

Otorohanga District Council

Summary Annual Report for the year ended 30 June 2014

COMMENTS FROM THE MAYOR AND THE CHIEF EXECUTIVE

Council continues to operate in a very lean 'business as usual' mode, made possible by the relative stability of the district and Council, the sound condition of council's assets and an experienced and capable team of staff and contractors.

The 2013/14 was relatively uneventful, with no significant failures of assets or services, or non-compliance with regulations.

A surplus of \$2.1 million was achieved for the year, which is considered very pleasing given the general tightness of budgets. Modest savings relative to budget were broadly based across the organisation, and reflected both the high level of cost awareness throughout the organisation and the low debt interest rates provided through Council's membership of the Local Government Funding Agency.

These savings contributed to a satisfactory reduction of debt of \$1.2 million which continues to put Council on track to a potential near elimination of external debt by the end of this decade. Whilst debt can play an important role in the functioning of a council, restricting debt increases opportunities to manage adverse or unexpected circumstances, and ODC continues to believe that the reduction of debt to a very low level is highly desirable.

Work that has been done under the auspices of the Waikato Mayoral Forum has provided some tangible benefits to Council and has also (and perhaps more importantly) provided

confirmation that ODC's services are generally delivered in a highly efficient way, and that there are very limited opportunities for cost-effective improvement.

A potential consequence of organisational leanness is that the standards of service provided will be correspondingly reduced, potentially to levels that are unsatisfactory for customers. A recent district-wide survey of customer preferences in respect of the standards of service for ODC's most significant activities has however indicated that there are extremely high levels of satisfaction with the services currently provided.

The results for the past year are however considered to be close to representing a best case scenario of favourable circumstances, and it is expected (and has been projected) that some elements of the current low costs may not be sustainable without exposing council to significant risk, and that some modest upward movement of expenditure is prudent.

Max Baxter
MAYOR

Dave Clibbery
CHIEF EXECUTIVE

26th November 2014



Summary Financial Statements

OTOROHANGA DISTRICT COUNCIL SUMMARY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

Actual 30 June 2013 (000's)		Budget 30 June 2014 (000's)	Actual 30 June 2014 (000's)
	Income		
11,056	Rates revenue	11,299	11,387
4,011	Other income	4,637	4,826
15,067	Total income	15,936	16,213
	Expenditure		
660	Finance Costs	790	618
13,479	Other Expenditure	13,707	13,538
14,139	Total expenditure	14,497	14,156
928	Profit/(loss) for the year	1,439	2,057
	Other Comprehensive Income		
(8)	Gain/(loss) on property revaluation	-	(234)
8	Gain/(loss) on available for sale financial assets	-	(2)
-	Total other comprehensive income	-	(236)
928	Total Comprehensive Income for the year	1,439	1,821

OTOROHANGA DISTRICT COUNCIL SUMMARY BALANCE SHEET AS AT 30 JUNE 2014

Actual 30 June 2013 (000's)		Budget 30 June 2014 (000's)	Actual 30 June 2014 (000's)
	Assets		
4,030	Total current assets	3,388	5,239
257,404	Total non-current assets	259,274	258,022
261,434	Total assets	262,662	263,261
	Liabilities		
7,649	Total current liabilities	6,706	4,592
6,834	Total non-current liabilities	7,779	9,897
14,483	Total liabilities	14,485	14,489
246,951	Net Assets	248,177	248,772
	Equity		
152,190	Retained earnings	153,467	154,320
94,761	Reserves	94,710	94,452
246,951	Total equity attributable to ODC	248,177	248,772



