

ANNUAL REPORT 2018 - 2019



Front Cover Image: The Great NZ Muster. Photo credit Kyle Barnes.

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MESSAGE FROM THE MAYOR AND CEO

We are pleased to present the Annual Report for the year ended 30 June 2019. This Report details Council's overall performance as well as the performance across the 10 activity areas for the 2018/19 financial year.

The Elected Council continues to apply our guiding principles of prudent financial management, 'fit for purpose' asset infrastructure and the efficient delivery of services.

Our vision is to 'Create a better future with vibrant communities and thriving business.' We are on a journey of enhancing the liveability of our district. In partnership with our key stakeholders like the Maniapoto Maori Trust Board, Legendary Te Kuiti, Project Piopio Trust, and Tere Waitomo Community Trust, we plan to shape Waitomo into a place that is safe, welcoming, encourages business development and supports well-connected communities. Our public spaces will be designed to create safe and prosperous communities where people want to live, work and do business.

We enjoyed a high level of engagement from our District community in our annual resident survey, with a total of 504 residents taking part this year. The survey is one of the ways we measure delivery and report against the Levels of Service and Key Performance Indicators for our Groups of Activities, which are set by the Long Term Plan 2018-2028. This year we achieved 11 of our 12 resident satisfaction performance targets and we are very pleased with that outcome. 86 percent of residents are satisfied with Council's efficiency - doing things well with the resources and funding available, and 91 percent of residents are satisfied that Elected Councillors are approachable and have the best interests of the District at heart. Our efforts to deliver a consistently high level of public service and customer service are reflected through the positive results of our resident survey.

Our top financial results for the 2018/19 Financial Year are:

- **Debt has reduced to \$40.26 million**, compared with the \$47.5 million forecast for the 2018/19 financial year in the Long Term Plan 2018-28.
- The Council's net surplus after tax is **\$4.9 million** compared to a budgeted surplus of \$3.2 million.
- Total operating expenditure was **\$1.4 million** less than budgeted.
- **We invested \$10.1 million** in Capital Projects to renew or develop our public assets.

Our highlights for the past year include:

- Completion and adoption of the Town Concept Plans for Te Kuiti, Piopio, Waitomo Caves Village, Maniaiti/ Benneydale and Mokau.
- Completion of the Te Kuiti Water Treatment Plant upgrade.
- Provision of a new water reservoir at Piopio.
- Upgrade of the Ultra Violet disinfection system for the Maniaiti/ Benneydale Water Treatment Plant.
- Continuation of the Footpaths improvement programme.
- Created a new playground and seating area in Maniaiti/ Benneydale.
- Extension of the stormwater network on Te Kumi Road.
- Pavement rehabilitation of Ramaroa and Taharoa Roads.

Inframax Construction Limited (ICL) continues to improve its operational performance and financial position with another positive result for the company. ICL has reported a **net profit after tax of \$1.2 million** for the year ended 30 June 2019. The equity of the company has increased substantially to **\$10.27 million** at 30 June 2019. The progress made by ICL reflects a lot of hard work by the Board, its Management and the Staff and of course the ongoing support of the Council as shareholder to provide benefits and create value to the wider district. We would like to take this opportunity to congratulate the Board, Management and Staff on this stellar performance.

The 2018/19 financial year has been a successful year. We have maintained our focus on prudent and sustainable financial management practices while making progress towards a vibrant and thriving future for the benefit of our communities.



BRIAN HANNA
MAYOR



CHRIS RYAN
CHIEF EXECUTIVE

Elected Representatives



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Sue Smith

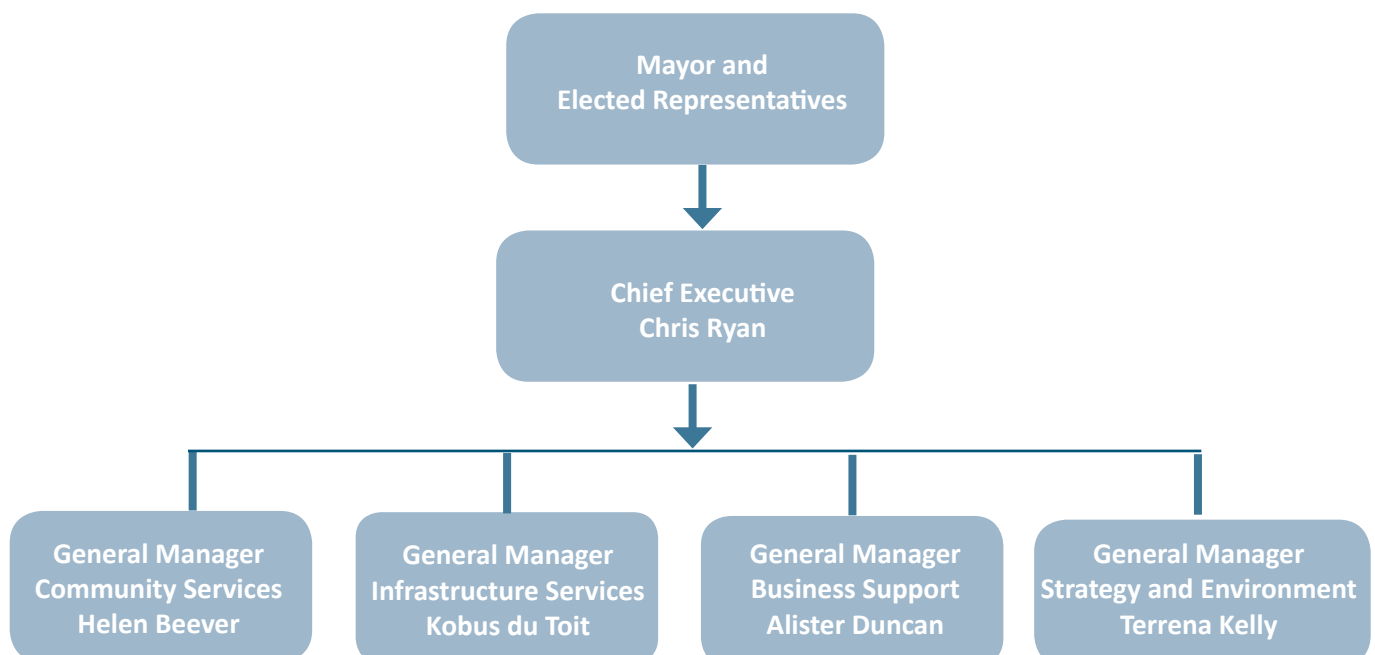
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 WARD: RURAL

Management Structure



INTRODUCTION

What is an Annual Report?

Every three years Council adopts a renewed Long Term Plan. In June 2018 the Council adopted its Long Term Plan 2018-2028. This is the first Annual Report relating to this Long Term Plan, and focuses on how Council has delivered on its plan for the financial year to 30 June 2019, as it relates to the Long Term Plan 2018-28 commitments.

For every activity, this report details what Council did compared to what was planned and what it cost. This reporting format benefits the community through :

- ensuring consistent decisions and actions are undertaken across Council business
- promoting transparency to the Community through showing what has and hasn't been achieved
- driving efficiency in the way we work; and
- enables Council to meet legal requirements.

Council's vision and outcomes

Everything we do at Waitomo District Council is linked to our vision. Our vision and community outcomes drive the development of our Long Term and Annual Planning processes, and our reporting against these in the form of Annual Reports.

Our vision for Waitomo is:

'Creating a better future with vibrant communities and thriving business'

At the heart of our vision is the intent to make the District an attractive place that people will want to come and visit, work and live in. The activities and services we deliver, and the work programmes undertaken are aligned to this vision.

Council's areas of focus in response to the opportunities and challenges for the ten year period are to encourage and support community connectivity and development, facilitate economic development, and continue with good stewardship of our core infrastructure and carrying these out in a financially prudent and sustainable manner.

Our achievements in the activity areas are included in the 'Highlights' and 'Our Activities' sections of this report.

Our Community Outcomes:

Community outcomes provide an important framework for future planning and reflect the results that Council aims to achieve for the District. Each of Council's activities will contribute to one or more of these outcomes.

VIBRANT COMMUNITIES



THRIVING BUSINESS



EFFECTIVE LEADERSHIP



SUSTAINABLE INFRASTRUCTURE



STATEMENT OF COMPLIANCE

Statement of Compliance and Responsibility

RESPONSIBILITY

The Council and the Management of Waitomo District Council (WDC) accept the responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and the Management of WDC also accept the responsibility for establishing and maintaining the internal controls designed to provide reasonable assurance as to the integrity and reliability of Financial Reporting.

In the opinion of the Council and the Management of WDC, the annual Financial Statements for the year ended 30 June 2019 fairly reflect the financial position and operations of WDC.

COMPLIANCE

The Council and Management of WDC certify that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.



BRIAN HANNA
MAYOR



CHRIS RYAN
CHIEF EXECUTIVE

Dated this 8th day of October 2019.



MAROKOPA FALLS

INDEPENDENT AUDITORS REPORT



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAITOMO DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Auditor-General is the auditor of Waitomo District Council ("the District Council") and its subsidiaries ("Group"). The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte Limited, to report on the information in the District Council and Group's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council and Group has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council and Group's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 8 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 57 to 129:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2019;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 110, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and Group's Annual Plan;
- the statement of service performance (referred to as our activities) on pages 18 to 56 and pages 130 to 131:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 100 to 102, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and Group's Annual Plan; and
- the funding impact statement for each group of activities on pages 111 to 120, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and Group's Annual Plan.



Report on the disclosure requirements

We report that the District Council and Group has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 121 to 127, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council and Group's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council and Group's Annual Plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Deloitte.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Service Performance as a reasonable basis for assessing the levels of service achieved and reported by the District Council and Group.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 7 and 11 to 17 and 131 to 140, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* 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 engagement in the area of a limited independent assurance engagement on certain matters stated in the District Council's Debenture Trust Deed. Other than this engagement, we have no relationship with, or interests in the District Council or its subsidiaries.



Bruno Dente, Partner
for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand

SNAPSHOT OF OUR SERVICES

Facilities that we provide...

| | |
|-----------------------------|--------------------------|
| 18 PUBLIC TOILETS | 10 PLAYGROUNDS |
| | 7 CEMETERIES |

In 2018/19 we...

