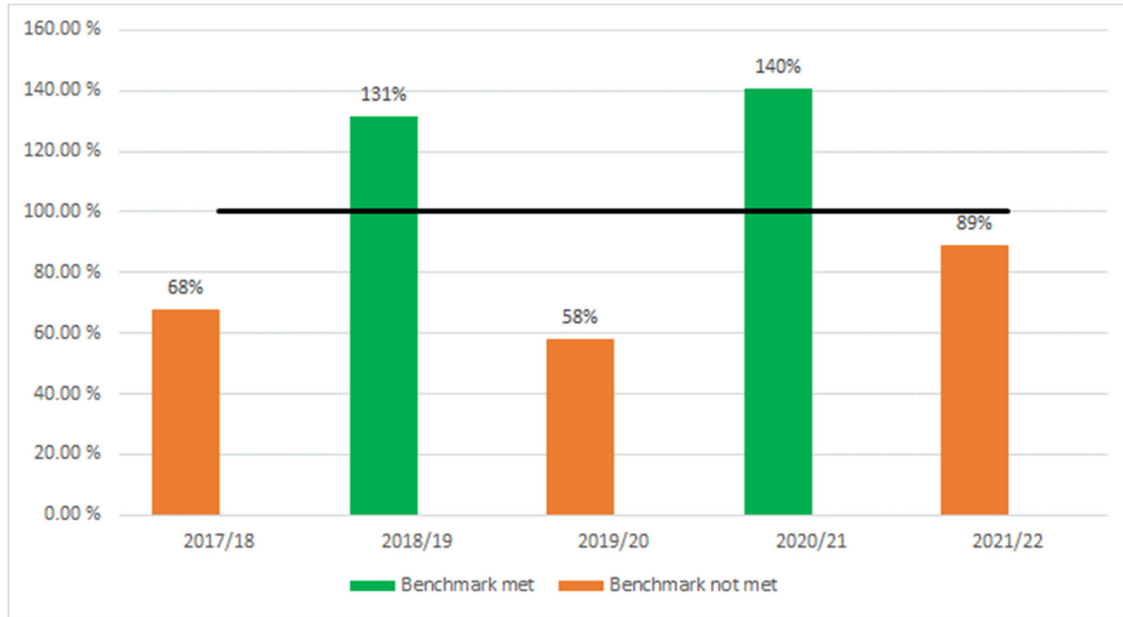
The significant decrease from previous years in 2019/20 relates to the decreased capital subsidy received from NZTA for roading works. This relates to the lockdown for Covid-19 happening during the normal time when a large amount of roading capital work is undertaken.





### 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.



Due to the nature of capital expenditure, these movements relate to the timing of work being completed or carried over as work in progress. On average for the last 5 years the capital expenditure against depreciation for essential services has been 97.6%.

