

# 2019/2020 Annual Report Adoption

**Meeting:** Kaipara District Council  
**Date of meeting:** 16 December 2020  
**Reporting officer:** Graeme Coleman, Finance and Risk Manager

## Purpose/Ngā whāinga

To adopt the 2019/2020 Annual Report which reports against measures and outcomes agreed in year 2 of the 2018/2028 Long Term Plan.

## Executive summary/Whakarāpopototanga

The Annual Report reflects the work completed for the year ended 30 June 2020. There is a statutory requirement for Council to adopt an Annual Report prior to 31 October 2019 however due to COVID-19 the legislative deadline for the 2019/2020 Annual Reports was extended to 31 December 2020. The results in the report are mainly in line with information provided to Council throughout the year.

## Recommendation/Ngā tūtohunga

That the Kaipara District Council:

- a) Notes the Audit, Risk and Finance Committee has recommended adoption of the 2019/2020 Annual Report.
- b) Adopts the 2019/2020 Annual Report circulated as Attachment A.
- c) Delegates the Chief Executive and the Mayor to approve minor typographical changes that do not alter the intent of the information in the 2019/2020 Annual Report.
- d) Notes that an audit report will be provided upon adoption of the 2019/2020 Annual Report.

## Context/Horopaki

The Local Government Act requires the Council to prepare and adopt an Annual Report within four months of the end of each financial year however due to COVID-19 the legislative deadline for the 2019/2020 Annual Reports was extended to 31 December 2020.

An Annual Report is to provide an outline of Council's performance in comparison with what was planned in its Annual Plan or the Long Term Plan. This year Council is comparing with the second year of the 2018/2028 Long Term Plan. The Annual Report details the operating activities of Council and includes the financial statements for the year.

Clause 34 of Schedule 10 requires a Statement of Compliance to be included in the Annual Report indicating whether the statutory requirements in relation to the preparation of the Annual report have been met. The statutory requirements are outlined under Part 6, Section 98 and Part 3 of Schedule 10. Staff have ensured the 2019/2020 Annual Report meets these requirements.

The summary of the Annual Report will be completed and is to be audited but it is not required to be adopted by Council.

The 2019/2020 Annual Report has been reviewed by Deloitte on behalf of the Auditor-General who is appointed as Council's auditor under the Public Audit Act 2001. The draft opinion will be included in the Annual Report to Council.

## Discussion/Ngā kōrerorero

Highlights this year are:

- Council has worked progressively to reduce debt from the level of \$76 million in 2013/2014.
- This year debt was slightly down on the previous year at \$44 million compared to \$45 million last year.
- Finance costs are lower than planned as many of our capital projects were not in the construction phase until later in the year.
- Council has kept within the required treasury ratios.

The largest capital project completed was the remediation of the Tomorata Bridge. Much of this was subsidised by Waka Kotahi (NZTA) and the PGF. Council recorded a surplus for revenue and expenses of \$7.9 million against a planned surplus of \$23.6 million. The main reason for the variation being that a number of roading and PGF projects that were temporarily paused or slowed due to the COVID-19 pandemic, resulting in less NZTA subsidies and PGF grants recognized than projected.

Other movements are:

- Both building and resource consent activity was lower than planned during the COVID-19 lockdown period resulting in an overall reduction in consenting fees for the year.
- Financial and development contributes were lower due to economic uncertainty and a fewer number of subdivisions in the year to June 2020.
- Other Income from roading and reserve assets vested in Council higher than planned.
- Finance costs were lower as capital projects were not able to be completed as planned, and interest rates were also lower.

Key changes in the Statement of Financial Position (Balance Sheet) are:

- Cash and cash equivalents have built up as a number of planned capital projects were not completed as planned. This funding will be used in the next financial year as these projects are completed.
- Trade and other receivables lower than planned due to an increase of \$538k in the doubtful debt provision to cover any potential debt collection shortfall resulting from the economic conditions post COVID-19.
- Public debt of \$25 million has been reclassified as a current liability as this portion of the Council's total debt matures in May 2021. This debt will be refinanced at that time.
- The value of property, plant & equipment has increased significantly from the revaluation of roading assets.
- Derivative financial liabilities have increased above planned levels. The increase reflects market interest rates being lower than anticipated when the instruments were taken out. Council uses interest rate derivatives to assist in achieving a long-term stable interest rate on debt to provide more certainty of cost.

### Options

- a) Adoption of the 2019/2020 Annual Report.

Adoption of the 2019/2020 Annual Report and then a final audit opinion will be provided.

- b) Ask for further adjustments

Under this option Council would not adopt the Annual Report at this time and would ask for further adjustments to be made. Council would need to be clear about their concerns so that the Chief Executive can ensure that any changes proposed are adequately explained in order to be submitted for further audit clearance, bearing in mind that the annual report must be adopted by 31 December 2020.

## Policy and planning implications

This 2019/2020 Annual Report contains both the financial statements and details how Council performed to what was planned in Year 2 of the Long Term Plan.

## Financial implications

There are no additional financial considerations about whether to adopt the Annual Report.

At the time of preparing this report, the audit is substantially complete but is still in progress. If there are any changes required these will be noted at the meeting.

## Risks and mitigations

Council must ensure it adopts the Annual Report within four months of balance date however this has been extended to 31 December 2020. If adopted today, then Council will comply with the Act.

## Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

The Annual Report and the Summary Annual Report must be available to the public one month after adoption of the Annual Report. These will be placed on Council's website and printed copies will be available at the library or on request.

The information contained within the Annual Report will be of considerable interest to the community and of some significance in that it reports on the performance of Council over the 2019/2020 financial year.

## Next steps/E whaiake nei

The Mayor and Chief Executive sign the report. Deloitte to issue an audit opinion.

The report will be released, and the Annual Report Summary will be produced. This is required to be publicly available one month after adoption.

## Attachments/Ngā tapiritanga

	Title
A	2019/2020 Annual Report

Graeme Coleman, 30 November 2020