



**Ōpōtiki District Council**  
STRONG COMMUNITY STRONG FUTURE

# Ōpōtiki District Council 2016/17 Summary Annual Report

October 2017



*Lantern Festival, Ōpōtiki*

Summary of the Ōpōtiki District Council 2016/17 Annual Report

## What you'll find in this report

- A message from our Mayor and CEO
- A Non-Financial Performance Overview
- Highlights and Significant Events
- A graph showing where your rates dollars are spent
- Financial reporting and prudence information
- Financial strategy information
- Our finances in brief
- A financial summary
- Summary Accounting Policies, Additional Disclosures, Disclaimer
- Our summary audit report

# From the Mayor and CEO

We're pleased to present the community with this year's annual report. While many may be wondering what's been happening with the Ōpōtiki Harbour Transformation project, we assure you there's been plenty of progress on 18 related workstreams to support government's investment in the project. The major achievement was the highly technical and detailed tender process for design and construction of the harbour, which saw HEB Construction enter negotiations with us as the preferred tenderer. That process will be completed in the 2017-18 financial year. We proudly saw the first commercial harvest of Ōpōtiki mussels sold in supermarkets across the North Island and watched as the marine farm expanded beyond expectations. In collaboration with our partners and local education and training providers, we continued to prepare the community for jobs through the pathways to work initiative.

Council completed its investigation into infiltration and inflow into our town sewerage and began a project to rehabilitate the sewer, prioritising the worst affected areas. The decision to invest in understanding the system, its issues and potential solutions has helped to programme what needs doing now versus what can wait.

The success of the sewer

investigation confirmed the value in investing in understanding our assets. Results from investigations into our stormwater system and modelling of future changes will feed into our planning, and proposals for mitigation will be part of our Long Term Plan consultation. We're also mindful of central government's water quality targets and are considering how they might drive infrastructure changes.

We invested in Evolution Networks during the year with the intention of supporting the roll out of a wifi service to our broader community, or driving competition for the same result. We're pleased with the rapid growth of this service, including the company's expansion into other districts, with the prospect of the Council gaining additional revenue to support our activities.

Our Building Control team achieved a very positive report on their continued accreditation as a Building Control Authority. This is a remarkable outcome for a small rural council and we're happy we're able to continue to offer this service to our ratepayers.

Many hours went into the preparation, notification and hearing of the District Plan review. While these processes are increasingly driven by national and regional direction, it's important that local flavour is added. We're

therefore very pleased that a number of community members took the time to make submissions in writing and at the hearing. Commissioners are considering those submissions and will release a decision in the 2017-18 year.

Tragically, last November we lost our friend and long serving staff member, Dale Ashford-Hill. Her sudden loss was deeply felt by the community, staff and councillors, and has had an ongoing impact on the people and the organisation.



John Forbes  
MAYOR



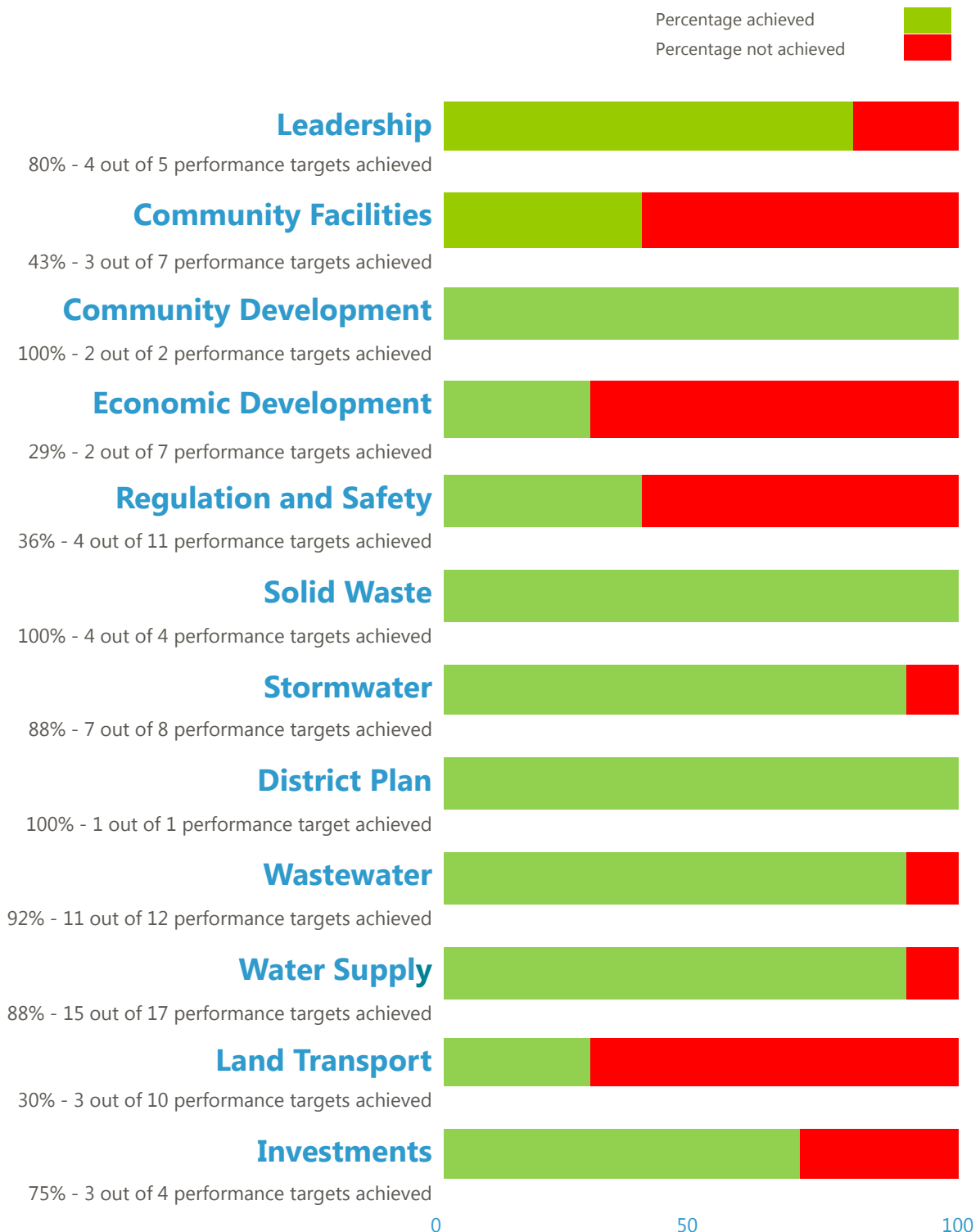
Aileen Lawrie  
CEO

# Our performance

Our projects and work programmes are contained in 12 groups of activities.