Recycled 1,782
TONNES OF PLASTIC, GLASS, PAPER AND TIN

REGISTERED 3,401 DOGS + **RE-HOMED 57 DOGS**

Promoting our District:

146,245
COMMERCIAL GUEST NIGHTS
IN THE DISTRICT

18,698 VISITORS TO THE
AQUATIC CENTRE

Thousands attend
GREAT NZ MUSTER

Supporting our communities:

WE DISTRIBUTED
\$250,000 IN GRANTS
THROUGH THE COMMUNITY DEVELOPMENT FUND

...and we engage with our community:

91% OF RESIDENTS ARE SATISFIED WITH
THE EASE OF ACCESSING
COUNCIL INFORMATION

This year we received:
20,749 CUSTOMER SERVICE CALLS



Across the Waitomo District we:

MAINTAINED OF SEALED ROADS **461** kms

MAINTAINED OF UNSEALED ROADS **553** kms

ACHIEVED 85% RESIDENT SATISFACTION
WITH PUBLIC FOOTPATHS

OVERVIEW OF FINANCIAL PERFORMANCE

The following information provides an overview of our financial performance for the year to 30 June 2019.

Surplus

WDC reported a net surplus after tax of **\$4.9 million** compared to a budgeted surplus of \$3.2 million. This result is mainly attributable to expenditure being less than budgeted.

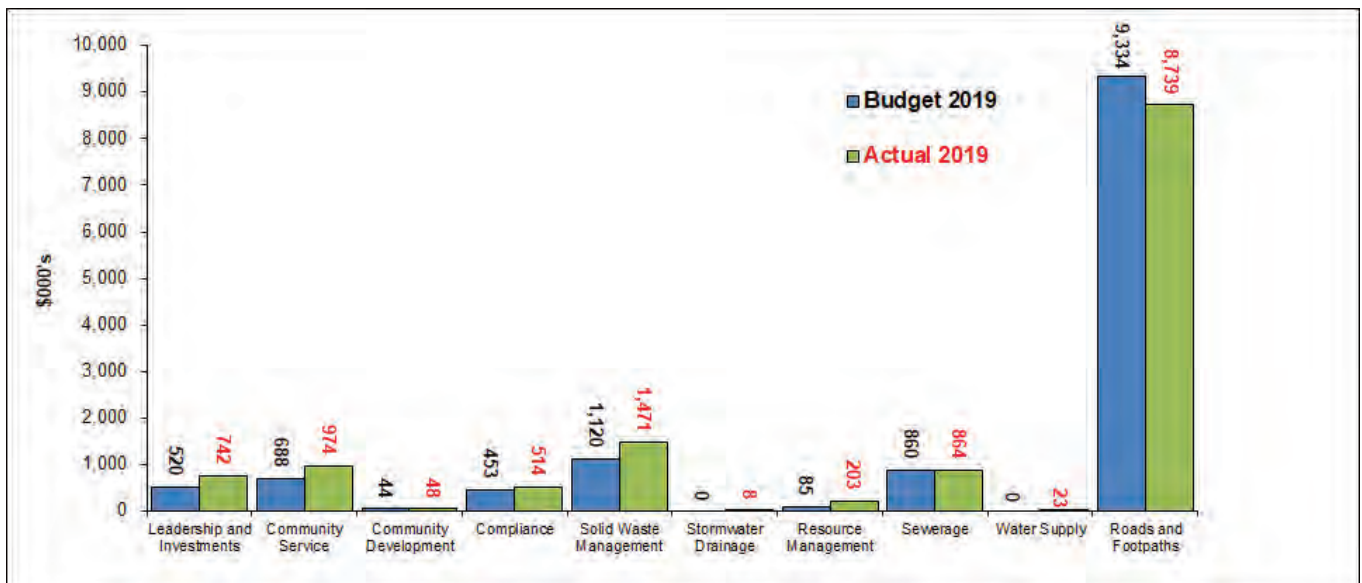
| | 2019 Council Budget \$000's | 2019 Council Actual \$000's | 2018 Council Actual \$000's |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Cost of Service Statement for All Council | | | |
| Total Revenue | 13,104 | 13,586 | 12,375 |
| Total Expenditure | 29,920 | 28,567 | 27,462 |
| Net Operating Cost | 16,816 | 14,981 | 15,087 |
| Total Capital Expenditure | 10,254 | 10,102 | 9,869 |
| Total Net Expenditure (Operating and Capital) | 27,070 | 25,083 | 24,956 |
| Funded by | | | |
| Internal Loans Drawn | 3,934 | 4,006 | 3,241 |
| External Loan Repayments | (779) | (782) | 0 |
| Reserves | 3,859 | 1,954 | 2,414 |
| Rates revenue including metered water rates | 20,056 | 19,905 | 19,301 |
| Total Funding | 27,070 | 25,083 | 24,956 |

In the above table, rates penalties has been classified as part of Total Revenue (to align to LTP 2018-28). 2018 figures have been amended to reflect this change for comparative purposes.

Operating Revenue was \$0.3 million more than budget.

Operating revenue includes total rates revenue and operating revenue from each activity.

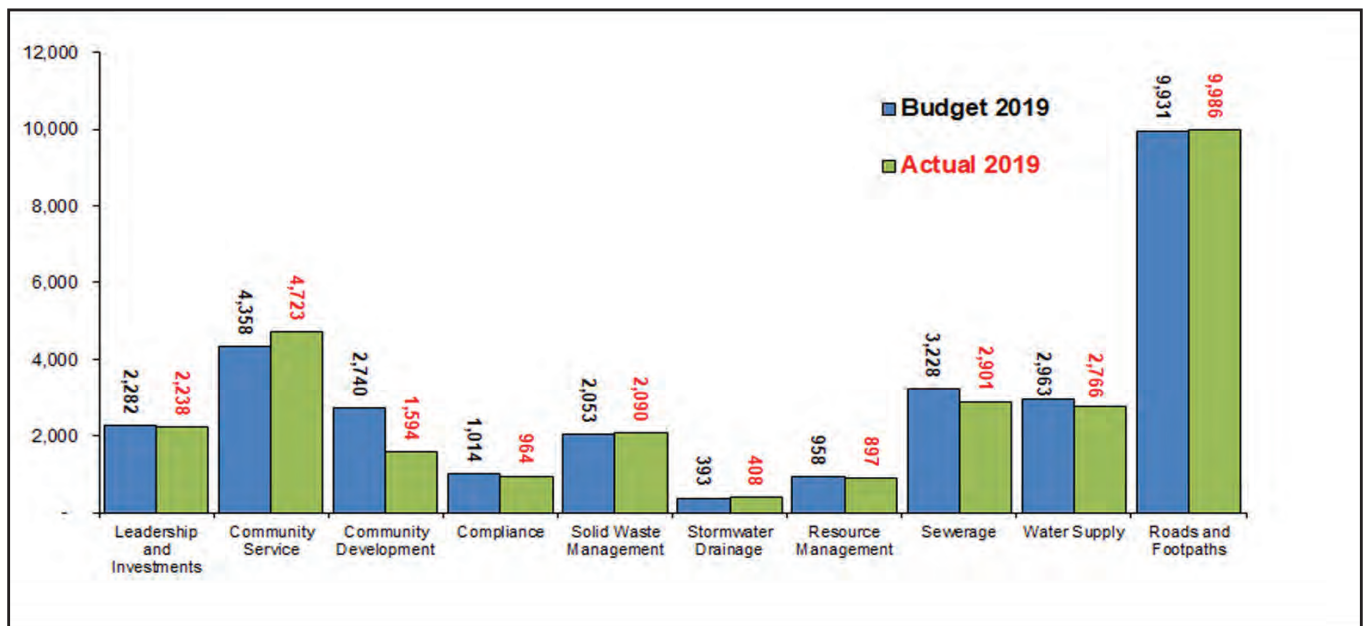
- Rates revenue was **\$0.2 million less** than budget resulting from excluding rates revenue on Council owned properties in calculating the actuals (this revenue is included in budgets).
- The graph below shows for each activity area how our budgeted revenue compared to the revenue we actually received. The main reasons for the difference of **\$0.5 million** in total revenue are detailed on the following page.



- Leadership revenue was more due to additional penalty revenue, additional quarry royalty revenue being received, and depreciation recovered on the sale of motor vehicles.
- Community Service revenue was more due to grant revenue being received for the development of the Te Kuiti Holiday Park and dump station and the provision of temporary toilets at Mokau.
- Compliance revenue was more for fees and charges related to building control services.
- There was also an increase in revenue in the Solid Waste activity from landfill users.
- Resource Management revenue was more due to an increase in revenue for planning consultants to process complex consents (which is recovered from resource consent applicants) and a funding contribution from Waikato Regional Council towards some costs associated with the District Plan Review.
- Roads subsidy revenue was less as the capital expenditure programme was not fully spent.

Operating Expenditure was \$1.4 million less than budget.

The graph below shows budgeted expenditure compared to what was actually spent, for each significant activity.



The main reasons for the difference between budgeted and actual expenditure were:

- Community Service costs were more than budget due to the loss on disposal of assets including Mangaokewa Reserve assets that were transferred to the Department of Conservation. This was partly offset by rates paid on council owned properties being excluded. The budget figure includes rates on council owned properties.
- Community Development costs were less than budget as the grant for the proposed North King Country Stadium was not paid, and district development and district promotion costs were not fully spent.
- Sewerage costs were less than budget due to reduced operations and maintenance costs for all schemes.
- Water Supply costs were less than budget due to reduced depreciation expense and rates on council properties being excluded. The budget figure included rates on council owned properties. This was partly offset by increased operational and maintenance costs for Te Kuiti and loss on disposal of assets recognised for all four schemes.
- Finance costs were less than budget due to a reduced public debt level than what was budgeted for, and interest rates were less than anticipated at the time the budget was prepared. This reduced expenditure for Leadership, Community Service, Solid Waste, Sewerage, Water Supply and Roads and Footpaths activities.

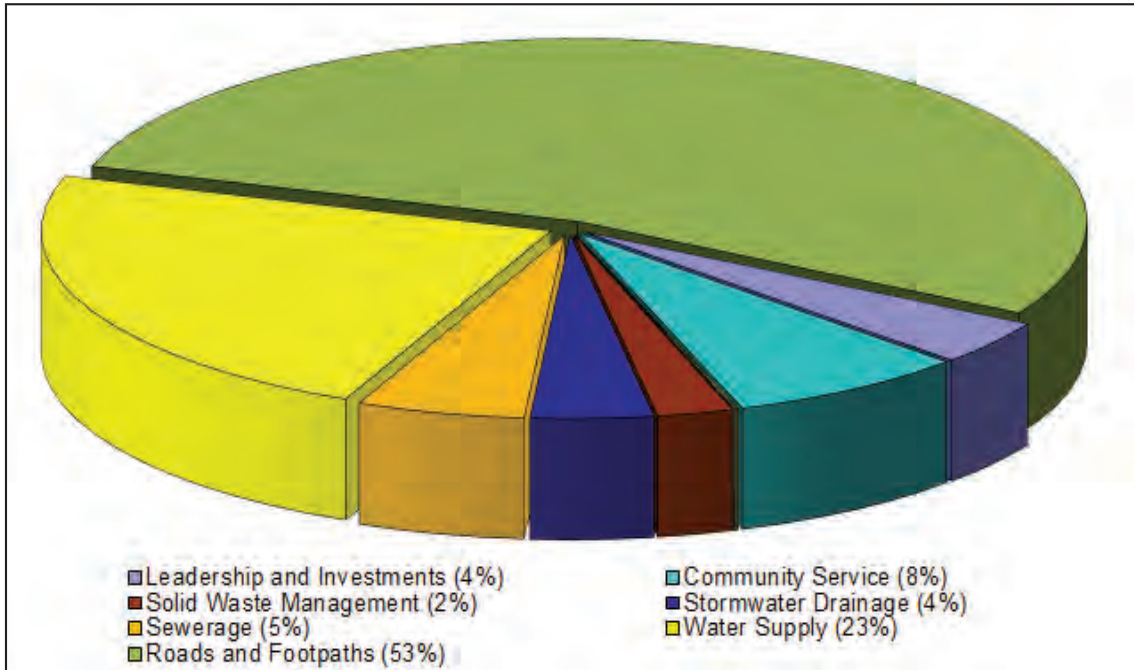
We invested \$10.1 million in Capital Projects.