**OTOROHANGA DISTRICT COUNCIL
SUMMARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Retained Earnings	Available for Sale Reserves	Asset Revaluation Reserves	Restricted Reserves	Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Balance as at 1 July 2012	151,492	3	93,816	712	246,023
Profit/(loss) for the year	928	-	-	-	928
Other Comprehensive Income					
Gain/(loss) on revaluations	-	8	(8)	-	-
Total Comprehensive Income	928	8	(8)	-	928
Transfers (to)/from retained earnings	(230)	-	-	230	-
Balance 30 June 2013	152,190	11	93,808	942	246,951
Profit/(loss) for the year	2,057	-	-	-	2,057
Other Comprehensive Income					
Gain/(loss) on movement of reserves	-	(2)	(234)	-	(236)
Total Comprehensive Income	2,057	(2)	(234)	-	1,821
Transfers (to)/from retained earnings	73	-	-	(73)	-
Balance 30 June 2014	154,320	9	93,574	869	248,772

**OTOROHANGA DISTRICT COUNCIL
SUMMARY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

Actual 30 June 2013		Budget 30 June 2014	Actual 30 June 2014
(000's)		(000's)	(000's)
3,897	Net cash provided by Operating Activities	5,259	7,135
(2,438)	Net cash used in Investing Activities	(4,853)	(4,768)
(1,118)	Net cash provided by/(used in) Financing Activities	(500)	(1,228)
341	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(94)	1,139
341	Made up as follows: Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(94)	1,139
1,231	Cash, cash equivalents and bank overdrafts at the beginning of the year	1,701	1,572
1,572	Cash and cash equivalents at the end of the year.	1,607	2,711



Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2013-2014 Annual Plan are as follows:

Statement of Comprehensive Income

Rates revenue is higher than estimates by \$77,000 due to the rates being struck on the values as at 1 July each year, which can differ from the values used when the estimates were created due to new subdivisions.

Other income was \$416,000 above budget. This is due to a number of factors, including a subsidy for work on Lake Huiputea that was not budgeted for, as well as increase building consent and resource consent income.

Other expenses was \$155,000 under budget. This is due to a number of factors, mostly due to saving made across a wide range of activities.

Finance costs are \$172,000 under budget. This is due to savings in interest costs made from borrowing from the Local Government Funding Agency.

Balance Sheet

Total current assets are up on the budgeted figure by \$1,851,000. This is due to an increase in the cash and cash equivalents, as well as an increase of \$161,000 in development property held for resale.

Non-current assets are down on budget by \$1,252,000 due to higher than budgeted depreciation, as well as some capital projects being deferred to the 2014-15 financial year.

Total current liabilities is \$2,114,000 under budget and non-current liabilities is \$2,118,000 over budget. This is predominantly due to the timing of borrowings, as well as a decrease in total borrowings of \$850,000 compared to budget.

Statement of Cash flows

Cashflows from operating activities was up on budget by \$1,876,000, as a result of increased income from rates revenue, as well as decreases payments to suppliers.

Cashflows from financing activities is \$728,000 over budget due to better cashflow management requiring less borrowing.

Basis of Preparation

These summary financial statements and summary statement of service performance (the Summary Report) have been prepared in accordance with FRS-43: Summary Financial Statements. The Summary Report cannot provide as complete an understanding as the full Annual Report which is available at the Council Offices and District Libraries. This Summary report is for the year ended 30 June 2014. All figures are in New Zealand dollar rounded to the nearest \$1,000.

The Summary Report has been extracted from the full Otorohanga District Council 2013/2014 Annual Report which was authorised for issue on 28th October 2014. The full financial statements received an unmodified audit opinion dated 28th October 2014. The summary financial statements are presented in New Zealand dollars. The Summary Report was adopted and authorised by the Otorohanga District Council on 26th November 2014.



The primary objective of Otorohanga District Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Otorohanga District Council has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The full financial statements included in the full Annual Report have been prepared in accordance with NZ GAAP.

