

2019 PRE-ELECTION REPORT

ŌTOROHANGA DISTRICT COUNCIL



CHIEF EXECUTIVE'S INTRODUCTION



Welcome to the 2019 Pre-election Report for Ōtorohanga District Council.

It's an exciting time for the Ōtorohanga district, as the effects of growth start to radiate from central Waikato. With that the district is experiencing an increase in subdivision consent applications, and some more complex building projects. Of note is the Waikeria Prison expansion and imminent construction of the Happy Valley Milk Factory. These projects will continue into the next triennium and it's anticipated that they will have positive economic spin-offs across the district and further afield to our close Waikato neighbours.

Some of the opportunities and challenges facing Council and our community over the next three years are:

- Housing availability and affordability – defining our role
- Central Government's review of three waters and freshwater management – ensuring our infrastructure is resilient and fit for purpose
- The post-settlement environment for iwi - opportunities for partnership
- Providing relevant, cost-effective services to our community – managing rising expectations of some sectors of our community against others who want us to stick to “roads, rates and rubbish”
- Addressing the challenges of planning for and funding the progressive replacement of ageing infrastructure and the construction and installation of new services
- Early engagement on our next Long Term Plan 2021-2031 – how we ensure everyone has an opportunity to participate
- Defining how we deliver on the “four wellbeings” in the Local Government Act – Social, Economic, Environmental and Cultural

Overall the financial position of Council remains sound, as we continue on our path to reduce debt, and seek new ways to work collaboratively with other councils to reduce operating costs, achieve efficiencies and work smarter.

With local body elections this year, and a new Long Term Plan to prepare for in 2021, the new Council will be identifying ways that we can engage meaningfully to shape the future of our beautiful district and help breathe life into the aspirations of our community.

Tanya Winter
Chief Executive



PURPOSE

The purpose of a pre-election report is to provide information to promote public discussion about the issues facing the Council.

The preparation of and the nature of the content in this document is a legal requirement placed on the Chief Executive Officer of the Council, by section 99A of the Local Government Act 2002.

INTRODUCTION

Legislation requires the following information is provided for residents and ratepayers of the Ōtorohanga District:

- A Summary Balance Sheet for the three years leading up to the date of the election and for the three years after the election
- A Funding Impact Statement for the three years prior to the date of the election
- A Cashflow Statement for the three years prior to the date of the election
- Details of the major projects proposed in the three years following the election
- A statement comparing rates, rate increases and borrowings to limits specified in the Long Term Plan

SOURCE OF THE INFORMATION

The information provided in this document is a summary of what can be found in the following publicly available documents. Readers who want more detail should refer to the followings audited documents, which can be found on our website www.otodc.govt.nz

- 2016/17 Annual Report
- 2017/18 Annual Report
- 2018/28 Long Term Plan

The data shown in the tables that follow is:

- Actual financial results for the Council for the 2016/17 and 2017/18 financial years as per audited annual reports.
- Budgets and projections for the 2018/19, 2020/21, 2021/22 and 2022/23 financial years as per the audited 2018/28 Long Term Plan.

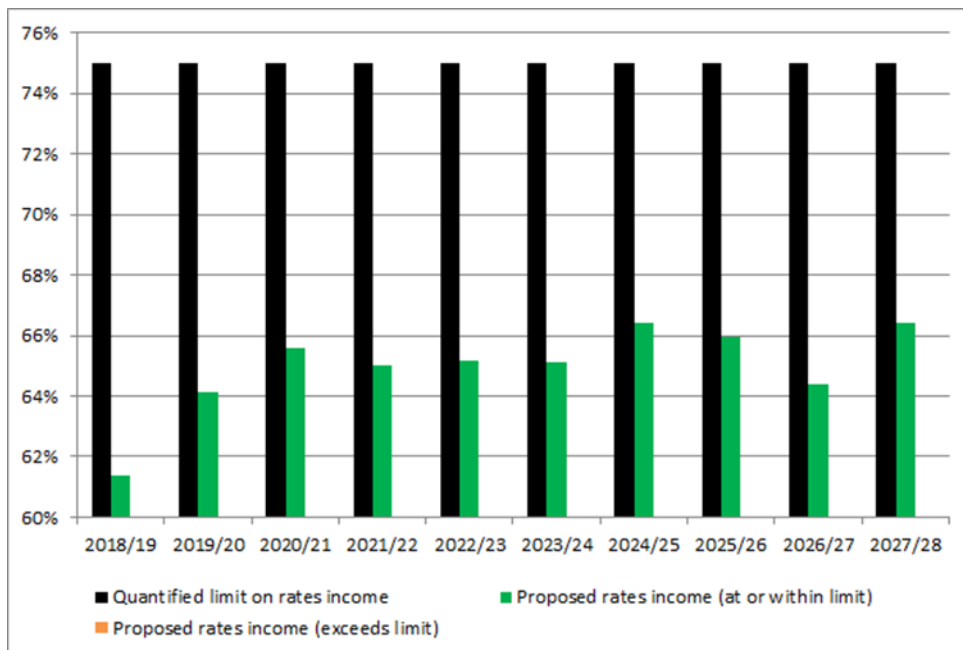


BALANCE SHEET

As part of the Long Term Plan process, Council is required to set a Financial Strategy. Part of this strategy sets limits on rates, rates increases and borrowings. The following graphs are from the 2018-28 Long Term Plan and show how Council is expecting to perform against those limits.

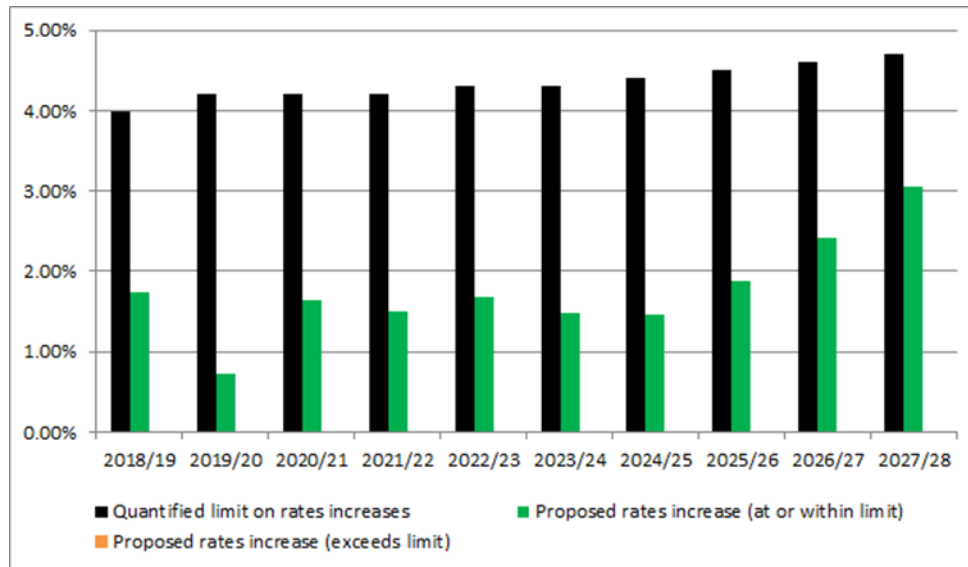
RATES LIMITS

Council has set a limit that rates are less than 75% of total income for each financial year.



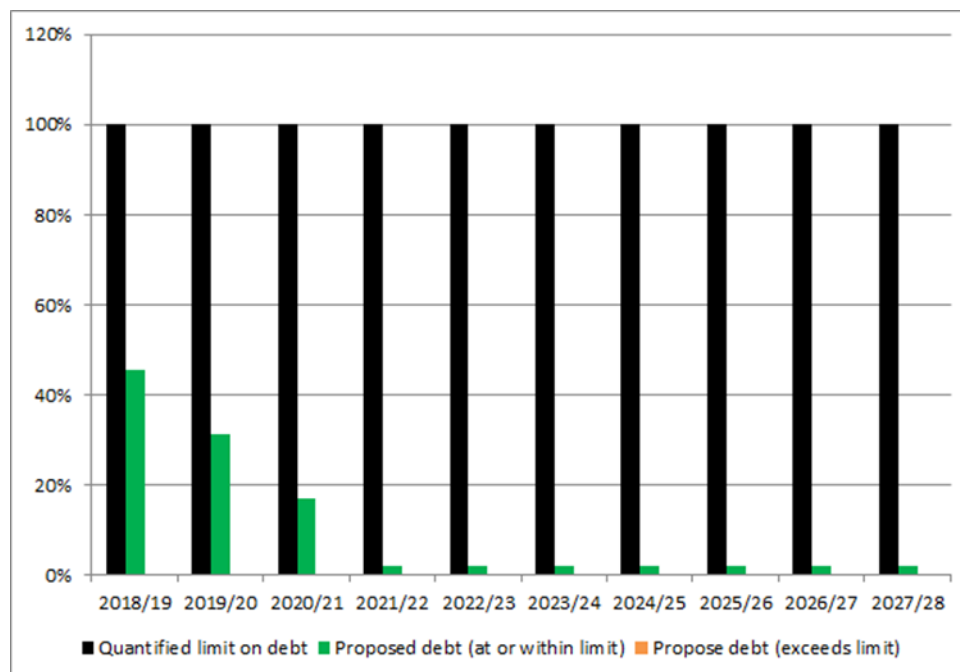
RATES INCREASE LIMITS

Council has set a limit on rates increases where the increase will not exceed to Local Government Cost Index (LGCI) plus 2%. The LGCI is a measure similar to the Consumer Price Index (CPI), but taking account of the types of items Councils purchase, as opposed to the CPI which uses goods that households purchase.



BORROWING LIMITS

Council has set a limit on borrowings that they cannot exceed 100% of total revenue for each financial year.



BALANCE SHEET

The Balance Sheet shows the assets and liabilities of the Ōtorohanga District Council and the level of ratepayer's equity at the end of each financial year.

	Actual 2016/17 \$000's	Actual 2017/18 \$000's	Projected 2018/19 \$000's	Projected 2020/21 \$000's	Projected 2021/22 \$000's	Projected 2022/23 \$000's
Assets						
<i>Current Assets</i>						
Cash and Cash Equivalents	4,266	5,258	146	1,537	890	4,112
Trade and Other Receivables	2,544	4,582	2,556	2,710	2,868	3,083
Inventory	30	30	30	32	34	36
Property Inventory	348	-	3,534	1,071	857	643
Total current assets	7,187	9,871	6,266	5,350	4,649	7,874
<i>Non-current Assets</i>						
Investments	773	679	2,101	1,988	1,954	1,919
Property, Plant and Equipment	298,045	297,507	299,658	319,130	319,648	319,453
Intangible Assets	111	79	121	138	130	124
Total non-current assets	298,929	298,265	301,881	321,256	321,732	321,496
Total assets	306,116	308,136	308,147	326,606	326,381	329,370
Liabilities						
<i>Current Liabilities</i>						
Trade and Other Payables	2,013	2,631	3,208	3,304	3,403	3,538
Provisions	1	1	1	1	1	1
Employee Benefit Liabilities	326	354	330	350	372	400
Income in Advance	657	724	660	702	742	801
Total current liabilities	2,997	3,709	4,199	4,357	4,518	4,740
<i>Non-current Liabilities</i>						
Provisions	18	17	17	14	13	12
Employee Benefit Liabilities	50	32	47	50	53	57
Borrowings	9,574	6,514	9,481	3,448	448	448
Total non-current liabilities	9,643	6,564	9,545	3,512	514	517
Total liabilities	12,639	10,273	13,744	7,869	5,032	5,257
Net Assets	293,477	297,863	294,403	318,737	321,349	324,113
Equity						
Retained Earnings	153,388	154,830	161,430	167,076	170,188	173,636
Council Controlled Reserves	3,604	4,904	- 3,367	- 4,050	- 4,316	- 4,800
Reserve Funds	824	3,095	3,050	3,287	3,411	3,622
Revaluation Reserves	135,661	135,034	133,289	152,424	152,066	151,655
Total equity attributable to Council	293,477	297,863	294,403	318,737	321,349	324,113



STATEMENT OF CASHFLOWS

This statement shows the various sources of and the use of cash for the Ōtorohanga District Council.