In our Long Term Plan we set 96 measures which we use to report back on our service performance across these activities. 88 of these measures were applicable for this financial year and are highlighted below. Our performance measures provide us with targets to meet, covering things such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. This graph shows the percentage of targets achieved and not achieved. The calculation does not include or take in to account the performance measures that were not applicable (did not need to be reported on) for the 2016/17 year as listed in the full Annual Report.

Detailed reporting on the individual measures can be found in our full Annual Report.



# Highlights

## Ōpōtiki Research and Technology Library

Fundraising for Te Tāhuhu o Te Rangi had success with \$400k support from BayTrust and various community initiatives including the Real Ōpōtiki Art Show, Pechakucha and the annual Lantern Festival. A major application to Lotteries has been delayed until we achieve two thirds of the project cost.

Committed funding is now close to \$1million and we have tasked ourselves with raising the middle million in the next year, to be in a stronger position to apply to Lotteries and other external agencies.



Image: Pechakucha event at Ōpōtiki District Library a source of raising funds for Te Tāhuhu o Te Rangi.

## Animal Control

Our team continued their proactive role in delivering an improved service to our community. Daily patrols, responding promptly to service requests, maintaining our pound and spending one on one time with animal owners has seen an improvement in many areas, including a decline in the numbers of infringements issued and dog related service requests and a significant decline in the numbers of dogs being impounded.

Unfortunately, these trends are not always reflected in the community's perception of the service Council provides.

There was a slight decrease in the percentage who responded that they were very/fairly satisfied with Animal Control during Council's annual customer satisfaction

survey and the number of roaming and dangerous dogs in the district is still a concern to many residents.

In response, Council approached Central Government in 2016 to be part of a trial de-sexing programme for dangerous breeds. The aim of the trail was to further reduce the risk and harm of dog attacks. Ōpōtiki District

Council was the first to roll out the scheme and to date over 52 dogs have been de-sexed in our district. The scheme was so successful in Ōpōtiki that it was quickly rolled out to the rest of the country.

## Opotiki Sewerage

In 2016/17 the Ōpōtiki sewerage investigation project was completed providing Council with a clear direction for future decision making. The investigation revealed the severity and extent of the inflow of stormwater and infiltration of groundwater across the scheme. The option to rehabilitate pipelines rather than install new reticulation was found to be the most cost effective solution to improve the level of service and allow for growth. A rehabilitation programme will now begin and continue over the next 2-3 years. The programme will include relining and replacement of pipelines from the

worst affected to the least affected, targeting mainlines across the scheme as well as private pipelines.

Budget for further extension to the wastewater network on Factory Road included at the request of businesses there, has been carried forward with the expectation of further growth. Like the initial wastewater extension project there will be no rating impact to the general ratepayer. The loan for this work will be funded by those requesting and connecting to this extension.

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## Te Kaha Water Supply Projects

Two water supply projects originally planned for completion in 2016/17 will now be completed in 2017/18. The first project "Te Kaha Southern Extension 2" will extend service from its end just off the state highway along Parekura Hei Rd. The second project "Te Kaha

Northern Extension" which is already largely complete, will extend the reticulation from Copenhagen Road north along State Highway 35 to Maungaroa.

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## Harbour development

### Validation stage

In 2015, government committed up to \$3 million for a 'validation stage' to test the Ōpōtiki Harbour Development Project's viability. ODC, Bay of Plenty Regional Council (BOPRC), Ministry of Business, Innovation and Employment (MBIE), Ministry for Primary Industries, and Whakatōhea Māori Trust Board jointly established a project board to provide direction, guidance and decision making for the validation stage's successful delivery. In March 2017, government committed further funding for the validation stage. A business case summarising information and outcomes will inform government's decision on investment in the construction of a harbour in Ōpōtiki.

Over the past year, ODC and partners largely completed 18 validation stage workstreams addressing infrastructure planning and development to support the aquaculture industry and wider value that will be realised from the harbour, marine farm and associated development. Of particular interest, one of the workstreams identified potential for significant expansion of marine farming in the Bay of Plenty, while another focussed on innovative opportunities and potential for farming species other than Greenshell mussels. A number of ODC "business as

usual" functions contribute to the wider harbour project, such as the District Plan review, infrastructure planning, reserves development, wharf rebuild, and recreation planning.

### Harbour design and construction

Following a request for statements of interest and ability in early 2016, ODC selected two tenderers, HEB Construction (HEB) and Brian Perry Civil (BPC), to enter a closed tender process. ODC developed a request for proposal (RFP) in collaboration with tenderers and issued it in September 2016. Tenderers developed and modelled designs, testing whether they met navigability, durability and earthquake resilience requirements and checking to ensure flood risk was not increased. Tenders closed on 17 March 2017 and were evaluated by a tender evaluation team, including BOPRC and MBIE representatives. On 23 May 2017, Council resolved that HEB was the preferred tenderer and entered a negotiation phase to reach a best price for design and construction.

### Marine farm developments

Eastern Sea Farms Limited (ESL) holds resource consent for 3,800 ha of water space, acting as "landlord" and owning a good proportion of the infrastructure in the water. Companies operating in the water space include Sanford, which leases lines from ESL, and Whakatōhea Mussels (Ōpōtiki) Limited (WMOL) which leases 80% of the space.

The farm has developed faster than originally planned to around 200 lines by the financial year end, with more being deployed. WMOL's mussel processing barge, the Northern Quest, continues to service the Ōpōtiki farm out of Whakatāne in the short term, and is also employed on Coromandel farms. Local jobs are being created through

the aquaculture companies and supporting companies.

WMOL's first commercial harvest in 2016 was met with great community excitement about the size, quality and taste of the Open Ocean Greenshell™ Mussels. Spat harvest for sale and reseeded continues.

### **Pathways to work**

Pathways to work focuses on identifying necessary training and opportunities to encourage local people into new jobs created through the Ōpōtiki Harbour Development Project. Pathways to work is led by Toi EDA in close partnership with Te Pou Oranga ō Whakatōhea. It

is part of a wider workforce development project, including industries throughout the Eastern Bay of Plenty. Through work carried out by Toi-EDA in collaboration with local agencies and employers, significant progress has been made in aligning training and education opportunities with industry demand, addressing barriers to participation in work, and delivering funding to programmes.

### **Bay of Plenty Regional Council Infrastructure fund**

Council continues to work with BOPRC to satisfy conditions for \$20M of pledged funding.