Some key projects undertaken were:

- Construction of a new playground at Maniaiti/ Benneydale.
- Installation of a basketball area in Eketone Street, Te Kuiti.
- Replacement of lower roof and shelving and installation of automatic doors at the Waitomo District Library.
- The development of Te Kuiti Holiday Park and dump station.
- The development of Marokopa Holiday Park.
- Les Munro Centre renewals including new roller doors and replacement cladding.
- Stormwater network extension on Te Kumi Road.
- Work continued on obtaining the resource consent for expansion of the Waitomo District Landfill.
- The Te Kuiti Water plant upgrade project was completed.
- Alternative water supply investigation (bore) carried out in Te Kuiti.
- Mokau water supply dam repair and renewals were undertaken.
- New reservoir at Piopio was completed.

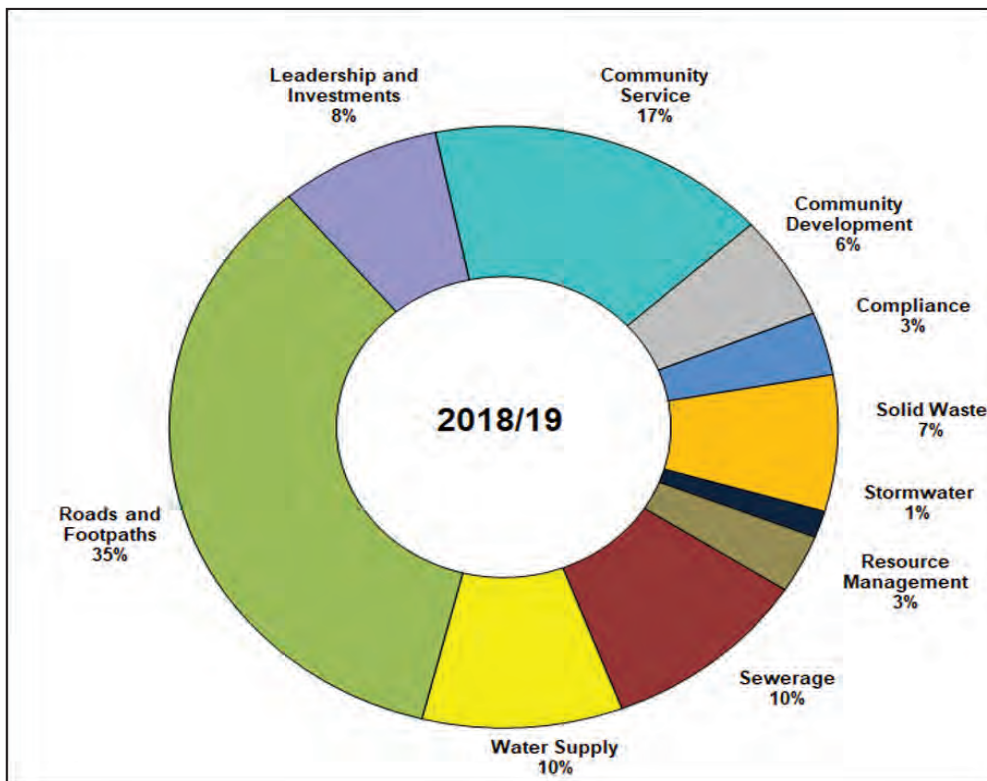
- Maniaiti/ Benneydale water Ultraviolet disinfection (UV) system upgrade.
- Taupiri Street sewer upgrade project was completed.
- Te Waitere pump station renewals.
- Footpath improvements and renewals programme.
- Road maintenance and renewals.
- Pedestrian refuge island in Rora Street.
- Pavement rehabilitation at Ramaroa and Taharoa Roads.

This graph shows capital expenditure in the different Activity areas



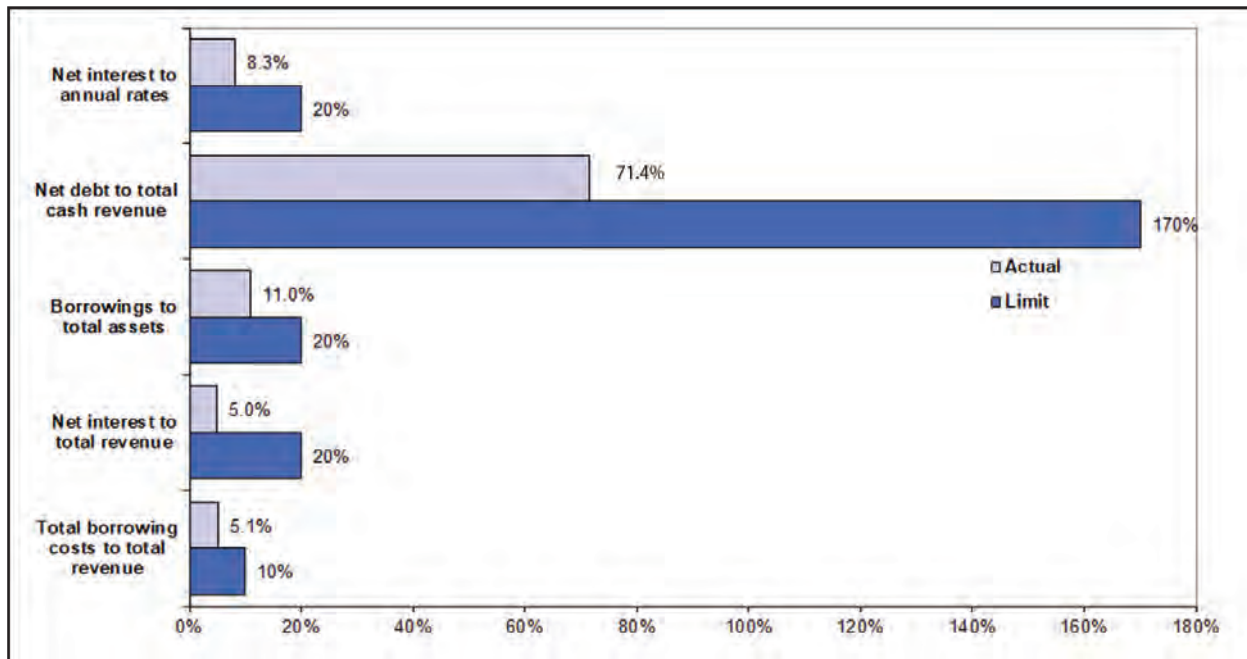
How Your Rates Were Spent

This graph shows the percentage of Council's spending on each Group of Activity:



Reducing public debt

Council borrows money for large projects that will provide services to the community for a long period of time. This ensures that today's ratepayers pay only for the services and assets which they use now and not for benefits that will be received by the community in the future. In keeping with the financial prudence and sustainability principle, Council has established certain borrowing parameters to ensure that investment priorities are carefully managed and within the reach of the Waitomo community. The reduction in interest costs demonstrates Council's efforts towards liability management and the objective of lowering the cost of funds.



Debt was forecast in the LTP 2018-28 to be \$47.5 million in the 2018/19 year. **Actual debt was \$40.26 million at 30 June 2019.**

The following table illustrates favourable trends in the levels of debt over the last three financial years as follows:

| | 2017 | 2018 | 2019 |
|--|---------|----------------|---------------|
| Forecast Public Debt (LTP) \$000's | 54,628 | 53,645 | 47,565 |
| Actual Public Debt \$000's | 43,419 | 41,737 | 40,261 |
| \$ Trend \$000's (LTP forecast and Actual) | -11,209 | -11,908 | -7,304 |
| % Trend | -20.5% | -22.2% | -15.4% |

These trends show that actual debt is less than forecast levels over the last three years, despite the capital investment and upgrades carried out as planned.

Overall Group Performance

The Group's overall performance for the year was an after-tax profit of **\$5.4 million**.

Inframax Construction Ltd (ICL) reported a net profit after tax of \$1.2 million for the year ended 30 June 2019. This is another positive result for the company and is a reflection of the continued and sustained effort of the Board of Directors, Management and staff of ICL.

Statement of Financial Position

At 30 June 2019 total equity for the Group was **\$316 million**.

There was a \$4.8 million increase in equity reflecting net asset increases due to:

- The Group's after tax profit of \$5.4 million.
- Current assets decreased by \$1.5 million mainly due to a decrease in receivables and inventories.
- Current liabilities decreased by \$13.6 million due to a decrease in the current portion of borrowings and payables.
- Non current assets increased by \$4.7 million due mostly to an increase in property, plant and equipment.
- Non current liabilities increased by \$12 million due mainly to an increase in non current borrowings and derivative financial instruments.

ACTIVITY HIGHLIGHTS FOR 2018 - 2019

Council's areas of focus, as contained in the LTP 2018-28 are:

- Economic Development
- Community Connectivity and Development
- Good Asset Stewardship and Management

Council's intention is to enhance the livability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. Some key work streams carried out in 2018/19 in support of these focus areas are outlined below.

Economic Development

Streamlined resource consenting

Waitomo District Council worked with eight other councils to develop a more customer-friendly resource consenting process. The initiative was driven by Waikato Local Authority Shared Services Ltd (WLASS). The result is a streamlined and consistent consenting application process and is a first step in aligning planning between councils. The councils involved are Thames-Coromandel, Hauraki, Waipa, Waitomo, Rotorua Lakes, Matamata-Piako, South Waikato, Waikato District Council and Hamilton City Council.



VIEW OF MT TARANAKI FROM MOKAU

District Plan Review

The District Plan Review is progressing well with drafting underway using the new National Planning Standards format. As part of this project, a number of major work streams are ongoing including identification of significant natural areas, identification of cultural and heritage sites, assessment of natural hazards and ongoing consultation with mana whenua. A major milestone this year was the completion and adoption of the Town Concept Plans for Te Kuiti, Piopio, Waitomo Caves Village, Maniaiti/Benneydale and Mokau.



OPEN DAY - TE KUITI TOWN CONCEPT PLAN

Te Kuiti Motorhome Facility

Waitomo District Council secured Government funding of \$200,000 for a new KiwiCamp ablution and cooking facility. The facility will provide a better experience for visitors to the Waitomo District, and will cater for the growing demands that tourist activity has on our infrastructure services and the local environment.



TE KUITI HOLIDAY PARK

Community Connectivity and Development

Community Grants

We distributed around **\$250,000 in grants** throughout the year through the Community Development Fund. The Grants supported a range of activities, some of which were:

- Maniapoto Marae Sports Games.
- Services and resources at the Te Kuiti Community House Trust.
- Display of artefacts, documents and photos by Te Kuiti Museum and Gallery.
- Safe, accessible and educational use of community pool.
- First Aid certification for Piopio Playcentre.

Waitomo District Safe Communities

This year was the first year the Waitomo District Safe Communities Programme 'Vibrant Safe Waitomo' was delivered in partnership with key stakeholders. Vibrant Safe Waitomo aims to improve the quality of life of the Waitomo community and visitors to the district through its actions.

The Vibrant Safe Waitomo Regional Coalition was formed in September 2018, comprising representation from a cross section of community organisations. The purpose of the Coalition is to enable a cross disciplinary approach to delivering increased positive safety outcomes for those that live and work in our communities. The Coalition will achieve this through ongoing leadership and governance of Vibrant Safe Waitomo to ensure a coordinated approach is taken in the delivery of services and contracts within our communities.

Following in depth research and formative evaluations priority areas for our communities have been identified. The Regional Coalition will provide input and develop effective strategies and programmes to continue the journey of creating prosperous, safe communities.

The application for accreditation as a Safe Community was lodged with Safe Communities Foundation New Zealand in June 2019.



VIBRANT SAFE WAITOMO (VSW) REGIONAL COALITION

Good Asset Stewardship and Management

Maniaiti/Benneydale's 'Bigbelly' Bin

Waitomo District Council installed a new type of refuse bin and a recycling station in Maniaiti/Benneydale, in an effort to keep the village litter-free and recover more recyclable material. The 'Bigbelly Bin' has the ability to compact its contents using solar energy and can hold up to six times more rubbish than a standard New Zealand rubbish bin. The aim of Bigbelly Bin is to:

- provide a solution to overflowing rubbish bins
- reduce the potential for scattered litter
- reduce complaints about overflowing rubbish bins



MANIAITI / BENNEYDALE REFUSE AND RECYCLE STATION

Te Kuiti's New Pedestrian Footbridge

NZ Transport Agency (NZTA) funding was confirmed for the Council's \$1.35 million project to replace the aging pedestrian footbridge across the railway in Te Kuiti.

WDC undertook an engineering investigation in 2017 which confirmed that the footbridge had reached the end of its useful life and required extensive safety and renewal work.

NZTA will fund 73% of total cost of the project. This means a brand new, purpose-built footbridge can be constructed for less than what WDC was originally planning to spend on just maintenance of the existing structure.

Te Kuiti Water Treatment Plant upgrade

The upgrade of Te Kuiti's Water Treatment Plant was completed this year. The conclusion of this four-year project is a significant achievement for WDC. The project included making improvements to the water intake and treatment processes to optimise plant effectiveness and to ensure we meet legislative compliance and to meet the health and well-being outcomes of our residents now and into the future.



RIVER INTAKE AT TE KUITI WATER TREATMENT PLANT

OUR ACTIVITIES

How to read this section

In this section we report for each of our activities, what we planned to do in year three (2018/19) of our Long Term Plan (LTP). At the start of each group of activities section there's a brief description to explain what the activity is about, an overview of performance against our non-financial performance measures within the group, and a summary of the financial performance within the group.

For the purpose of our LTP 2018-28, Council arranged its services into the following Groups of Activities:

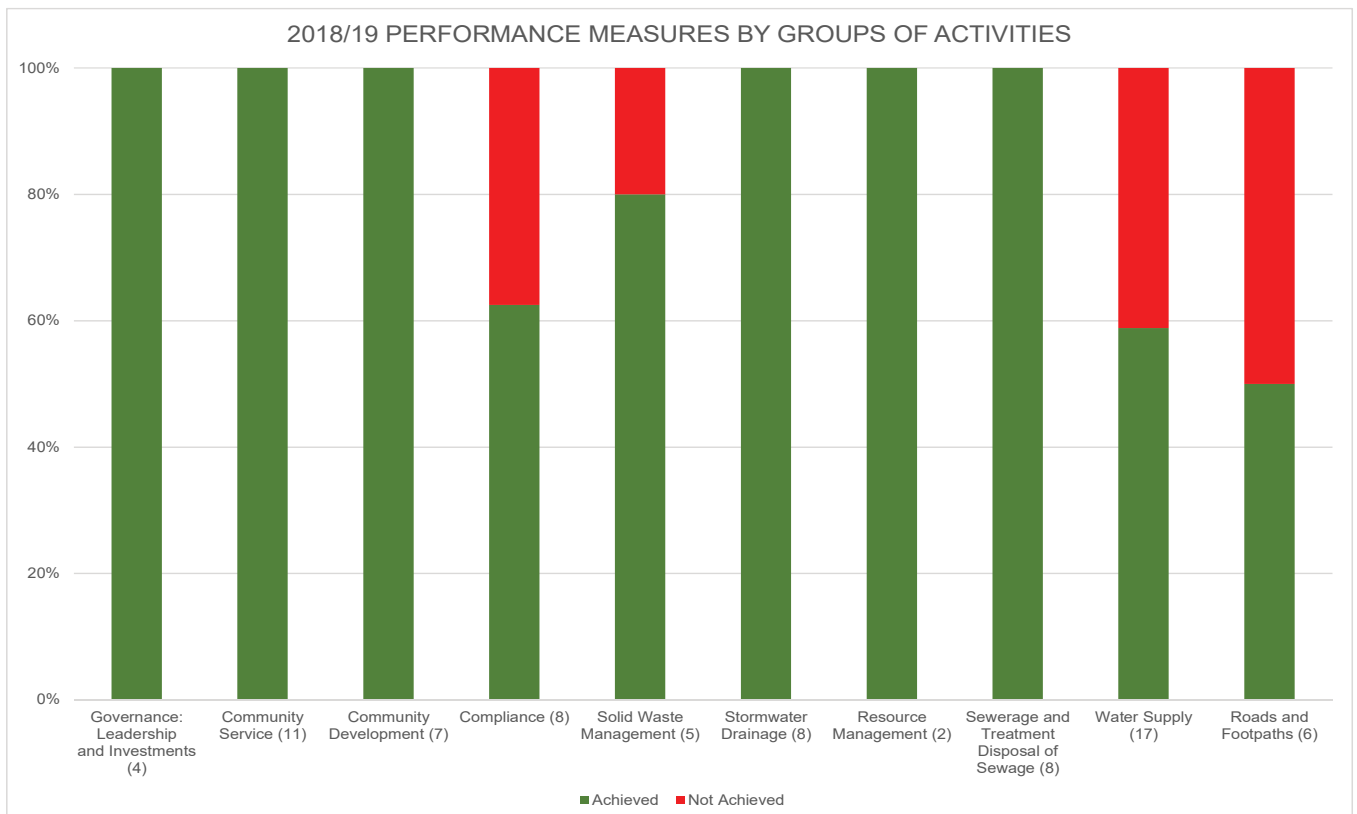
- Governance: Leadership and Investments
- Community Service
- Community Development
- Compliance
- Solid Waste Management
- Stormwater Drainage
- Sewerage and the Treatment and Disposal of Sewage
- Resource Management
- Water Supply
- Roads and Footpaths

Statement of Service Performance

WDC has a range of performance targets that allow the measurement, over time, of how well the service delivery and performance has been focused on WDC's priorities.

This year we achieved 62 of our 76 measures (82%). The Groups of Activities which achieved **100% of their targets** were:

- Governance
- Community Service
- Community Development
- Stormwater Drainage
- Resource Management
- Sewerage and the Treatment and Disposal of Sewage

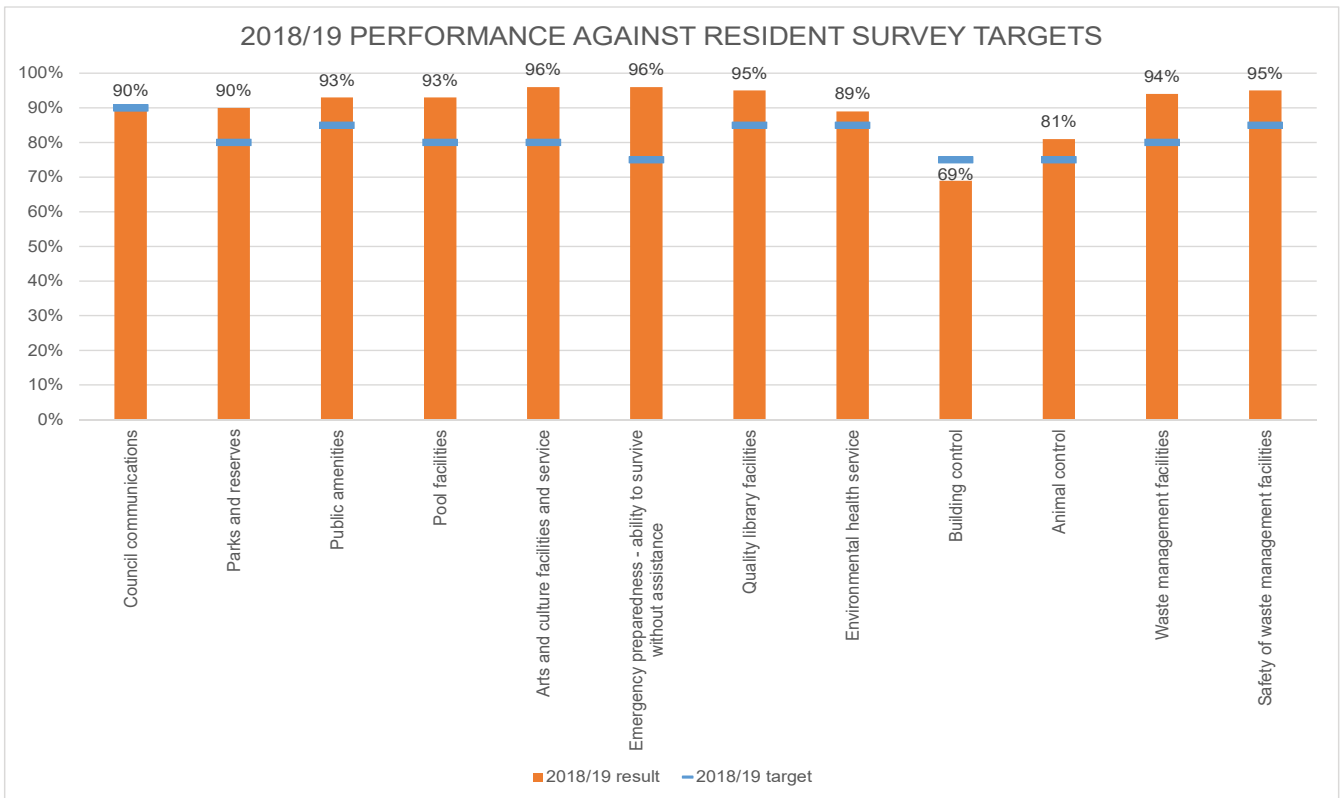


Resident Survey

Our annual Resident Survey (RS) aims to gauge community views and opinions on a wide range of services and activities delivered by Council, and identify priorities for improvement in our service delivery.

The survey was distributed district-wide and was carried out during May and June 2019. 504 Waitomo district residents took part, which is an increase on the 191 who took part in 2018. Similar to previous years, the largest portion of respondents were from Te Kuiti (58 percent).

The following graph shows the satisfaction levels achieved against 2018/19 performance targets.



TE KUITI NEW CEMETERY



WAITOMO DISTRICT LIBRARY

Governance: Leadership and Investments

Activity: Leadership

This activity includes the preparation of policies guiding strategic direction and strategic financial decisions. The two main functions under the Leadership activity are:

- Representation
- Planning and Policy and Monitoring

Activity: Investments

This activity includes:

- Investment in Waikato Local Authority Shared Services (WLASS)
- Investment in Inframax Construction Ltd (ICL)
- Council Owned Quarries
- Investment in Civic Financial Services Ltd

Key projects completed in 2018/19

- The 2019/20 Exceptions Annual Plan was adopted by Council on 28 May 2019. As there were no significant or material changes from what was planned in year two of the LTP 2018-28, Council did not undergo a formal consultation process.
- The 2017/18 Annual Report was developed throughout the first part of the 2018/19 year and was adopted by Council on 30 October 2018.

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|--|--|---|-----|
| Leadership | | | |
| Decision making in compliance with provisions of the Local Government Act 2002. | Number of successful challenges to the decision making process. Target 0 | Achieved (0) Nil challenges received. | ● |
| Consultation is in accordance with the procedures outlined in LGA 2002. Depending on the nature of the consultation, the procedure will either be the Special Consultative Procedure or a process that gives effect to the requirements of section 82 of the LGA 2002. | Number of successful challenges to the decision making process. Target 0 | Achieved (0) Nil challenges received. | ● |
| Effective communication with the community. | Percentage of residents satisfied with the effectiveness and usefulness of Council communications Target 90% | Achieved (90%) 90% of respondents to Council's 2019 Resident Survey were somewhat satisfied, satisfied or very satisfied that the effectiveness and usefulness of Council communications. | ● |
| Investments | | | |
| Investments are managed prudently and in a manner that promotes the current and future interests of the community. | Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable. Target 2 reports per year | Achieved (2) Regular reports were received by Council throughout the year on its investments. Half yearly financials and annual financials were provided on time. | ● |

Summary of Service Performance

All of four key performance targets for Governance: Leadership and Investments Activity for the period ending 30 June 2019 were achieved.

How we went against our budget

| Cost of Service Statement - Governance: Leadership and Investments (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|---|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Representation | 431 | 480 | 439 |
| Investments | 77 | 181 | 52 |
| Treasury Management and Overhead Accounts | 12 | 81 | 16 |
| Total Operating Income | 520 | 742 | 507 |
| Operating Expenditure | | | |
| Representation | 767 | 789 | 756 |
| Planning and Policy and Monitoring | 920 | 959 | 1,213 |
| District and Urban Development | 0 | 0 | 598 |
| Investments | 583 | 439 | 492 |
| Treasury Management and Overhead Accounts | 12 | 51 | (67) |
| Total Operating Expenditure | 2,282 | 2,238 | 2,992 |
| Net Operating Cost/(Surplus) | 1,762 | 1,496 | 2,485 |
| Capital Expenditure | | | |
| Treasury Management and Overhead Accounts | 860 | 397 | 465 |
| Total Capital Expenditure | 860 | 397 | 465 |
| Net Expenditure | 2,622 | 1,893 | 2,950 |
| Funded By | | | |
| Internal Loans | 0 | 0 | 598 |
| Reserves | 860 | 143 | 578 |
| General Rates | 994 | 992 | 888 |
| UAGC | 768 | 758 | 886 |
| Total Funding | 2,622 | 1,893 | 2,950 |

Variations to Annual Plan

Operating Income

Revenue was \$222,000 more than budget. Rates penalties were more than budget. Within the Investment activity additional quarry royalty revenue was received. Additional revenue was also recognised in Treasury Management and Overhead Accounts activity for depreciation recovered on the disposal of motor vehicles. Comparative information has been reclassified to include penalties in Operating Income as contained in the LTP 2018-28.

Operating Expenditure

Expenditure was \$44,000 less than budget due to:

- Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the LTP meant less interest costs were incurred.
- Rates paid on council owned properties were excluded. The budget figure includes rates paid on Council owned properties.

- (c) The planned quarry assessment work was not completed.
- (d) These decreases were offset partly by increased costs associated with organisational capacity and resourcing requirements.

Capital Expenditure

The planned earthquake strengthening of the Queen Street administrative and civil defence building and information technology improvements were deferred to the next financial year.



WAITOMO DISTRICT YOUTH COUNCIL
WITH WDC COMMUNITY DEVELOPMENT COORDINATOR CLOWDY NGATAI,
MAYOR BRIAN HANNA AND COUNCILLOR JANENE NEW

Community Service

The Community Service Group consists of the following activities:

- Parks and Reserves
- Housing and other Property
- Recreation and Culture
- Public Amenities
- Safety

Key projects completed in 2018/19

Parks and Reserves

- Refurbishment of playground equipment at Marokopa Reserve.
- Safety improvements at Redwood Park playground, Te Kuiti.
- Completed remedial work at Te Waitere and Mokau jetties.
- Installed new playground equipment next to Maniaiti/Benneydale toilets.
- Installation of a basketball area in Eketone Street, Te Kuiti.

Housing and Other Property

- Sold Historic Society building in Queen Street, Te Kuiti.
- Retrofitted Marokopa Holiday park with KiwiCash booking technology.
- Constructed new carpark, dump station, cooking and ablution facilities at Brook Park, Te Kuiti.
- Replaced both fire doors at Piopio Hall.
- Installed shower at animal pound, Te Kuiti.

Recreation and Culture

- Replaced lower roof at Waitomo District Library.
- Installation of automatic doors and shelving at the Waitomo District Library.
- Repainted pool interior, and replaced main recirculation pump and filter at Waitomo District Aquatic Centre.
- Completed health and safety risk assessment of Te Kuiti Aerodrome and prepared future development plan.
- Resurfaced auditorium floors and replaced roof and wall cladding at Les Munro Centre.
- Replaced moveable stage boxes with lighter equivalents at Les Munro Centre.

Public Amenities

- Land acquisition for future extension of Te Kuiti New Cemetery completed.
- Provision of supplementary toilets at Mokau over 2018/19 peak summer period.
- Replaced partitions, resurfaced flooring and repainted main public toilet facilities in Te Kuiti.
- Upgraded Piopio toilets (replaced cistern flushing systems).
- Upgraded sewerage pipes at Maniaiti/Benneydale public toilet facility.
- Upgraded CCTV safety cameras for Te Kuiti CBD and Council administration building.



RORA STREET PUBLIC TOILETS

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|---|--|--|-----|
| High quality Parks and Reserves will be provided. | Percentage of residents satisfied with the quality of Parks and Reserves . Target ≥80% | Achieved (90%) | ● |
| Provision and maintenance of Elderly Persons Housing that meets the needs of the tenants. | Percentage of tenants satisfied with the provision and maintenance of Elderly Persons Housing. Target > 80% | Achieved (88%) Of the 17 surveys received, 15 were satisfied with all aspects of the provision and maintenance. 2 were dissatisfied; 1 with Security (broken window lock) and 1 with handling of queries/service issues. | ● |
| Quality public amenities will be provided. | Percentage of residents satisfied with the quality of public amenities (Public Toilets and Cemeteries). Target ≥ 85% | Achieved (93%) | ● |
| Provision of effective pool facilities for the community. | Percentage of residents satisfied with the quality of the pool facilities and service. Target ≥ 80% | Achieved (93%) | ● |
| Provision of effective Arts and Culture facilities for the community. | Percentage of residents satisfied with the quality of the Arts and Culture facilities and service. Target ≥ 80% | Achieved (96%) | ● |
| Council's public facilities are provided to standards of fitness for use. | Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules. Target 100% | Achieved (100%) All Current Building Warrant of Fitness are compliant. | ● |
| Pool is safe for use of pool patrons at all times. | Pool accreditation in place. Target 100% | Achieved (100%) This measure is achieved and has been granted PoolSafe Accreditation for 2018/2019 and 2019/2020. | ● |
| | Number of pool non-complying water quality readings per year. Target < 2 | Achieved (0) | ● |
| Playground equipment is safe to use for parks and reserves playground users. | Number of accidents directly attributable to playground equipment failure. Target Nil accidents | Achieved (Nil accidents) There were no service requests or incident reports received. | ● |
| Community education and information provided to build community awareness and preparedness. | The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event. Target ≥75% | Achieved (96%) | ● |

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|---|---|--|-----|
| WDC is resourced and staff trained to a level sufficient to efficiently operate the Civil Defence Headquarters during an emergency. | One major training exercise involving Civil Defence headquarters staff will be held per year. Target One exercise per year | Achieved (1) On 12 April 2019 HQ staff took part in a Civil Defence orientation training exercise which included the setting up of the Emergency Operations Centre and working through a scenario of a developing weather event. | ● |

Summary of service performance

All of eleven of the Community Service performance targets were achieved for the year ended 30 June 2019.



