

Ōtorohanga District Council

Summary Annual Report for the year ended 30 June 2021

COMMENTS FROM THE MAYOR AND THE CHIEF EXECUTIVE

Tēnā koutou katoa

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

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

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

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

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

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

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

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

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

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



Ave, and planning for a new 500m³ reservoir on Mountain View Rd.

We have a committed, loyal team of staff and elected members who are passionate about our district, and we continue to be dedicated to providing the best service possible to our community.

We would also like to share our appreciation to the people of Ōtorohanga District for the support they have shown to Council, but mostly the support that has been shown to each other. Having experienced a year of unprecedented challenges it is wonderful the care that has been shown by so many to those less fortunate. The strength of our district and communities is dependant on the consideration of others. Take care and be kind.

Ngā mihi nui, Max and Tanya

Max Baxter
MAYOR

Tanya Winter
CHIEF EXECUTIVE

26 November 2021



Summary Financial Statements

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

Actual 30 June 2020 (000's)		Budget 30 June 2021 (000's)	Actual 30 June 2021 (000's)
	Revenue		
13,195	Rates revenue	13,379	13,229
6,071	Other income	6,369	8,251
19,266	Total income	19,748	21,480
	Expenses		
190	Finance Costs	197	153
19,552	Other Expenditure	18,910	19,435
19,742	Total expenditure	19,107	19,588
(476)	Surplus/(deficit) for the year	641	1,892
	Other Comprehensive Revenue and Expenses		
2,139	Gain/(loss) on property revaluation	-	4,613
-	Gain/(loss) on available for sale financial assets	(1)	-
2,139	Total other comprehensive revenue and expenses	(1)	4,613
1,663	Total Comprehensive Revenue and Expenses for the year	640	6,505

ŌTOROHANGA DISTRICT COUNCIL SUMMARY BALANCE SHEET AS AT 30 JUNE 2021

Actual 30 June 2020 (000's)		Budget 30 June 2021 (000's)	Actual 30 June 2021 (000's)
	Assets		
9,367	Total current assets	6,128	8,215
322,051	Total non-current assets	325,924	328,785
331,418	Total assets	332,052	337,000
	Liabilities		
6,507	Total current liabilities	5,405	5,576
486	Total non-current liabilities	2,509	494
6,993	Total liabilities	7,914	6,070
324,425	Net Assets	324,138	330,930
	Equity		
163,585	Accumulated comprehensive revenue and expenses	165,958	165,418
160,840	Reserves	158,180	165,512
324,425	Total equity attributable to ODC	324,138	330,930



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

Actual 30 June 2020 (000's)	Note	Budget 30 June 2021 (000's)	Actual 30 June 2021 (000's)
322,762	Balance at 1 July	323,497	324,425
1,663		641	6,505
324,425	Balance at 30 June	324,138	330,930

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

Actual 30 June 2020 (000's)		Budget 30 June 2021 (000's)	Actual 30 June 2021 (000's)
7,382	Net cash provided by Operating Activities	6,995	8,347
(3,326)	Net cash used in Investing Activities	(8,979)	(8,419)
(18)	Net cash provided by/(used in) Financing Activities	(1,015)	(3,015)
4,038	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(2,999)	(3,087)
	Made up as follows:		
4,038	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(2,999)	(3,087)
3,119	Cash, cash equivalents and bank overdrafts at the beginning of the year	4,253	7,157
7,157	Cash and cash equivalents at the end of the year.	1,254	4,070

Explanation of major variances against budget

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

Statement of Comprehensive Revenue and Expenses

Total other income was \$1,882,000 over budget. This is due to a number of factors, including subsidies being \$1,253,000 over budget due to Mayor's Taskforce funding as well as increased NZTA subsidy from the prior year. Income was \$666,000 over budget due to vested assets and increased regulatory income due to the Waikeria Prison development.

Other expenses is \$525,000 over budget. This is due to depreciation and amortisation being \$466,000 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 \$2,087,000. This is mainly due to an increase in the cash and cash equivalent of \$2,816,000 above budget.

Non-current assets are up on budget by \$2,858,000 due to the revaluation of land and building assets undertaken in the current year.

Total current liabilities are \$2,015,000 below budget. This is predominantly due to a change in payment processes made for 2019/20 as a result of Covid, meaning that payments are made as soon as they are processed, rather than on the 20th of each month.



Statement of Cash flows

Cash flows from operating activities were up on budget by \$1,352,000, as a result of increased receipts from rates revenue.

Cash flows from investing activities were \$2,000,000 below budget due to a budgeted loan of \$2,000,000 not being required.

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 2021. 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 2020/21 Annual Report which was authorised for issue on 26 November 2021. The full financial statements received an unmodified audit opinion dated 26 November 2021. The summary financial statements are presented in New Zealand dollars. The Summary Report was authorised by the Ōtorohanga District Council on 26 November 2021.