**Image: First harvest of Ōpōtiki mussels**

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## **Opotiki Stormwater Projects**

Initial investigations for two stormwater projects were completed. The first project was to install a stormwater detention basin in the Volkner's Island reserve and the second was to install a new trunk main along Richard St. Geotechnical investigation of the basin area found that much of the area was occupied by a historical landfill. This has meant we need to do further investigation work in 2017/18 to ensure the stability of the adjacent stop bank is maintained and so that a cost effective solution is found.

Groundwater monitoring around the township has shown that there are high groundwater levels in Ōpōtiki year round. High groundwater causes higher construction costs for deep pipelines so the Richard St trunk main will be further investigated to find the best possible solution before construction begins in summer.

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## Water Supply

With nationwide scrutiny on the supply of drinking water we can report council has achieved some good outcomes in its water services this year.

With public health in mind, Chlorination has been installed on the Ōhiwa supply. On the Ōpōtiki supply, a failing water reservoir lid was replaced. We increased the resilience of the network by completing the Factory Road loop main a year ahead of schedule, and below overall budget, thanks to some good contractor rates. We complied with all our drinking water standards with the

exception of technical non-compliances at Te Kaha and Ōhiwa.

We faced a number of challenges when Cyclone Cook hit, while we were still cleaning up from Cyclone Debbie. We faced extreme winds, some rain and a subsequent power cut. With the help of generators that we have been gradually investing in over a number of years, we managed to keep our services running. Minor issues with the Ōpōtiki water has prompted the purchase of an additional generator at the treatment plant to ensure uninterrupted performance of our Ph Regulation.



Image: Cyclones Debbie and Cook cause extreme weather events in April 2017.

## Building Control Authority

Council was pleased to receive a very positive report from International Accreditation New Zealand's (IANZ) bi-annual review of our Building Consent Authority (BCA) in July last year. This enables Council's continued accreditation as a BCA.

The report found no corrective action requests were required, a result not many BCAs achieve and particularly notable considering the small size of our BCA.

Recommendations from the review report related to administrative issues rather than technical matters and represent opportunities to fine tune our processes. The review result confirms and provides the Ōpōtiki community with assurance that the technical advice they receive is robust and accurate systems and procedures comply with legislation.

## Council website

Council launched its new website in February 2017 allowing customers to experience a fully responsive site with increased features and support for online services.

Since 2009 when the old site was launched, advances in technology, changes in customer's expectations and a

huge increase in the number of users accessing the site from mobile devices meant there was a need for a complete revamp. Significant design and development work was undertaken to provide further advantages to our customers including a fully responsive design, higher levels of security, a new property and rating search and the ability to provide online services. You can check out the new site at [www.odc.govt.nz](http://www.odc.govt.nz).

## Walkways/Coastal Access

In 2016 the Ministry of Business Innovation and Employment announced that funding would be available for extensions and enhancements to Cycle Trails. Because of that news, Council only used part of the budget it had set in the Long Term Plan in the preparation of consent applications, securing access and preparing a business case to support an application to the fund. In this way

budgeted funds are being used to leverage additional funding.

Council also continues to support the Mōtū Trails Charitable Trust to market the Mōtū Trails cycle trials for the economic benefit and growth of the district's visitor industry.



Image: Otago bikers outside the Ōpōtiki i-SITE in May 2017.

## Staffing

Even though Council has a small staff for a district of its size, this year was particularly busy for human resources. 2016/17 saw a total of 20 recruitments. These were due either to replacements or new roles being established as Council prepares for the increased workload and new skills required for the implementation of its key strategic projects.

Cyclone Debbie caused destructive flooding in the Whakatāne township of Edgumbe and also caused our Council to lose one of its valued senior managers after Planning and Regulatory Manager, Barbara Dempsey joined the re-build team at Whakatāne District Council.

Her replacement joins us shortly and we are confident they will continue to lead and support the Planning and Regulatory team as they maintain delivery of a high level of service to our communities.

The Ōpōtiki Library continues Council's work to support the community, with its student training scheme. Two local students work after school and on Saturday mornings and are involved in all library services including digital developments. Council hopes to also provide training and mentoring in any areas the students are particularly interested in.

## Road Seal Extension

During consultation on the last Long Term Plan Council asked the community if they wanted seal extensions to continue or be stopped. This was after the New Zealand Transport Agency (NZTA) changed its funding principles

which meant they would no longer provide funding for these types of capital works. As the consultation resulted in a reasonably split decision over whether to continue or cease extensions, Council decided when adopting the LTP



to put a decision on seal extensions on hold for a year while investigating options.

As there is still significant demand and need for seal extensions across the district Council put aside budget in the 2016/17 Annual Plan to undertake a maximum of 2km seal extension work should a ratepayer request it and provide 60 percent of the cost that would previously have

been funded by NZTA. If there is no demand to seal new roads, Council will carry forward the budget to the following year, and the same principles will apply.

Council will review this stance constantly and wherever there are other funding opportunities, or changes in NZTA's funding assistance rates.

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## Investment in Evolution Networks

In October 2016 Council purchased a 30% shareholding in Evolution Networks Limited, a local wireless internet provider, to help provide better connectivity to the community, district, and wider Eastern Bay of Plenty. There are many parts of our district that have little to no connectivity or cell phone coverage.

Council submitted to government in support of Evolution Networks for funding to provide internet and increased cell phone coverage through the Rural Broadband Initiative and the Mobile Blackspot Fund. The government process was lengthy and took longer than anticipated. Meanwhile much of the community remained without

access. Council invested \$120,000 into the company for tower builds and to help kick-start connectivity, drive competition and accelerate internet take up in the district.

Council is heavily reliant on rates as a revenue source for the district, with little opportunity to receive other income. Ultimately the harbour development project will open up further revenue sources but in the interim having a shareholding in a company that provides services outside of the district may also provide the Council with another revenue stream, and potentially alleviate some of the burden of cost on rates.

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## District Plan Review

The process to review the Ōpōtiki District Plan continued this year with a number of significant milestones reached. Hearings on the proposed plan took place in July and August 2017. Council appointed a hearings panel to hear

and consider submissions. The panel included Deputy Mayor Lyn Riesterer, and two independent commissioners, Christine Chambers and Dayle Hunia.