STUDENTS FROM ST JOSEPH'S SCHOOL ENJOY SWIMMING LESSONS AT WAITOMO DISTRICT AQUATIC CENTRE



NZ MOTORHOME CARAVAN ASSOCIATION AND MEMBERS ATTEND THE OPENING OF THE TE KUITI HOLIDAY PARK

How we went against our budget

| Cost of Service Statement - Community Service (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|--|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Parks and Reserves | 27 | 61 | 25 |
| Housing and Other Property | 303 | 640 | 378 |
| Recreation and Culture | 144 | 125 | 143 |
| Public Amenities | 214 | 148 | 54 |
| Total Operating Income | 688 | 974 | 600 |
| Operating Expenditure | | | |
| Parks and Reserves | 731 | 1,151 | 505 |
| Housing and Other Property | 1,138 | 973 | 869 |
| Recreation and Culture | 1,272 | 1,316 | 1,151 |
| Public Amenities | 1,067 | 1,161 | 901 |
| Safety | 150 | 122 | 88 |
| Total Operating Expenditure | 4,358 | 4,723 | 3,514 |
| Net Operating Cost/(Surplus) | 3,670 | 3,749 | 2,914 |
| Capital Expenditure | | | |
| Parks and Reserves | 207 | 63 | 129 |
| Housing and Other Property | 51 | 448 | 138 |
| Recreation and Culture | 191 | 192 | 275 |
| Public Amenities | 519 | 64 | 308 |
| Total Capital Expenditure | 968 | 767 | 850 |
| Net Expenditure | 4,638 | 4,516 | 3,764 |
| Funded By | | | |
| Internal Loans | 402 | 154 | 472 |
| Reserves | 616 | 903 | (64) |
| General Rates | 1,541 | 1,463 | 1,424 |
| UAGC | 1,804 | 1,719 | 1,666 |
| Targeted Rate - Marokopa Hall | 4 | 4 | 4 |
| Targeted Services Rate - Rural | 81 | 82 | 78 |
| Targeted Services Rate - Urban | 190 | 191 | 184 |
| Total Funding | 4,638 | 4,516 | 3,764 |

Variations to Annual Plan

Operating Income

Revenue was \$286,000 more than budget due to:

- Additional revenue was received from the logging of 0.5ha in Brook Park.
- Grant revenue was received for the Te Kuiti Holiday Park and dump station construction and temporary toilets at Mokau.
- A gain on revaluation of investment properties was also recognised.
- Revenue was less than budget for the Aquatic Centre and Les Munro Centre.

- (e) Tourism Infrastructure Fund revenue was budgeted for the construction of the Mokau toilets however this project was deferred to the next financial year.

Operating Expenditure

Expenditure was \$365,000 more than budget due to:

- (a) Loss on disposal of assets was recognised for Community Service assets including the Mangaokewa Reserve assets which were transferred to Department of Conservation.
- (b) Depreciation expense was more than budget.
- (c) Additional costs were incurred for the provision of temporary toilets in Mokau which were funded by the additional grant revenue received.
- (d) Rates on council properties being excluded, the budget figure includes these rates.
- (e) Repairs and maintenance expenditure budgets (some of which is on an “as required” basis) was not fully spent during the year.
- (f) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the LTP meant less interest costs were incurred.
- (g) Safety costs were less for emergency management preparedness and training.

Capital Expenditure

Total capital expenditure was \$201,000 less than budget due to:

- (a) Budgets for the resealing of Mangaokewa Reserve road and renewal of the ex-Albion soccer clubrooms were not spent.
- (b) Te Maika jetty renewal was deferred as estimates to complete this work were more than the budget for jetty renewal.
- (c) The development of the Te Kuiti and Marokopa Holiday Parks were completed during the year.
- (d) The construction of the Mokau toilets was deferred until the next financial year.
- (e) The budgets for improvement and renewal work at Te Kuiti Cemetery and the renewal of Te Kuiti public toilet were not fully spent.



MAROKOPA HOLIDAY PARK

Community Development

Waitomo District Council's Community Development group involves Community Support, Tourism and District Promotion, District Development, Te Kuiti i-SITE Visitor Information Centre, Library Services and Customer Services.

Key Projects Completed in 2018/19

- Facilitation and support of the Waitomo District Safe Communities Programme, 'Vibrant Safe Waitomo' in partnership with key stakeholders.
- Administration of the Community Development Fund, with over \$250,000 distributed in grants over the year, including to the not for profit sector, and \$30,000 administered and distributed on behalf of others such as the Creative Communities Scheme.
- Youth liaison and participation via the Waitomo District Youth Council.
- Support delivery of the Novice Driver Training Programme in conjunction with key stakeholders.
- Continued promotion and support of an active and healthy community in partnership with Sport Waikato.
- Continued delivery of district events such as the Great NZ Muster and the Waitomo District Christmas Parade.
- Continued support of district promotion via the Hamilton & Waikato Regional Tourism organisation.
- Promotion of Economic Development in the Waitomo District in collaboration with the Regional Economic Development Agency, Te Waka.
- Contribute and support development and deployment of the Southern Waikato Economic Action Plan.
- Support of the Timber Trail marketing strategy and action plan with key stakeholders.



THE 2019 GREAT NEW ZEALAND MUSTER



TE KUITI VISITOR INFORMATION CENTRE

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|---|---|---|-----|
| Provide assistance for community support activities. | Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy. Target 100% Compliance | Achieved (100%) All funding rounds throughout the 2018/19 year were advertised and administered as per the Community Development Fund Policy. | ● |
| Support the positive development of youth within the District. | Youth Council meet with Council once per year. Target 1 per annum | Achieved (1) The Waitomo District Youth Council presented their 2018/2019 Work Programme to Council at the 28 May 2019 Council meeting. | ● |
| | Youth Council undertakes two youth related projects per year. Target 2 per annum | Achieved (2) The Waitomo District Youth Council undertook a number of youth related projects throughout the 2018/2019 year, including but not limited to: <ul style="list-style-type: none"> A family movie night held at the Piopio Memorial Hall on 25 August 2018 Hosting of Waitomo's Got Talent held on 10 November 2018 at Brook Park. | ● |
| Council will support major District events that build community pride and raise the District's profile. | Council provide support for major district events. Target 2 per annum | Achieved (2) The Great NZ Muster was held on 30 March 2019. The Waitomo District Christmas Parade was scheduled to take place on Friday 14 December 2018. The parade was cancelled late on event day due to weather conditions. | ● |
| Provision of comprehensive library facilities for the community. | Percentage of residents satisfied with the quality of the library facilities and service. Target ≥ 85% | Achieved (95%) 95% of respondents to the Council's 2019 Resident Survey were satisfied with the quality of the library facility and service. | ● |
| Council will encourage and support sustainable economic development opportunities within the District. | Enhance the promotion of the District with the support of Hamilton Waikato Tourism through taking up District promotion opportunities in key publications and industry events. Target > 4 promotion opportunities taken up | Achieved (4+) The Waitomo District was profiled in a range of key publications and industry events over the 2018/2019 year including: <ul style="list-style-type: none"> Explore your own Backyard Campaign Short Escapes Campaign Waikato Regional Visitor Guide Annual Tour – North Island Campaign 2019 Waikato Regional Visitor Guide Ongoing campaign through a number of social media channels. | ● |
| | Involvement in economic development initiatives alongside Waikato Means Business. Target 1 initiative per annum | Achieved (1) Development of the Sub Regional (Southern) Waikato Economic Development Action Plan has been completed. The Southern Waikato Economic Action Plan (SWEAP) Application Package to the Provincial Growth Fund was lodged with the Ministry of Business, Innovation and Employment on 10 April 2019. In conjunction with Te Waka, the Business Growth Advisor Services initiative commenced. | ● |

Summary of Service Performance

All of seven of the Community Development performance targets were achieved for the year ended 30 June 2019.

How we went against our budget

| Cost of Service Statement - Community Development (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|--|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Community Support | 2 | 2 | 0 |
| Community Development | 42 | 46 | 155 |
| Total Operating Income | 44 | 48 | 155 |
| Operating Expenditure | | | |
| Community Support | 1,873 | 852 | 639 |
| Community Development | 867 | 742 | 803 |
| Total Operating Expenditure | 2,740 | 1,594 | 1,442 |
| Net Operating Cost/(Surplus) | 2,696 | 1,546 | 1,287 |
| Capital Expenditure | | | |
| Community Development | 0 | 9 | 0 |
| Total Capital Expenditure | 0 | 9 | 0 |
| Net Expenditure | 2,696 | 1,555 | 1,287 |
| Funded By | | | |
| Internal Loans | 1,000 | 0 | 0 |
| Reserves | (1) | (156) | (177) |
| General Rates | 923 | 931 | 807 |
| UAGC | 428 | 429 | 309 |
| Targeted Rate - Piopio Retirement | 16 | 15 | 15 |
| Targeted Rate - District Development | 330 | 336 | 333 |
| Total Funding | 2,696 | 1,555 | 1,287 |

Variations to Annual Plan

Operating Expenditure

Expenditure was \$1,146,000 less than budget. The grant expenditure for the North King Country Stadium was not spent. District promotion and district development costs were also less than budget.

Capital Expenditure

Minor expenditure was incurred for Te Kuiti Visitor Information Centre i-SITE technology renewal. The budget for this expenditure was included in the prior year.

Compliance

This Group provides services to promote and protect the health and safety of our communities and the general public. The functions of this group are:






- Building Control
- Alcohol Licensing
- Environmental Health
- Bylaw Administration
- Animal and Dog Control

Key projects completed in 2018/19

- Council retained its Building Consent Authority (BCA) Accreditation in June 2018. The next assessment is due in June 2020.
- Earthquake Prone Building legislation – the implementation of the legislation is ongoing.

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|--|--|--|---|
| All food and liquor retail premises will be inspected and appropriately registered and licensed. | Percentage of food and alcohol premises that are licensed or registered. Target 100% | Achieved (100%) 100% of the premises selling alcohol are licensed to do so. 100% of the premises requiring food licenses are registered. |  |
| Provision of an effective environmental health service for the community. | Percentage of residents satisfied with the provision of the Environmental Health Service. Target > 85% | Achieved (89%) |  |
| Building consents and project information memoranda (PIMs) processed within 20 working days. | The percentage of building consents and PIMs processed within 20 working days. Target 100% | Not Achieved (98.9%) Of 182 building consent applications processed, 2 were not processed within the 20 working days due to administrative errors. These processes have been reviewed and training undertaken. |  |
| Council will process, inspect and certify building work in the Waitomo District. | WDC maintains building control systems and process to meet IANZ Audit requirements. Target BCA Accreditation achieved | Achieved BCA accreditation was achieved in June 2018. WDC's next assessment is due in June 2020. |  |
| Provision of an effective building control service to the community. | Percentage of users satisfied with the provision of the Building Control Service. Target > 75% | Not Achieved (69%) Respondents to the building services questions in the Resident Survey indicated their main reasons for dissatisfaction was that the process takes a long time, and the process is complicated. Some applicants find the building process challenging, however the requirements are set by regulation by central government and are unable to be changed by WDC. However, WDC is a member of the WCLASS Building Consent Group where a key strategic focus of the councils is to continue to improve building consenting processes that are permitted to be changed by the legislation. |  |

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|---|---|--|-----|
| Council meets its obligations under the Dog Control Act 1996. | Percentage of Special Owner Status properties inspected per year. Target 100% | Not Achieved (48%) This has not been achieved due to resourcing constraints as a result of a vacancy. Prioritisation has been given to responding to dog related service requests (i.e. wandering dogs, attacks etc). | ● |
| Provision of an effective Animal Control Service. | Percentage of residents satisfied with the provision of the Animal Control Service. Target $\geq 75\%$ | Achieved (81%) | ● |
| Dog Owners are well informed of their responsibilities and WDC Support. | Number of Dog/Owner Education initiatives. Target ≥ 2 | Achieved (8) A number of initiatives have been undertaken throughout this year including; public advertisements, information on Council's website and social media, and the promotion of dog safety and responsible dog ownership messages. Free homework books were provided to Waitomo and District schools including Waitomo Caves, Piripiri, Rangitoto, Te Kura O Tahaaroa and Kinohaku. | ● |

Summary of service performance

Five of eight performance targets were achieved for Compliance for the year ended 30 June 2019.