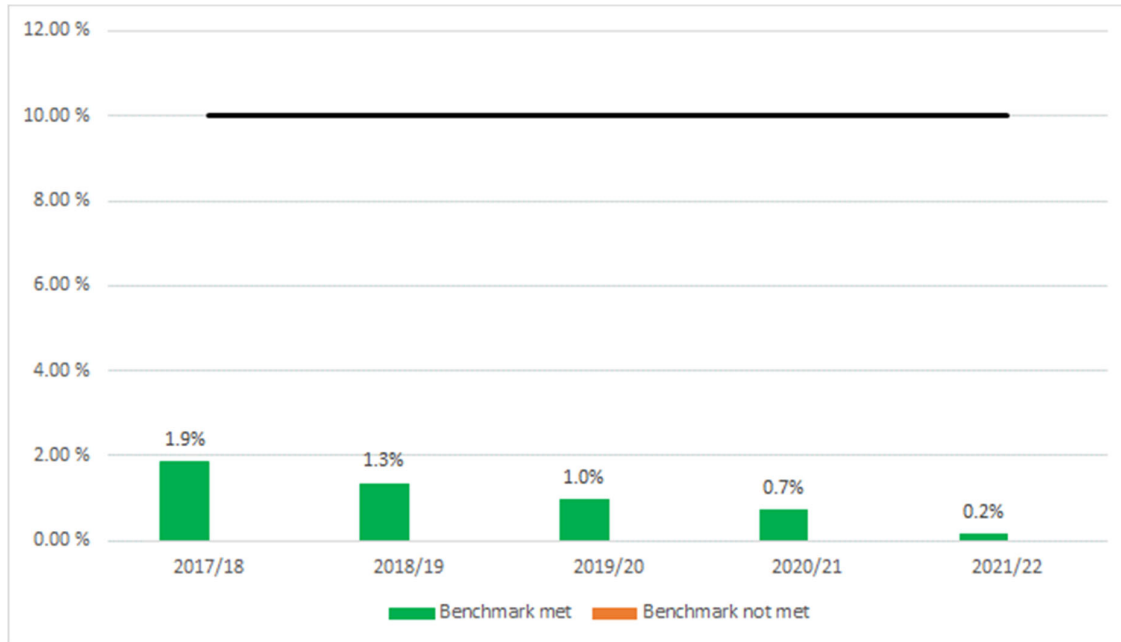




### Debt servicing benchmark

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

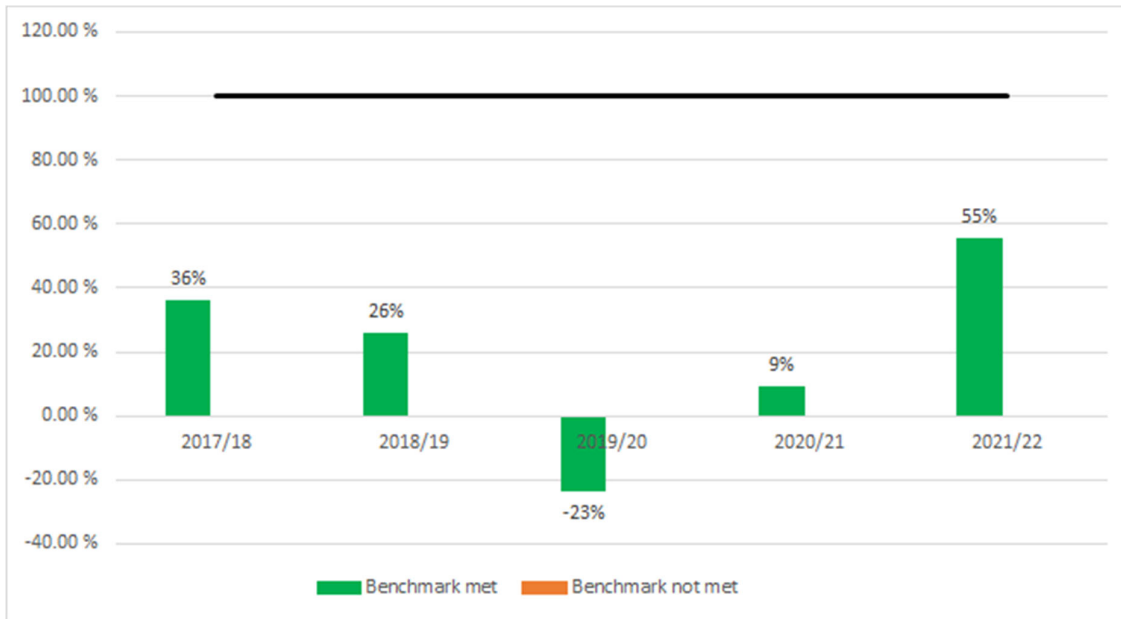
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

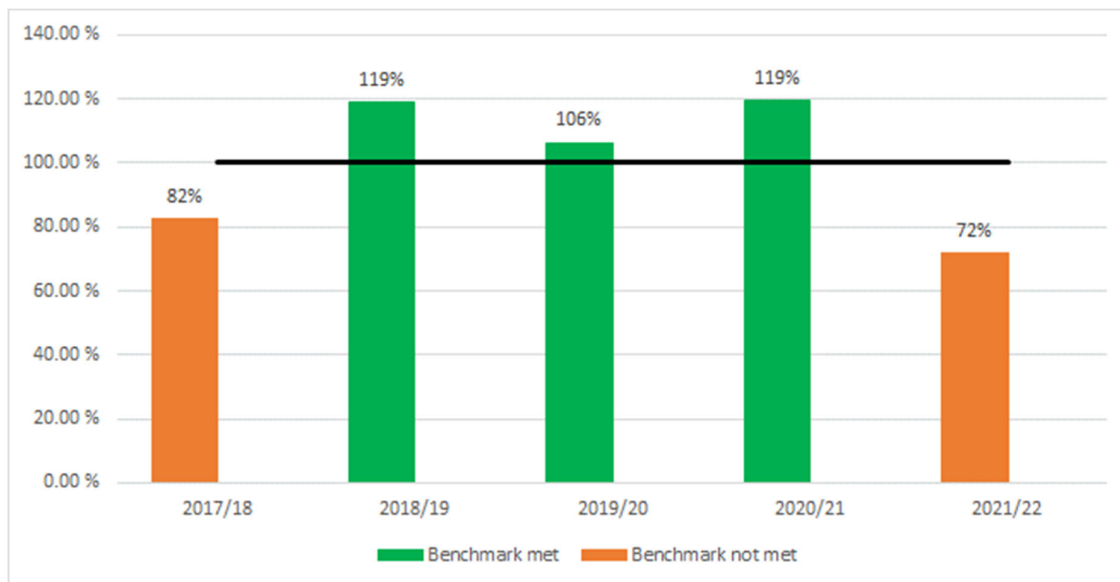
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



The operations control benchmark was not achieved in the 2021/22 related to reduced income from other receipts. This related to roading work being carried over into the 2022/23 year, and the associated reduction in subsidies received as they are also carried over into the 2022/23 year.



## LOCAL GOVERNMENT ACT DISCLOSURES

### Rating base information

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

	2022
Number of rating units	5,419
Total Capital value of rating units	\$5,062,285,500
Total Land value of rating units	\$3,530,402,400

### Insurance

	Carrying value 30 June 2022	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	54,177	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



### INDEPENDENT AUDITOR'S REPORT

#### TO THE READERS OF OTOROHANGA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Otorohanga District Council (the 'District Council'). The Auditor-General has appointed me, Matt Laing 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 14 December 2022. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 12 to 53:
  - present fairly, in all material respects:
  - the District Council's financial position as at 30 June 2022;
  - 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 62, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.
- the statement of service provision (referred to as Significant Activities) on pages 60 to 109:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and



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- the statement about capital expenditure for each group of activities on pages 60 to 109, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 60 to 109, 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 114 to 119, 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.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

### Emphasis of matter - The Government's three waters reform programme

Without modifying our opinion, we draw attention to note 21 on page 51, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. The Water Services Entities Bill had its Third Reading on 7 December 2022 and is awaiting Royal Assent. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

### 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.



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## **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.

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council'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.



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- 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 auditor's report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

### Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 11, 54 to 59, 110 to 113 and 120 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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

### Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *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 an assurance engagement on trustee reporting, which is compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the District Council.

**Matt Laing**  
for Deloitte Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand