

Ōtorohanga District Council

Summary Annual Report for the year ended 30 June 2022

COMMENTS FROM THE MAYOR AND THE CHIEF EXECUTIVE

Tēnā koutou katoa

It is with pleasure that we present our Summary 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

Tanya Winter
CHIEF EXECUTIVE

14 December 2022



Summary Financial Statements

ŌTOROHANGA DISTRICT COUNCIL SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2022

Actual 30 June 2021 (000's)		Budget 30 June 2022 (000's)	Actual 30 June 2022 (000's)
	Revenue		
13,229	Rates revenue	14,032	13,842
8,251	Other income	10,242	8,750
21,480	Total income	24,274	22,592
	Expenses		
153	Finance Costs	55	37
19,435	Other Expenditure	20,558	21,750
19,588	Total expenditure	20,613	21,787
1,892	Surplus/(deficit) for the year	3,661	805
	Other Comprehensive Revenue and Expenses		
4,613	Gain/(loss) on property revaluation	11,695	60,365
-	Gain/(loss) on available for sale financial assets	-	-
4,613	Total other comprehensive revenue and expenses	11,695	60,365
6,505	Total Comprehensive Revenue and Expenses for the year	15,356	61,170

ŌTOROHANGA DISTRICT COUNCIL SUMMARY BALANCE SHEET AS AT 30 JUNE 2022

Actual 30 June 2021 (000's)		Budget 30 June 2022 (000's)	Actual 30 June 2022 (000's)
	Assets		
7,230	Total current assets	4,998	11,762
329,770	Total non-current assets	341,546	390,673
337,000	Total assets	346,544	402,435
	Liabilities		
5,576	Total current liabilities	4,579	9,848
494	Total non-current liabilities	2,509	487
6,070	Total liabilities	7,088	10,335
330,930	Net Assets	339,456	392,100
	Equity		
165,418	Accumulated comprehensive revenue and expenses	169,853	166,692
165,512	Reserves	169,603	225,408
330,930	Total equity attributable to ODC	339,456	392,100



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

Actual 30 June 2021	Note	Budget 30 June 2022	Actual 30 June 2022
(000's)		(000's)	(000's)
324,425	Balance at 1 July	324,100	330,930
6,505	Total comprehensive revenue and expense for the year	15,356	61,170
330,930	Balance at 30 June	339,456	392,100

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

Actual 30 June 2021		Budget 30 June 2022	Actual 30 June 2022
(000's)		(000's)	(000's)
8,347	Net cash provided by Operating Activities	7,998	5,757
(8,419)	Net cash used in Investing Activities	(10,820)	(8,604)
(3,015)	Net cash provided by/(used in) Financing Activities	2,000	4,000
(3,087)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(822)	1,153
	Made up as follows:		
(3,087)	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(822)	1,153
7,157	Cash, cash equivalents and bank overdrafts at the beginning of the year	3,559	4,070
4,070	Cash and cash equivalents at the end of the year.	2,737	5,223

Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2021/22 Annual Plan are as follows:

Statement of Comprehensive Revenue and Expenses

Total other income was \$1,492,000 under budget. This is due to a number of factors, including subsidies being \$1,613,000 under budget due to Covid lockdowns leading to some work being carried over into the 2022/23 year.

Other expenses is \$1,192,000 over budget. This is due to depreciation and amortisation being \$732,000 over budget due to a revaluation of land and building and infrastructural assets in the prior year.

Balance Sheet

Total current assets are up on the budgeted figure by \$6,764,000. This is mainly due to an increase in the cash and cash equivalent of \$2,486,000 above budget, as well as receivables being \$2,238,000 over budget due to the timing of invoicing and payments, as well as the receipt of GST refunds.

Non-current assets are up on budget by \$49,127,000 due to the revaluation of roading and 3 waters assets during the current year.

Total current liabilities are \$5,269,000 above budget. This is predominantly due to short term borrowings of \$4,000,000, as well as income in advance related to 3 waters subsidies.



Statement of Cash flows

Cash flows from operating activities were down on budget by \$2,241,000, mostly as a result of decreased receipts from other revenue.

Cash flows from investing activities were \$2,216,000 below budget 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.

Basis of Preparation

These summary financial statements and summary statement of service performance (the Summary Report) have been prepared in accordance with PBE 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 2022. All figures are in New Zealand dollars rounded to the nearest \$1,000.

The Summary Report has been extracted from the full Ōtorohanga District Council 2021/22 Annual Report which was authorised for issue on 14 December 2022. The full financial statements received an unmodified audit opinion dated 14 December 2022. The summary financial statements are presented in New Zealand dollars. The Summary Report was authorised by the Ōtorohanga District Council on 14 December 2022.

The primary objective of Ōtorohanga District Council is to provide goods or services for the community or social benefit rather than making a financial return. The Ōtorohanga District Council is an individual entity for reporting purposes.

Ōtorohanga District Council has been determined to be a Tier 2 Public Benefit Entity and therefore has applied reduced disclosure requirements as it sees fit.

Summary of Other Notes

Reserves

	Actual 2021 (000's)	Actual 2022 (000's)
Restricted reserves	3,356	2,887
Available for Sale Revaluation Reserves	1	1
Asset Revaluation Reserves	162,155	222,520
Total Reserves	165,512	225,408

The movement in restricted reserves related to subdivision financial contributions received with resource consents and interest earned on those restricted reserves.

The movement in the asset revaluation reserves related to revaluations of land and roading assets undertaken during the year.

Property, plant and equipment

Current year revaluations

An independent valuation of the Council's roading and 3 waters assets was performed in the current financial year by BECA Projects NZ Limited, independent registered valuers not related to the Council, to determine the fair value of the roading and 3 waters assets. Where possible market values were obtained and then discounted or adjusted using knowledge of the specific properties being valued. The valuation was effective as at 30 June 2022 in which the total fair value of roading valued by BECA Projects NZ Limited was \$306,992,743. The total fair value of 3 waters assets valued by Beca Projects NZ Limited was \$40,828,364.

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 7th 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.

Summary of Significant Activities

Summary of Significant Service Levels and Performance Targets

Activity	Number of Performance Targets	Achieved	Partially Achieved	Not Measured	Not Achieved
Land Transport	5	2	-	-	3
Water Supply	5	1	1	-	3
Wastewater Treatment and Disposal	4	2	1	-	1
Flood Protection	1	1	-	-	-
Stormwater Management	4	3	-	1	-
Waste Management and Minimisation	2	1	-	-	1
Community Facilities and Services	11	11	-	-	-
Regulatory Services	8	3	-	-	5
District Development	4	2	-	1	1
Governance and Support Services	3	2	-	-	1

Land Transport

Land Transport targets achieved included percentage of sealed road network resealed and change in total number of fatalities and serious injuries. Targets not achieved include footpath network condition, average quality of ride on sealed roads and service request responses.

Water Supply

The Water Supply target achieved was related to average consumption per day per resident. Not achieved included the drinking water standards for bacteria and protozoa, and percentage of water loss from the network. Partially achieved relates to attendance and

resolution times for urgent and non-urgent call-outs.

Wastewater Treatment and Disposal

The Wastewater Treatment and Disposal target achieved related to compliance with resource consents and complaints per 1,000 connections. The not achieved measure related to dry weather overflows. Median response times for overflows was partially achieved as attendance time was not achieved but resolution time was.

Flood Protection

The Flood Protection target achieved was regarding the maintenance and renewal of the flood protection.



Stormwater Management

The Stormwater Management targets achieved were for number of flooding events in the district, number of complaints received and compliance with resource consents. The not measured target related to median response time to attend a flooding event, as there were no flooding events to respond to.

Waste Management and Minimisation

The achieved Waste Management target related to satisfaction with kerbside collection services, while the increase in recycling volumes was not achieved.

Community Facilities and Services

Overall across all community activities a total of 11 performance targets exist, of which all were achieved. Those achieved included satisfaction surveys related to parks & reserves, libraries and housing for the elderly. There were also measures related to the number of complaints received about public conveniences and cemeteries, as well as occupancy rates for housing for the elderly, the number of participants in library programmes, swimming pool compliance, maintenance of the Aotea seawall and civil defence community response plans and training effectiveness measurement.

Regulatory Services

There are eight performance measures across Regulatory Services, which covers Building Control, Planning & Development, Environmental Health, and Animal Control. Of these measures, three were achieved and five were not achieved. These related to processing times for resource consents and processing times for building consents, known dogs registered, food premise monitoring and noise complaints.

Some of the targets achieved for Regulatory Services included complaints about roaming dogs, civil defence meetings, swimming pool inspections and Council's accreditation.

District Development

There are four performance measures for Community Development, of which two were achieved during the year. The achieved measures related to community groups and organisations fulfilling their funding obligations

and the economic development agencies fulfilling their funding obligations. The measure not achieved related to the measure regarding reviews of bylaws and policies.

Governance and Support Services

Governance and Support Services covers Democracy, Iwi Liaison and Support Services. There are three performance targets across Governance and Support Services, and of these two were achieved during the year and one was not achieved.

The two achieved measures related to residents satisfaction with Council communication and the rating of Iwi leaders of their relationship with Council. The not achieved measure related to public 'meet the Council' sessions.



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 Summary Financial Statements 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 Summary 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

Ōtorohanga District Statistics

Area and Population

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

Communities

	Area	Population
Ōtorohanga	507 ha	3,027
Kawhia	161 ha	384
Rural	196,932 ha	6,693
	197,600 ha	10,104

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 Sept 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
-------------------------	-------------

Date of Constitution of District

1 November 1989

Contact Information

Postal Address: PO Box 11,
Ōtorohanga, 3900

Council Chambers: 17 Maniapoto Street,
Ōtorohanga

Telephone Number: 07 - 873 4000

0800 Number: 0800 734 000

Fax Number: 07 - 873 4300

Email: Info@otodc.govt.nz



Audit Report

Deloitte.

INDEPENDENT AUDITOR'S REPORT

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

The summary of the annual report was derived from the annual report of the Otorohanga District Council (the District Council) for the year ended 30 June 2022.

The summary of the annual report comprises the following information on pages 3 to 7:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance (referred to as Summary of Significant Activities).

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 14 December 2022.

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 water 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.



Deloitte.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

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
14 December 2022