MOKAU BUTCHERY

How we went against our budget

| Cost of Service Statement - Compliance (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|---|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Compliance | 453 | 514 | 513 |
| Total Operating Income | 453 | 514 | 513 |
| Operating Expenditure | | | |
| Compliance | 1,014 | 964 | 946 |
| Total Operating Expenditure | 1,014 | 964 | 946 |
| Net Operating Cost/(Surplus) | 561 | 450 | 433 |
| Capital Expenditure | | | |
| Compliance | 0 | 5 | 0 |
| Total Capital Expenditure | 0 | 5 | 0 |
| Net Expenditure | 561 | 455 | 433 |
| Funded By | | | |
| Internal Loans | 0 | 0 | 0 |
| Reserves | 0 | (108) | (13) |
| General Rates | 444 | 446 | 327 |
| UAGC | 117 | 117 | 119 |
| Total Funding | 561 | 455 | 433 |

Variations to Annual Plan

Operating Income

Operating income was \$61,000 more than budget due to more revenue for building control services.

Operating Expenditure

Expenditure was \$50,000 less than budget. Building control services budgets for legal expenses, earthquake prone buildings and compliance schedule project costs were not fully spent. Additional costs were incurred for the district licencing committee.

Solid Waste Management

The Solid Waste Management Group provides for the environmentally safe reduction, diversion, collection and disposal of the District's solid waste. The services delivered will ensure that the natural environment is protected from detrimental effects of solid waste, and that the waste disposal needs of the District community are met.

There are four activities under this Group:

- Waste Minimisation
- Kerbside Recyclables Collection
- Kerbside Refuse Collection
- Waste Disposal

Key projects completed in 2018/19

- Installed improved safety features at transfer stations.
- Lodged application for a new resource consent as the first step towards increasing capacity of the Waitomo District Landfill.
- Renewal of road seal at Waitomo District Landfill kiosk and improvements to site security.



WHAREORINO SCHOOL - WINNERS OF THE WDC WASTE MINIMISATION COMPETITION; WITH COUNCILLOR PHIL BRODIE

WAITOMO DISTRICT COUNCIL WASTE MINIMISATION MASCOT NAMING COMPETITION ENTRY FORM

School Name: Whareorino School

Age Group: Fall Primary Yr 1-8

Contact Person: (Teacher)
First name: Ben Last: Single

Email Address: principal@whareorino.school.nz

Contact phone number: 06 7529 850

Name for the Green Man: Willie Wasterot

How did you come up with the name?
We talked alot about how we could reduce, reuse and recycle and that when we couldn't reduce or waste we wanted to find other ways for our "waste". Willie does not like things to go to waste so he likes to recycle and reuse so he likes Willie Wasterot is a top guy and with his "Green Team" helping rubbish doesn't stand a chance!

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|---|--|---|-----|
| Provision of safe solid waste facilities within District. | Percentage of users that rate the safety of the facilities (landfill and rural transfer service stations) as satisfactory or better. Target ≥ 85% | Achieved (95%) | ● |
| Provision of effective solid waste management services for the community. | Average number of complaints received per month regarding solid waste activities. Target ≤10 | Achieved (1.75 per month) | ● |
| | Percentage of users satisfied with the provision of waste management facilities (Landfill and rural transfer stations) Target 80% | Achieved (94%) | ● |
| To work towards a waste minimisation outcome | Percentage reduction per annum in quantity of recyclables (like paper and plastics) in bag collection that goes to landfill. Target 1.0% | Achieved (-12.18%) Reduction Council has started implementing a Waste Minimisation communication plan which is proving positive. New recycling bins were issued to all properties on the collection route and this is likely to have encouraged more recycling uptake as well. Figures are from a waste audit conducted in July 2018 (15.2% of household rubbish) comparing to 2016 results (27.38% of household rubbish). | ● |
| | Percentage reduction per annum in quantity of organic waste (like food scraps) in bag collection that goes to landfill Target 1.0% | Not Achieved (2.44%) Increase A waste audit conducted in July 2018 showed an increase in the organic waste component in landfill bags compared to the 2016 waste audit (an increase from 39.06% to 41.5%). The increase in organic waste is a national problem. The Council will be addressing this through an increased involvement in national campaigns, local initiatives and education around food recycling and composting; for example the Enviroschools program, the Love Food Hate Waste program, subsidies for compost bins, and composting and worm farming workshops. | ● |

Summary of Service Performance

Four of the five performance targets for Solid Waste Management were achieved for the period ending 30 June 2019. The following table shows the results for the not-achieved performance measure, which was measured against the biennial waste audit.

| Organic waste (average) | | | | |
|---|--------|---------|--------|-----------|
| | 2012 | 2014 | 2016 | July 2018 |
| Percentage of organic material in kerbside bag collection | 12.97% | 36.31% | 39.06% | 41.5% |
| Percentage change | | +23.34% | +2.75% | +2.44% |

How we went against our budget

| Cost of Service Statement - Solid Waste Management (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|---|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Collection | 137 | 136 | 132 |
| Management | 983 | 1,335 | 1,254 |
| Total Operating Income | 1,120 | 1,471 | 1,386 |
| Operating Expenditure | | | |
| Collection | 334 | 321 | 347 |
| Management | 1,719 | 1,769 | 1,316 |
| Total Operating Expenditure | 2,053 | 2,090 | 1,663 |
| Net Operating Cost/(Surplus) | 933 | 619 | 277 |
| Capital Expenditure | | | |
| Management | 217 | 241 | 199 |
| Total Capital Expenditure | 217 | 241 | 199 |
| Net Expenditure | 1,150 | 860 | 476 |
| Funded By | | | |
| Internal Loans | 0 | 233 | 174 |
| Reserves | 161 | (354) | (454) |
| General Rate | 8 | 8 | 11 |
| UAGC | 8 | 8 | 11 |
| Targeted Rate - Mokau | 37 | 37 | 43 |
| Targeted Rate - Piopio | 27 | 27 | 28 |
| Targeted Rate - Te Kuiti | 104 | 104 | 100 |
| Targeted Rate - Waitomo | 38 | 38 | 44 |
| Targeted Rate - Solid Waste Management | 767 | 759 | 519 |
| Total Funding | 1,150 | 860 | 476 |

Variations to Annual Plan

Operating Income

Revenue was \$351,000 more than budget due to an increase in general refuse charges, special waste and green waste. A substantial amount was also collected for general waste that was brought in due to a fire at Hampton Downs landfill.

Operating Expenditure

Expenditure was \$37,000 more than budget due to:

- Landfill operational costs were more than budget due to greater volumes of refuse being received into the landfill.
- Rates on council properties being excluded, the budget figure includes these rates.
- Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the LTP meant less interest costs were incurred.

Capital Expenditure

Total capital expenditure was \$24,000 more than budget. Work continued on the resource consent for the expansion at the landfill. The budget for this project was included in the LTP for the 2019/20 year. Additional expenditure was incurred for the renewal of the security gate which was damaged, renewal of the road seal by the kiosk and improvements to security at the landfill site. No expenditure was incurred for the purchase of carbon credits required under the Emissions Trading Scheme. This budget will be carried over to the next financial year.



'BIGBELLY' BIN AT THE TE ANGA REST AREA / LOOK OUT

Stormwater Drainage

The Stormwater Drainage Group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system.

The Group covers the Stormwater assets owned and operated by Council in urban areas. The Stormwater infrastructure servicing Waitomo Village and Taharoa is privately owned and does not form part of this report.

The main elements of this Group are:

- Maintenance (Planned and Unplanned)
- Renewals
- New Works/Augmentation

Key projects completed in 2018/19

Te Kuiti:

- Piping of open drain behind Colin Brook Place.
- Renewal of pipes and manholes in Ward Street.
- Open drain improvements in Seddon Street.
- Stormwater network extensions on Te Kumi Road.



STORMWATER EXTENSION TE KUMI ROAD TE KUITI

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|--|---|---|-----|
| Stormwater drainage system is adequate and is sufficiently maintained. | The number of flooding events* that occur in the district in a financial year. Target 0 | Achieved (0) There were no flooding events in the district during the 2018/19 year. | ● |
| | For each flooding event* the number of habitable floors affected in a financial year. Target ≤ 1 per 1000 properties | Achieved (0) | ● |
| Compliance with resource consent conditions for discharge from the Councils urban stormwater system that relate to environmental effects | Compliance with resource consents for discharge from its Stormwater system, measured by the number of the following (received by Council with a financial year): | | |
| | abatement notices Target 0 | Achieved (0) | ● |
| | infringement notices Target ≤2 | Achieved (0) | ● |
| | enforcement orders Target 0 | Achieved (0) | ● |
| | successful prosecutions Target 0 | Achieved (0) | ● |
| The Council responds to failures and request for service in a prompt and efficient way | The median response time to attend a flooding event*, (measured from the time that the notification is received to the time that service personnel reach the site) Target ≤ 180 minutes (3hrs) | Achieved (0) | ● |
| The Council provides a reliable stormwater collection service | The number of complaints received about the performance of the Council's urban stormwater system per 1,000 properties connected. <i>1,945 connections.</i> Target ≤4 complaints per 1000 properties (2,056 connections) | Achieved (1) | ● |

* A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. Habitable floor refers to the floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

Summary of Service Performance

All of eight performance targets for Stormwater Drainage for the year ended 30 June 2019 were achieved.