**Image: Proposed Ōpōtiki District Plan hearings commissioners from left to right, Dayle Hunia, Christine Chambers and Ōpōtiki District Council Deputy Mayor Lyn Riesterer.**

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Where your rates dollar is spent

COUNCIL ROADING \$0.23



SOLID WASTE \$0.13

LEADERSHIP \$0.08



WATER, WASTEWATER, PUBLIC GOOD \$0.20



PARKS & RESERVES \$0.07



STORMWATER \$0.05



LIBRARY \$0.04

REGULATORY \$0.05



ANIMAL CONTROL \$0.01

COMMUNITY DEVELOPMENT \$0.03



COUNCIL PROPERTY \$0.03



TOURISM, PROMOTIONS, I-SITE \$0.03

ENVIRONMENTAL PLANNING \$0.02



RURAL FIRE \$0.011

PUBLIC TOILETS \$0.02

ECONOMIC DEVELOPMENT \$0.02



EMERGENCY MANAGEMENT \$0.015



PLAYGROUNDS \$0.01



CYCLEWAY \$0.01



AIRPORT -\$0.01



HARBOUR DEVELOPMENT \$0.005

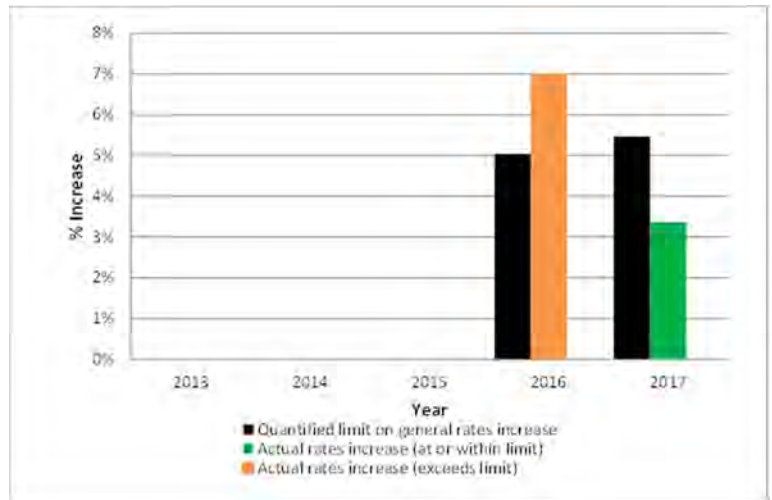
CEMETERY -\$0.001

INVESTMENTS & SUPPORT SERVICES -\$0.05

# Financial Reporting and Prudence

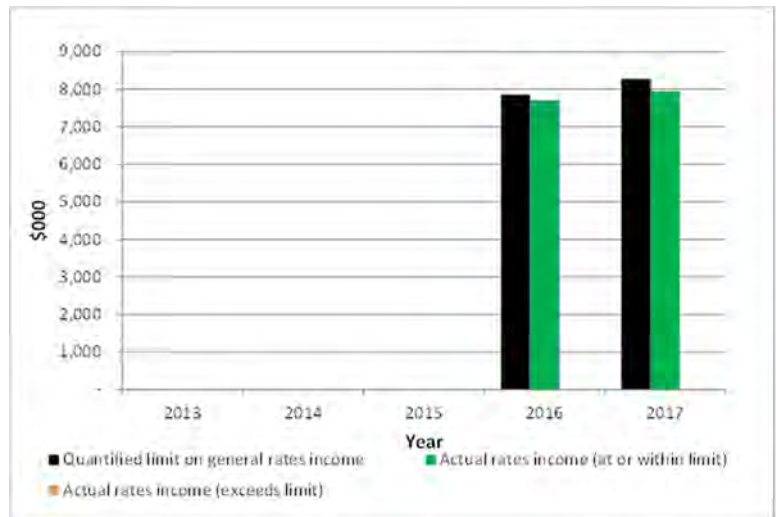
## Rates (increases) Affordability Benchmark – General Rates

The following graph compares the council's actual general rates increases with a quantified limit on general rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is LGCI plus 3%.



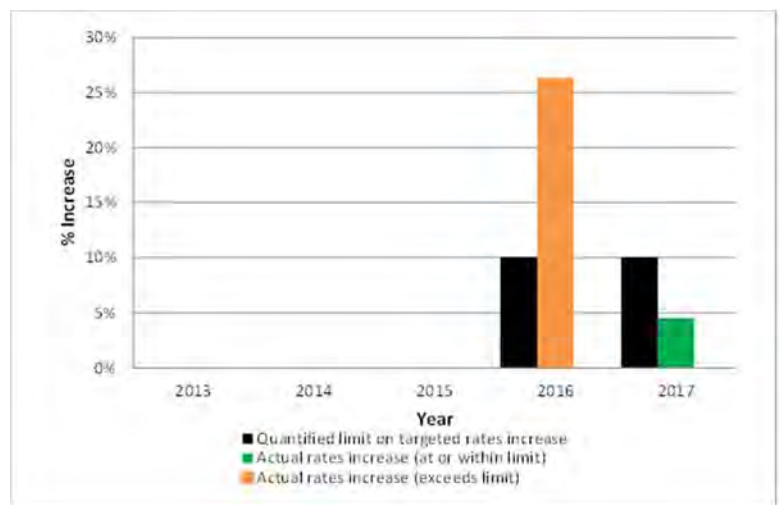
## Rates (Income) Affordability Benchmark – General Rates

The following graph compares the council's actual general rates income with a quantified limit on general rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is \$8.276 million.



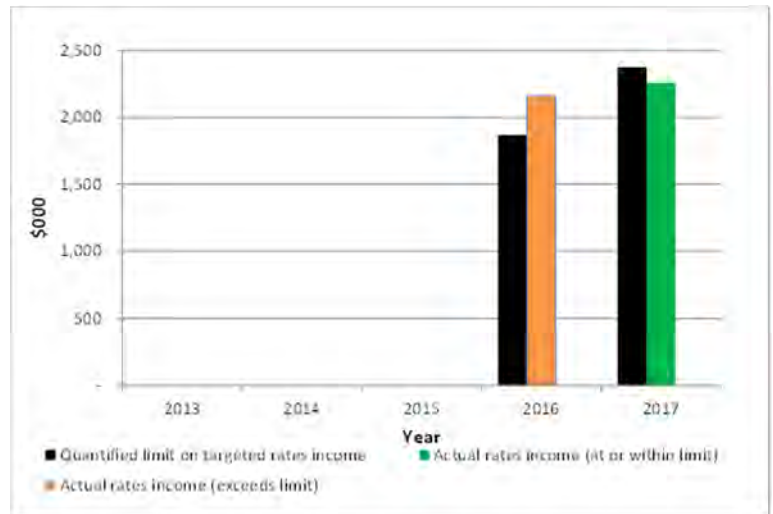
## Rates (increases) Affordability Benchmark – Targeted Rates

The following graph compares the council's actual targeted rates increases with a quantified limit on targeted rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is 10%.



**Rates (Income) Affordability Benchmark – Targeted Rates**

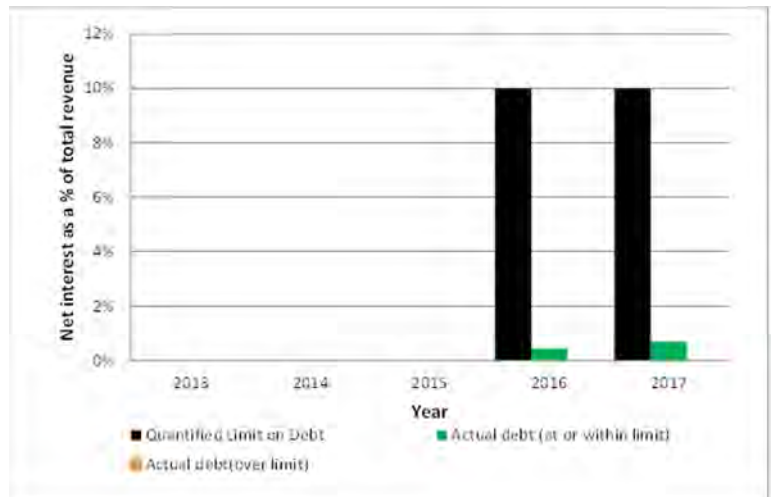
The following graph compares the council's actual targeted rates income with a quantified limit on targeted rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is \$2.376 million.



**Debt Affordability Benchmark**

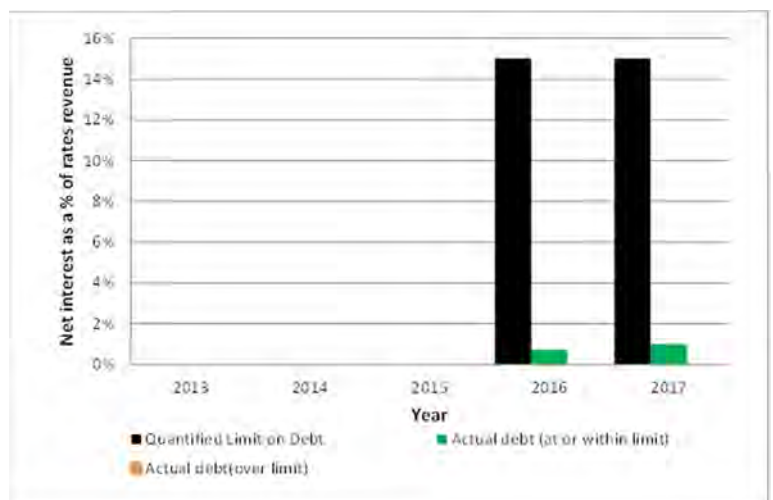
The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

The quantified limit is net interest expense/ total revenue is less than or equal to 10%.



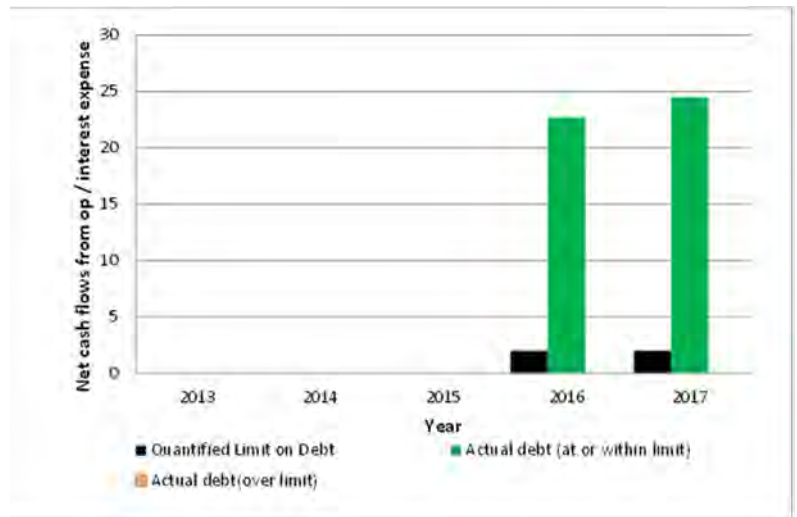
The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

The quantified limit is net interest expense/ rates revenue is less than or equal to 15%.



The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compares the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

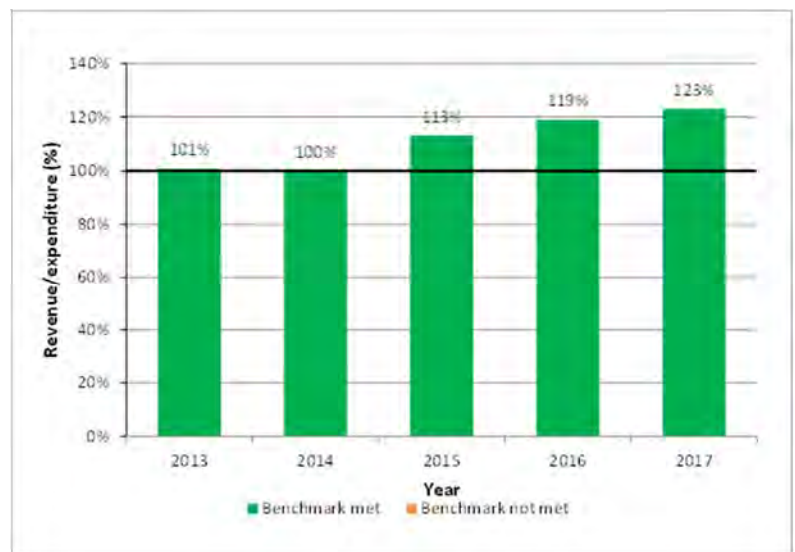
The quantified limit is net cash flows from operating activities/interest expense is greater than or equal to 2.



### 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, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

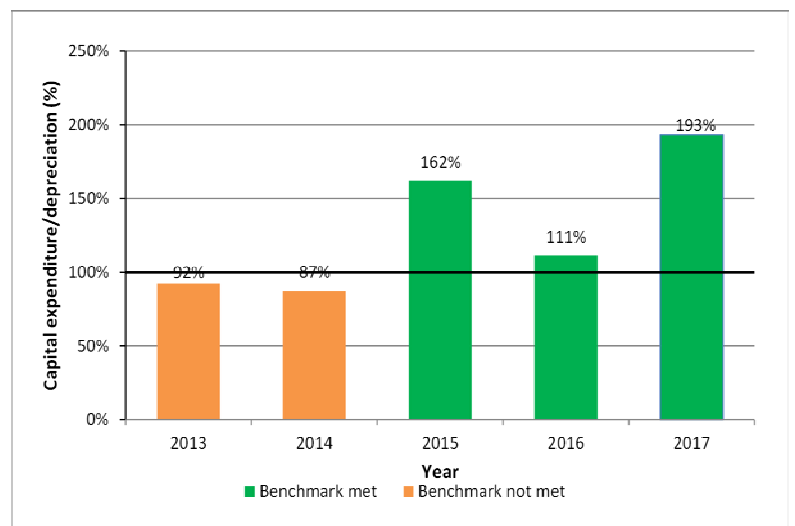
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential Services Benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