The full financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Summary of Other Notes

Reserves

	Actual 2013 (000's)	Actual 2014 (000's)
Restricted reserves	942	869
Available for Sale	11	9
Revaluation Reserves		
Asset Revaluation Reserves	93,808	93,574
Total Reserves	94,761	94,452

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

Summary of Significant Activities

Summary of Significant Service Levels and Performance Targets

Activity	Number of Performance Targets	Achieved	Partially Achieved	Not Measured	Not Achieved
Roads and Footpaths	5	5	-	-	-
Water Supply	6	6	-	-	-
Sewerage Treatment and Disposal	3	2	1	-	-
Flood Protection and Control Works	1	1	-	-	-
Stormwater Drainage	2	2	-	-	-
Community Services	21	16	-	-	5
Regulatory Services	19	15	-	-	4
Community Development	4	-	-	-	4
Governance & Leadership	15	13	-	1	1

Roads and Footpaths

Roads and Footpaths targets achieved included number of defects on Sealed Rural and Urban roads, bulk maintenance metalling road smoothness and number of roading complaints.

Water Supply

The Water Supply targets achieved were the number of disinfection failures, contamination

instances, compliance with the drinking water standards, interruptions to service and water levels in the reservoirs.

Sewerage Treatment

Within the Sewerage Treatment targets achieved were items such as sewerage overflows and complaints of smells. The partially achieved was compliance with



resource consents, where full compliance was achieved, except for discharge quality.

Flood Protection

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

Stormwater Drainage

The Stormwater drainage targets achieved were for number of complaints of flooding and compliance with resource consents.

Community Services

Overall across all community activities a total of 21 performance targets exist, of which sixteen (16) were achieved and five (5) were not achieved. Those achieved included safe outdoor structures, safe and high quality park furniture, adequate paths and tracks, library website visits, publication dates of library books, pensioner housing occupancy rates, swimming pool water quality tests, cemetery website visits, and Sport Waikato reports.

The targets not achieved included number of library books issued, changes in recycling volumes, compliance with resource consents for closed landfills and nightly security patrols.

Regulatory Services

There are 19 performance measures across Regulatory Services, which covers Building Control, Planning & Development, Environmental Health, Rural Fire, Civil Defence, Dog Control and Stock Ranging. Of these measures, fifteen (15) were achieved and four (4) were not achieved. These related to audit of the pool register, processing building consents in 20 days and average number of days to process a building consent.

Some of the targets achieved for Regulatory Services included formal civil defence exercises, percentage of dogs impounded, complaints about roaming dogs, stock wandering on roads, fire permits issued within 3 days and liquor licensing.

Community Development

There are four performance measures for Community Development, of which none were achieved during the year. These related to visitors to i-Sites, Waiwera St subdivision, accommodation guest stay nights and visits to Otorohanga.co.nz.

Governance and Leadership

Governance and Leadership covers Democratic Process, Policy Development, Council Support, Corporate Planning and Support Services. There are fifteen (15) performance targets across Governance and Leadership, and of these thirteen (13) were achieved during the year. One (1) was not measured and the remaining one (1) was not achieved.

Some of the major performance targets related to distribution of funds from council grants, legislative compliance, and LTP and Annual Reports adopted within statutory timeframes.

The not measured target related to a triennial level of service survey, and the target not achieved was to do with the establishment of representation forums with Iwi.





Statement of Compliance and Responsibility

Statement of Compliance

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

Statement of Responsibility

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

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

In the opinion of the Council and Management of Otorohanga District Council, the Summary Financial Statements for the year ended 30 June 2014 fairly reflect the financial position and operations of Otorohanga District Council.

Max Baxter

MAYOR

Dave Clibbery

CHIEF EXECUTIVE

Graham Bunn

**FINANCE AND
ADMINISTRATION
MANAGER**

26th November 2014

Otorohanga District Statistics

Area and Population

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

Communities

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

Valuation

Rateable Properties (No. of)	5,214
Non Rateable Properties (No. of)	210
Rateable Capital Value	\$3,476,109,050
Date of Last revision of Values ¹	September 2013

Rates and Rating 2013/14

Total Rates(Excluding GST)	\$11,389,397
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/14

Public Debt Outstanding	\$10,830,972
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Date of Constitution of District

1 November 1989

Contact Information

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