	Actual 2016/17 \$000's	Actual 2017/18 \$000's	Projected 2018/19 \$000's
Cash flows from operating activities			
Receipts from rates revenue	12,163	12,473	12,690
Receipts from other revenue	4,538	4,150	6,865
Interest received	90	94	90
Dividends received	9	15	12
Payments to suppliers and employees	- 10,329	- 10,745	- 12,112
Interest paid	- 436	- 365	- 525
Net cash provided by Operating Activities	6,035	5,622	7,020
Cash flows from investing activities			
Proceeds from sale of Property, Plant and Equipment	87	86	-
Proceeds from sale of development property held for sale	100	2,350	66
Purchase of property, plant and equipment	- 4,594	- 4,098	- 11,265
Purchase of investments	5	85	-
Purchase of intangible assets	- 118	7	57
Net cash provided by Investing Activities	- 4,520	- 1,570	- 11,388
Cash flows from financing activities			
Proceeds from borrowings	-	-	3,000
Repayment of borrowings	- 86	- 3,060	33
Net cash provided by/(used in) Financing Activities	- 86	- 3,060	2,967
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	1,429	992	- 1,401
Cash, cash equivalents and bank overdrafts at the beginning of the year	2,837	4,266	1,547
Cash and cash equivalents at the end of the year	4,266	5,258	146



FUNDING IMPACT STATEMENT—LONG TERM PLAN

The Funding Impact Statement shows how funds raised from rates and other sources have been used to fund expenditure for the Ōtorohanga District Council.

	Projected 2018/19 \$000's	Projected 2020/21 \$000's	Projected 2021/22 \$000's	Projected 2022/23 \$000's
Source of Operating Funding				
General rates, uniform annual general charges, rates penalties	5,286	5,765	5,728	5,949
Targeted rates	7,404	7,651	7,944	8,009
Subsidies and grants for operating purposes	2,115	2,223	2,274	2,373
Fees and charges	988	1,029	854	873
Interest and dividends from investments	102	106	108	110
Local authorities fuel tax, fines, infringement fees, and other receipts	711	737	734	759
Total operating funding	16,606	17,511	17,642	18,073
Application of operating funding				
Payments to staff and suppliers	12,745	11,663	11,653	11,833
Finance Costs	525	166	16	16
Other operating funding applications	781	790	798	815
Total application of operating funding	14,051	12,619	12,467	12,664
Surplus/(deficit) of operating funding	2,555	4,892	5,175	5,409
Sources of capital funding				
Subsidies and grants for capital expenditure	3,042	2,750	3,331	3,306
Development and Financial Contributions	10	10	11	-
Increase (decrease) in debt	4,182	1,100	748	1,082
Gross proceeds from sale of assets	1,355	1,125	280	406
Total sources of capital funding	8,589	2,785	2,874	2,630
Application of capital funding				
Capital Growth	-	36	112	-
Capital Level of Service	5,087	300	166	60
Capital Renewals	6,636	6,325	6,586	6,166
Increase (decrease) in reserves	579	1,016	1,185	1,813
Total application of capital funding	11,144	7,677	8,049	8,039
Surplus/(deficit) of capital funding	- 2,555	- 4,892	- 5,175	- 5,409
Funding balance	-	-	-	-



MAJOR CAPITAL PROJECTS

These are the major capital projects in the coming three year period.

	Projected 2020/21 \$000's	Projected 2021/22 \$000's	Projected 2022/23 \$000's
Land Transport			
Unsealed Road Metalling	451	743	404
Sealed Road Resurfacing	1,375	1,404	1,433
Drainage Renewals	75	554	628
Pavement Rehabilitation	688	882	899
Minor Improvements	862	1,379	1,529
Total Land Transport	3,450	4,962	4,893
Water Supply			
Pump Renewals	102	45	15
Reservoir Renewals	51	-	-
Pipe Renewals	527	326	79
Sundry Renewals	76	75	45
Sand Filter Renewals	27	27	5
Plant Upgrade	106	19	8
New Water Source Investigation	103	-	-
Total Water Supply	991	493	151
Sewerage Treatment and Disposal			
Pump Renewals	55	45	-
Pipe Renewals	108	-	-
Sundry Renewals	4	64	-
Wetlands Cell Renewals	-	16	-
Total Sewerage Treatment and Disposal	168	125	-
Community Services			
Library Books	63	65	66
Sundry Renewals	56	61	25
Sundry Reserve Improvements	52	84	38
Total Community Services	171	210	129
Governance and Leadership			
Information Systems - Hardware	72	73	75
Information Systems - Software	51	52	53
Total Governance and Leadership	123	125	128