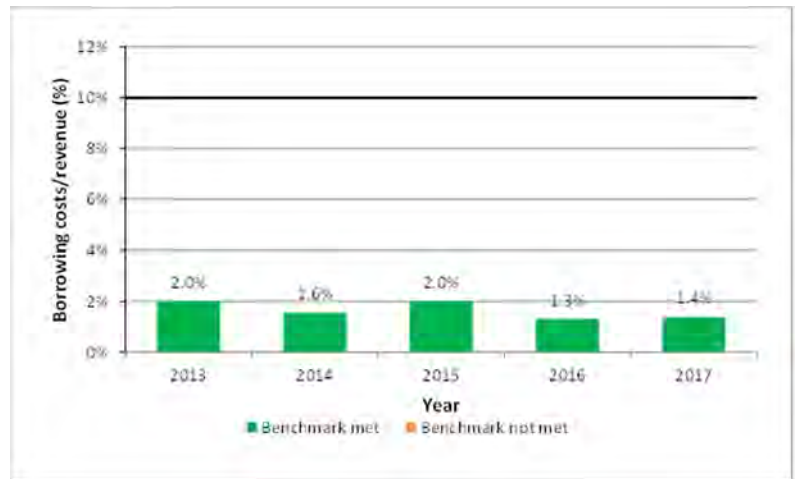
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### 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 costs equal 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.



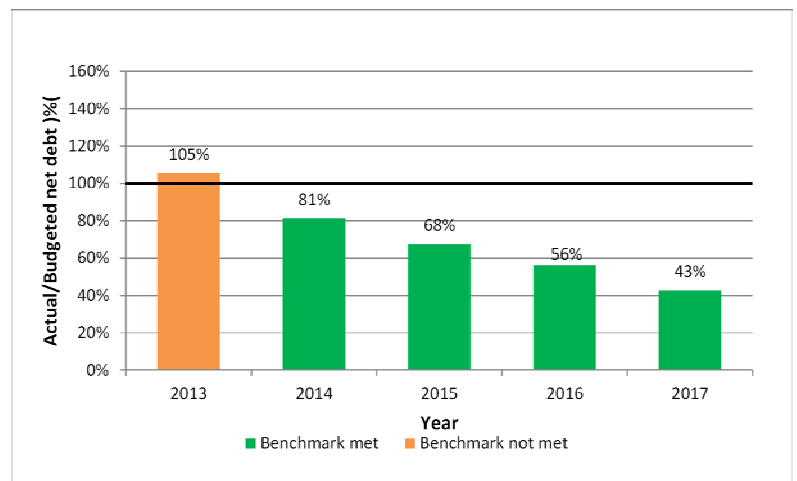
### Debt Control Benchmark

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.

The comparative figure for this measure was revised from 36% to 56%

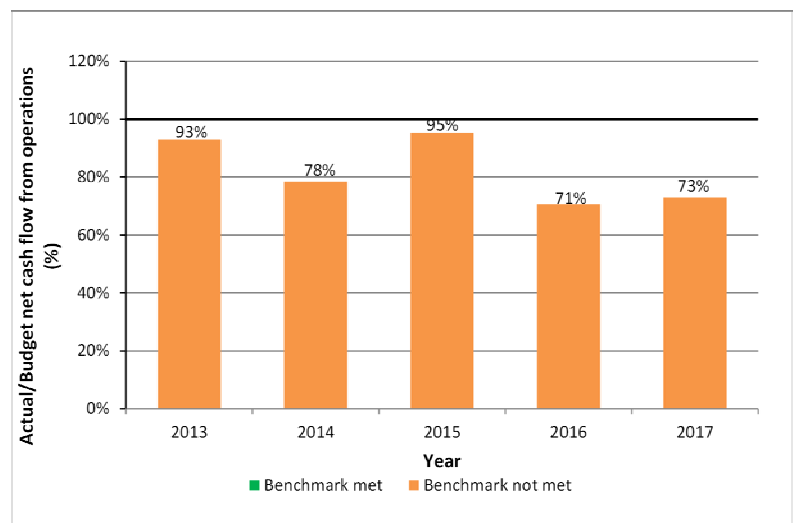


### Operations Control Benchmark

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.

This measure was not met due to the reduced subsidy revenue actually received versus what was budgeted.