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 2020 (000's)	Actual 2021 (000's)
Restricted reserves	3,297	3,356
Available for Sale Revaluation Reserves	1	1
Asset Revaluation Reserves	157,542	162,155
Total Reserves	160,840	165,512

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 land and buildings was performed in the current financial year by Quotable Value, independent registered valuers not related to the Council, to determine the fair value of the land and buildings. 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 2021 in which the total fair value of land and buildings valued by Quotable Value was \$14,956,000.

Events after balance sheet date

COVID-19

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



alert level 4 but subsequently re-commenced upon moving to alert level 3.

Three Waters Reform

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local

authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

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	6	4	-	-	2
Water Supply	7	3	2	-	2
Sewerage Treatment and Disposal	4	2	2	-	-
Flood Protection and Control Works	1	1	-	-	-
Stormwater Drainage	4	4	-	-	-
Community Services	20	16	-	-	4
Regulatory Services	14	10	-	1	3
Community Development	3	2	-	-	1
Governance & Leadership	14	12	-	1	1

Roads and Footpaths

Roads and Footpaths target achieved included unsealed road metalling, average quality of ride, percentage of sealed road network resealed and change in total number of fatalities and serious injuries. Targets not achieved include footpath network condition and service request responses.

Water Supply

Water Supply targets achieved included the median resolution times for call-outs, median response times and drinking water standards for bacteria. Partially achieved relates to percentage of real water loss and drinking water standards for protozoa. Not achieved measures were and number of complaints per 1000 connections and average consumption of drinking water per resident.

Sewerage Treatment

Sewerage Treatment targets achieved related to compliance with resource consents and dry weather overflows. Complaints per 1000 connections was partially achieved due to not achieving the number of incidents of responses to issues and sewerage system faults. 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 an assessment of the flood protection assets.



Stormwater Drainage

The Stormwater drainage targets achieved were for median response time to attend a flooding event, number of flooding events in the district, number of complaints received and compliance with resource consents.

Community Services

Overall across all community activities a total of 20 performance targets exist, of which sixteen were achieved and four were not achieved. Those achieved included safe outdoor structures, safe and high quality park furniture, adequate paths and tracks, increase in recycling volumes, publication dates of library books, swimming pool water quality tests, cemetery complaints and complaints about kerbside collection.

The targets not achieved were number of complaints about public conveniences, library visits per capita, cemetery website visits and compliance with resource consent conditions for closed landfills.

Regulatory Services

There are fourteen 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, ten were achieved, one was not measured and three were not achieved. These related to processing times for resource consents and processing times for building consents and the number of civil defence exercises.

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

Community Development

There are three performance measures for Community Development, of which two were achieved during the year. The achieved measures related to the Ōtorohanga District Development Board providing quarterly reports to Council and Tourism Waikato providing 6 monthly reports. The measures not achieved related to the measure regarding property development.

Governance and Leadership

Governance and Leadership covers Democratic Process, Policy Development, Council Support, Corporate Planning and Support Services. There are fourteen performance targets across Governance and Leadership, and of these twelve were achieved during the year, one was not achieved and one was not measured.

Some of the major performance targets related to Council business conducted in open meetings, availability of meeting agendas, adopting of Long Term Plan and Annual Report, and reviews of bylaws. The not achieved measure related to the triennial survey, as the consultation through the Long Term Plan process gave Council a sufficient understanding of level of service perceptions without the need for the survey.



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 2021 fairly reflect the financial position and operations of Ōtorohanga District Council.

Max Baxter
MAYOR

Tanya Winter
CHIEF EXECUTIVE

Graham Bunn
GROUP MANAGER
CORPORATE

26 November 2021

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

Rates and Rating 2019/20

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

Public Debt Outstanding as at 30/06/20

Public Debt Outstanding	\$447,613
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Date of Constitution of District

1 November 1989

Contact Information

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Audit Report

Deloitte.

INDEPENDENT AUDITOR'S REPORT

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

The summary of the annual report was derived from the annual report of the Ōtorohanga District Council (the "District Council") for the year ended 30 June 2021.

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

- the summary balance sheet as at 30 June 2021;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- 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 2021 in our auditor's report dated 26 November 2021. That report also includes:

- An emphasis of matter paragraph that draws attention to page 48 in the audited financial statements, which describes the impact of the three waters reform on the Council's audited financial statements.

This matter is disclosed in the 'Events after balance sheet date' note in the summary financial statements.

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*.



Deloitte.

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 assurance engagements in the areas of the Long Term Plan 2021-2031 and Debenture Trust Deed Reporting, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.

Melissa Youngson
for Deloitte Limited on behalf of the Auditor-General
Hamilton, New Zealand
26 November 2021