# Our finances in brief

**\$16.1**

Million Operating Revenue

**\$13.1**

Million Operating Expenditure

**\$5.6**

Million Capital Expenditure

**\$0.4**

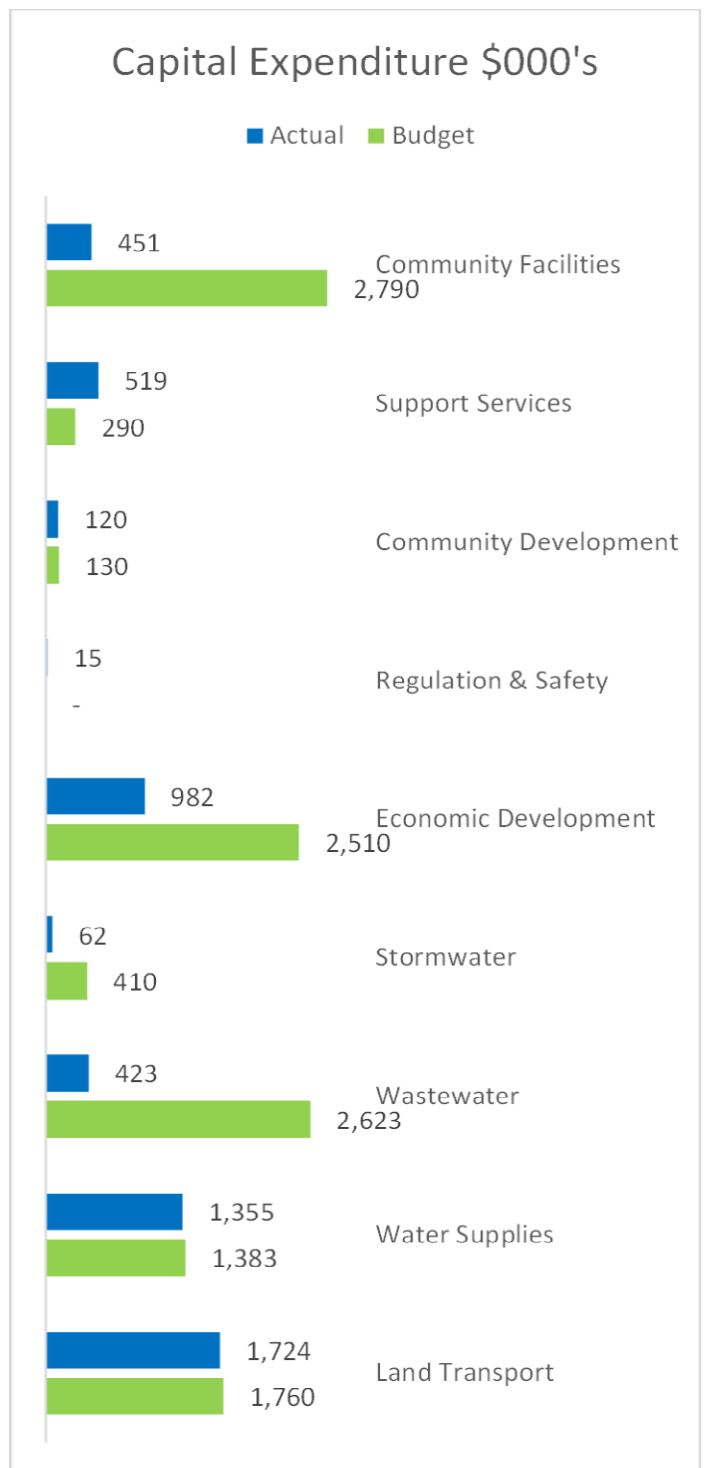
Million rate increase for 2016/17

**\$5.0**

Million of borrowings

**\$194.3**

Million of assets



## Major Variances

Community facilities—library development project delayed.

Economic Development—Harbour project delayed by government as we undertake the additional workstream requirements for the \$3 million funding.

Wastewater—Ōpōtiki reticulation project delayed as investigation was undertaken.

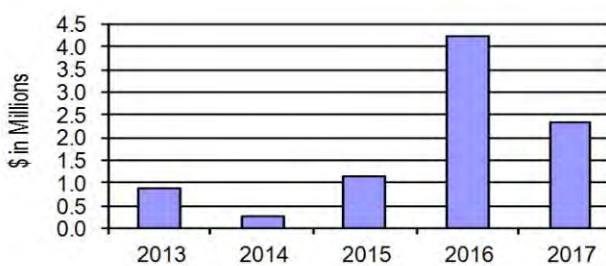
# Financial strategy

The graphs and summary tables below demonstrate Council's financial prudence over time. Council is focused on keeping levels of debt as low as possible before the two large capital expenditure projects of the harbour and wastewater replacement begin. There is always a lot of public scrutiny on Council debt levels nationally, and there are a number of cases where some Councils have let debt levels get out of hand. Sustainable debt levels and debt management is extremely important to Council, and is an area which is managed well. Debt levels for Ōpōtiki are some of the lowest in the country currently and as the financial prudence measures outline are very sustainable in terms of Councils ability to meet its financial obligations.

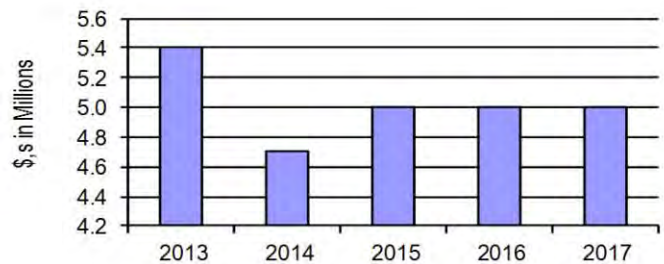
It does need to be mentioned that the appropriate utilisation of debt means that rates increases can be managed more effectively over a longer term. Take for example Council undertaking a capital project costing \$100,000. This represents over a 1% increase in rates. But if it was funded by borrowing, then the impact on rates would be 0.1% of rates, meaning we could undertake \$1,000,000 worth of projects for the same rating impact of one \$100,000 project. The use of debt also helps smooth rate increases out between years, by

spreading the impact of a large capital project over a number of rating years. This reduces the lumpiness and rate increases of big projects.

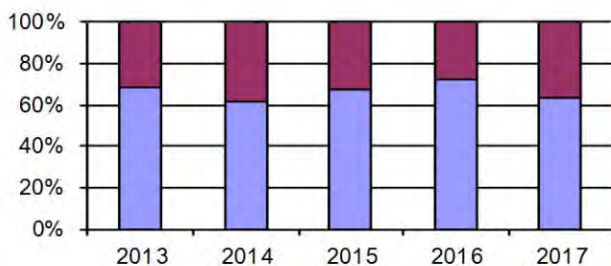
Whilst debt is crucial to ensuring the Council is managing its assets appropriately, it also plays a significant role in ensuring that Council meets the service level needs of its community. Where there are new requirements for services driven by growth, Council needs to be able to respond to these needs. Debt is the appropriate tool to fund this response as the cost is spread over a long period. This promotes the term intergenerational equity. Intergenerational equity is a term used widely in Local Government because the assets we tend to build last many generations. Sometimes three or more generations. It is fair that the cost of the future benefit received by future generations is paid by future generations. Otherwise it would be the "now" generation paying for the benefit that those in the future would receive.



Working Capital

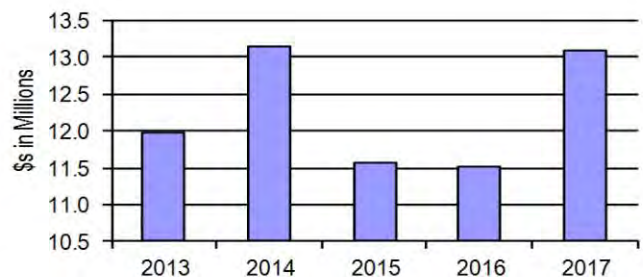


Public debt



Revenue Ratios

■ Rates ■ Other Income



Cost of Service



# Financial summary

## Variance Comments

### Income

Operating revenue is \$2.28 million lower than budgeted for the year mainly due to subsidies and grants received being significantly lower as we did not receive funding for the library development project and the harbour development construction start has been delayed.

Rates revenue was \$16k higher than budget due to slightly less rate rebates and remissions being applied for during the year.

Fees and charges revenue is \$346k lower than budgeted due to reclassifying rental revenue as other income, conversely other income is higher than budgeted by \$404k because of this.

### Expenditure

Operating Expenditure is \$339k lower than budget for the year across the following areas

Depreciation and amortisation is \$114k lower than budgeted due to having a lower carrying value of assets than expected.

Employee benefit costs are also lower than budget by \$161k due to a few budgeted roles not yet being filled, and those that were filled were done so part way through the year.

Finance costs are \$64k below budget due to Council not drawing down additional debt and having all debt now with LGFA.

### Other Comprehensive Revenue

This year there was no additional comprehensive revenue as it was not a revaluation year.

Ōpōtiki District Council	Actual	Budget	Actual
Summary Statement of Comprehensive	2017	2017	2016
Revenue and Expense for the year ended 30			
June 2017	\$000	\$000	\$000
Total Revenue	16,076	18,264	13,698
Operating Expenditure	12,837	13,112	11,344
Finance Costs	222	286	182
<b>Operating Surplus/(Deficit)</b>	<b>3,017</b>	<b>4,866</b>	<b>2,172</b>
Share of Associate Surplus/(Deficit)	( 32)	-	-
Other Comprehensive Revenue			
Gain on Asset Revaluations	-	6,720	-
<b>Total Comprehensive Revenue and Expense</b>	<b>2,985</b>	<b>11,586</b>	<b>2,172</b>

Ōpōtiki District Council	Actual	Budget	Actual
Summary Statement of Changes in	2017	2017	2016
Equity for the year ended 30 June 2017	\$000	\$000	\$000
Equity at the Beginning of the Year	181,523	185,680	179,351
Total Comprehensive Revenue and Expense	2,985	11,586	2,172
Transfers to/from Equity	212	( 425)	-
	<b>184,720</b>	<b>196,841</b>	<b>181,523</b>
<b>Equity - Closing Balances</b>			
Accumulated Funds	131,185	141,454	127,970
Asset Reserves	50,043	56,707	50,043
Council Created Reserves	3,492	( 1,320)	3,509
<b>Equity at the End of the Year</b>	<b>184,720</b>	<b>196,841</b>	<b>181,523</b>

### Statement of Financial Position

This year due to a number of capital projects being deferred or delayed the level of property plant and equipment that we have capitalized is lower than we had expected to achieve, this in turn has meant that we are carrying more cash than we had budgeted for, we have this sitting on term deposit.

Total assets is lower than budget because of the delays to the projects and also the decision to move the asset revaluation date to 1 July instead of 30 June, which equates for nearly \$7 million of the difference.

Ōpōtiki District Council	Actual	Budget	Actual
Summary Statement of Financial	2017	2017	2016
Position as at 30 June 2017	\$000	\$000	\$000
Total Current Assets	8,769	5,092	8,159
Total Non-Current Assets	185,528	201,133	182,421
Total Assets	194,297	206,225	190,580
Total Current Liabilities	6,443	3,407	3,918
Total Non-Current Liabilities	3,134	5,977	5,139
Total Liabilities	9,577	9,384	9,057
<b>Net Assets/Equity</b>	<b>184,720</b>	<b>196,841</b>	<b>181,523</b>

This year we did not need to borrow any additional funds for capital expenditure as budgeted due to the delays. Our level of total liabilities are tracking against budget for the year.

## Statement of Cash Flows

Net cash from operations for the year was lower than budgeted by \$2 million due to a reduced level of subsidy and external revenue to fund the capital projects that Council proposed to undertake. The major projects that were not funded or delayed this year were the library redevelopment and harbour development project.

Net cash from investing activities was higher than budget by \$2.9 million as we did not complete all of the capital projects that we proposed to do. As with above a lot was based on receiving external funding which did not happen. Net cash from financing activities was lower than budget as we did not borrow any additional funds during the year.

Ōpōtiki District Council	Actual	Budget	Actual
Summary Statement of Cash Flows	2017	2017	2016
for the year ended 30 June 2017	\$000	\$000	\$000
Net Cash from Operating Activities	5,465	7,374	4,135
Net Cash from Investing Activities	(5,388)	(8,171)	(2,510)
Net Cash from Financing Activities	-	797	140
Net Increase/(Decrease) in Cash	77	-	1,765
Cash at the Beginning of the Year	4,524	774	2,759
<b>Cash at the End of the Year</b>	<b>4,601</b>	<b>774</b>	<b>4,524</b>

## Summary Accounting Policies

The information included in this summary has been extracted from the audited full financial information in the Ōpōtiki District Council 2016/17 Annual Report. It is prepared on an individual entity basis as Ōpōtiki District Council does not have a group. This Summary Annual Report was authorised for issue on 31 October 2017 by the Mayor and Chief Executive of the Council. The Council's full Annual Report has been audited by Audit New Zealand and an unmodified opinion was issued on 31 October 2017.

The full financial statements have been prepared in accordance with Tier 2 PBE accounting standards. This Summary Annual Report has been prepared in accordance with PBE FRS-43 Summary Financial Statements.

The approval by the Council on 31 October 2017 of the Financial Statements for the year ended 30 June 2017 is within the statutory deadline for adoption established by the Local Government Act 2002, which requires that the financial statements are completed and adopted by Council before 31 October each year.

## Summary Additional Disclosures

### Contingencies

We have contingent liabilities at year end of \$50,000 (2016: \$50,000) which relate to a weathertightness claim in for a leaky building within the district.

We have contingent assets at year end of 26,439 (2016: \$739,439) which relate to Tamatari Enterprises for the construction of a public toilet at Waihau Bay.

### Commitments

Council has capital commitments at 30 June 2017 of \$1.16 million (2016:\$109k). These relate to the capital works for the following asset classes

	2017	2016
Water Supplies	\$437k	\$109k
Roading Network	\$44k	
Buildings	\$681k	

Council has operating commitments at 30 June 2017 of \$1.66 million (2016: \$2.04 million). These relate to non-cancellable contracts that have been entered into during the current financial years. These contacts have the following maturity;

Less than 1 year \$1.66 million (2016: \$2.04 million)

### Events after balance date

Credit Union Central occupy premises located on Council owned land. The lease of the land to a previous party terminated in 2016 and purchase of the building by Council occurred in August 2017 (2016: Nil).

## Disclaimer

This document is a summary of the full Annual Report, and as such does not include all of the detail and disclosures of the full Annual Report. It cannot be expected to provide as complete an understanding as provided by the full Annual Report. Copies of the full Annual Report are available from Ōpōtiki District Council Customer Services or Library. It is also available for viewing or downloading from Council's website at [www.odc.govt.nz](http://www.odc.govt.nz).

# Audit Report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Opotiki District Council's summary of the annual report for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of the Opotiki District Council (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 1 to 9:

- the summary statement of financial position as at 30 June 2017;
- 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 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary Council activities and performance.

### 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 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 2017 in our auditor's report dated 31 October 2017.

### 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 reporting on the summary annual report, we have reported on the full annual report, and carried out a limited assurance engagement in relation to the debenture trust deed which are compatible with those independence requirements. Other than this reporting and these assignments, we have no relationship with or interests in the District Council.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand  
31 October 2017