How we went against our budget

| Cost of Service Statement - Stormwater Drainage (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|--|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Urban | 0 | 8 | 12 |
| Total Operating Income | 0 | 8 | 12 |
| Operating Expenditure | | | |
| Urban | 355 | 368 | 476 |
| Rural | 38 | 40 | 38 |
| Total Operating Expenditure | 393 | 408 | 514 |
| Net Operating Cost/(Surplus) | 393 | 400 | 502 |
| Capital Expenditure | | | |
| Urban | 194 | 392 | 101 |
| Rural | 5 | 0 | 0 |
| Total Capital Expenditure | 199 | 392 | 101 |
| Net Expenditure | 592 | 792 | 603 |
| Funded By | | | |
| Internal Loans | 0 | 359 | 0 |
| Reserves | 186 | 58 | 229 |
| Targeted Rate - Stormwater (Urban) | 368 | 338 | 331 |
| Targeted Rate - Stormwater (Rural) | 38 | 37 | 43 |
| Total Funding | 592 | 792 | 603 |

Variations to Annual Plan

Revenue

Revenue was \$8,000 more than budget for connection fees.

Operating Expenditure

Expenditure was \$15,000 more than budget due to the loss on asset disposals recognised during the year. Operational and maintenance costs were less than budget. Rates on council properties were also excluded, the budget figure includes these rates.

Capital Expenditure

Total capital expenditure was \$193,000 more than budget for the year. Expenditure was incurred for the stormwater network extensions on Te Kumi Road. The budget for this work was included in prior years and also in Years 2-4 of the 2018-28 LTP. The renewal of pipes and manholes along Ward Street, Te Kuiti and open drain improvements in Seddon Street, Te Kuiti were also completed.

Resource Management

The Resource Management Group involves the development/review, administration, application and enforcement of the Waitomo District Plan provisions.

The main functions of this Group are:

- District Plan Administration
- District Planning

Key projects completed in 2018/19

- District Plan review – the Proposed District Plan is anticipated to be notified in early 2020. The Town Concept Plans (TCPs) for Te Kuiti, Maniaiti/Benneydale, Piopio, Mokau, and Waitomo Caves Village were adopted in June 2019. The TCPs are a key workstream of the District Plan Review.



WAITOMO ADVENTURES, CAFE AND DAY SPA.

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|--|---|--|-----|
| Resource consents are processed consistently, efficiently and to a high standard. | The percentage of resource consent applications which are processed within statutory timeframes. Target 100% | Achieved (100%) All resource consents have been processed within statutory timeframes. | ● |
| Landuse consents are monitored to ensure they comply with the conditions of consent. | All land use consents that require monitoring are monitored. Target 100% | Achieved (100%) All landuse consents which require monitoring have been monitored. | ● |

Summary of Service Performance

All performance targets for Resource Management were achieved for the period ended 30 June 2019.



WDC'S OPEN DAY FOR TE KUITI TOWN CONCEPT PLAN

How we went against our budget

| Cost of Service Statement - Resource Management (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|--|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| District Plan Administration | 85 | 139 | 172 |
| District Planning | 0 | 64 | 0 |
| Total Operating Income | 85 | 203 | 172 |
| Operating Expenditure | | | |
| District Plan Administration | 298 | 290 | 272 |
| District Planning | 660 | 607 | 0 |
| Total Operating Expenditure | 958 | 897 | 272 |
| Net Operating Cost/(Surplus) | 873 | 694 | 100 |
| Funded By | | | |
| Internal Loans | 633 | 527 | 0 |
| Reserves | (32) | (107) | (86) |
| General Rates | 136 | 137 | 93 |
| UAGC | 136 | 137 | 93 |
| Total Funding | 873 | 694 | 100 |

Variations to Annual Plan

Operating Income

Revenue was \$118,000 more than budget due to an increase in revenue for planning consultants costs to process complex consents, which is recovered from resource consent applicants. A funding contribution was also received from Waikato Regional Council towards the Significant Natural Area workstream, flood hazard modelling report and land stability modelling reports which are prepared as part of the District Plan review.

Operating Expenditure

Expenditure was \$61,000 less as the budgets for the district plan review were not fully spent.



MAROKOPA VILLAGE

Sewerage and Treatment and Disposal of Sewage

The Sewerage Group provides for the environmentally safe collection, treatment and disposal of the District's sewage wastes. Sewerage (or wastewater) schemes are provided by Council at Te Kuiti, Piopio, Maniaiti/Benneydale and Te Waitere.

There are three activities under this Group, namely:

- Maintenance
- Renewals and replacements
- Improvements

Key projects completed in 2018/19

- Constructed supplementary trunk main along Taupiri Street to the main pump station in Te Kuiti.
- Replaced sewer pump at main pump station in Te Kuiti.
- Purchased new screens for Te Kuiti Wastewater Treatment Plant sludge press and continued sludge processing.
- Refurbishment of sewage pond aerators at Wastewater Treatment Plant, Te Kuiti.
- Refurbished irrigation fields at Maniaiti/Benneydale Wastewater Treatment Plant.
- Installed replacement pump at Te Waitere Wastewater Treatment Plant.
- Reinstated proactive septic tank maintenance programme for the Piopio Wastewater Treatment Plant.
- Installed chemical dosing system at Piopio Wastewater Treatment Plant.



EARTHWORKS FOR SEWER MAIN REPLACEMENT AT TE KUITI DOMAIN

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|--|---|---------------------------------|-----|
| Sewerage System is adequate and is sufficiently maintained. | Number of complaints received in a financial year about; sewage odour, sewage system faults, sewage system blockages, and Council's response to issues with the sewage system. Target Total complaints per 1000 connections ≤35 (Total number of connections 1,942) | Achieved (19) | ● |
| Environmental impacts of Sewerage systems will be managed effectively. | Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (received by Council in a financial year) | | |
| | abatement notices Target 0 | Achieved (0) | ● |
| | infringement notices Target 0 | Achieved (0) | ● |
| | enforcement orders Target 0 | Achieved (0) | ● |
| | convictions received Target 0 | Achieved (0) | ● |
| Timely response and resolution for sewage overflows. | The median response times for attendance, in a year, measured from the time that the Council receives notification to the time that service personnel reach the site Target ≤180 minutes (3hrs) | Achieved (0.59hrs) | ● |
| | The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault Target ≤540 minutes (9hrs) | Achieved (7.16hrs) | ● |
| Provision of effective and reliable sewerage systems and service to the community. | Number of dry weather sewage overflows from the Council's sewerage system in a financial year. Target Total complaints per 1000 connections ≤ 15 (Total number of connections 1,942) | Achieved (0) | ● |

Summary of Service Performance

All of eight performance targets for Sewerage and treatment and disposal of sewage for the year ended 30 June 2019 were achieved.

How we went against our budget

| Cost of Service Statement - Sewerage (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|---|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Te Kuiti Sewerage | 850 | 835 | 1,123 |
| Te Waitere Sewerage | 0 | 0 | 2 |
| Maniaiti/Benneydale Sewerage | 1 | 1 | 3 |
| Piopio Sewerage | 9 | 28 | 12 |
| Total Operating Income | 860 | 864 | 1,140 |
| Operating Expenditure | | | |
| Waitomo Sewerage | 5 | 0 | 6 |
| Te Kuiti Sewerage | 2,705 | 2,499 | 2,515 |
| Te Waitere Sewerage | 54 | 26 | 28 |
| Maniaiti/Benneydale Sewerage | 168 | 121 | 198 |
| Piopio Sewerage | 296 | 255 | 261 |
| Total Operating Expenditure | 3,228 | 2,901 | 3,008 |
| Net Operating Cost/(Surplus) | 2,368 | 2,037 | 1,868 |
| Capital Expenditure | | | |
| Te Kuiti Sewerage | 622 | 508 | 655 |
| Te Waitere Sewerage | 0 | 5 | 13 |
| Maniaiti/Benneydale Sewerage | 52 | 0 | 8 |
| Piopio Sewerage | 19 | 25 | 14 |
| Total Capital Expenditure | 693 | 538 | 690 |
| Net Expenditure | 3,061 | 2,575 | 2,558 |
| Funded By | | | |
| Internal Loans | 622 | 122 | 68 |
| Reserves | (64) | 4 | 133 |
| Targeted Rate - Te Kuiti | 1,978 | 1,975 | 1,713 |
| Targeted Rate - Trade Waste Contribution | 163 | 164 | 167 |
| Targeted Rate - Te Waitere | 20 | 15 | 52 |
| Targeted Rate - Maniaiti/Benneydale | 118 | 99 | 180 |
| Targeted Rate - Piopio | 224 | 196 | 245 |
| Total Funding | 3,061 | 2,575 | 2,558 |

Variations to Annual Plan

Operating Income

Revenue was \$4,000 more than budget due to additional revenue received from connections fees for Piopio and Te Kuiti. Trade waste revenue in Te Kuiti was less than budget due to better pre-treatment of trade waste to reduce nutrient loads in the discharge from the large commercial users.

Operating Expenditure

Expenditure was \$327,000 less than budget due to:

- (a) Overall operations and maintenance costs were less for all schemes.
- (b) Expenditure for electricity, sludge disposal costs and chemicals were less for Te Kuiti. Part of the reduced operational costs was offset by increased reticulation operational costs.
- (c) Loss on disposal of assets were recognised for Te Kuiti and Piopio.
- (d) Rates paid on Council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- (e) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the LTP meant less interest costs were incurred.

Capital Expenditure

Total capital expenditure was \$155,000 less than budget due to:

- (a) The budget for the bulk lime silo improvements at Te Kuiti Wastewater Treatment Plant was not spent and will be carried over to the next financial year.
- (b) The budgets for Maniaiti / Benneydale sewerage scheme renewals were not spent during the year and will be carried over to the next financial year.

This was partly offset by additional expenditure for:

- (c) Te Waitere pump station renewals work was completed during the year.
- (d) A new connection to the Piopio sewerage scheme was installed during the year.



MAIN PUMP STATION TE KUITI

Water Supply

The Water Supply activity provides for the environmentally safe collection, treatment and reticulation of Council's public water supplies. Water supply schemes are provided by Council at Te Kuiti, Maniaiti / Benneydale, Piopio and Mokau. The privately owned and operated water supply schemes at Waitomo Village and Taharoa do not form part of this report.

There are three aspects of operations under this group:



- Maintenance
- Renewals and replacements
- Improvements

Key projects completed in 2018/19

- Completed investigation into alternative water supply (bore) for Te Kuiti.
- Commissioned the Te Kuiti Water Treatment Plant upgrade.
- Completed repairs to lower water storage dam at Mokau.
- Prepared plan for optimising the configuration of Mokau Water Treatment Plant.
- Continued backflow prevention programme at Te Kuiti, Mokau and Piopio water schemes.
- New bulk storage reservoir installed at Piopio Water Treatment Plant.
- Refurbished water treatment membranes at Piopio.
- Purchased new water pump for Te Kuiti rising main.
- Replaced filter media for Maniaiti / Benneydale water supply scheme.

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|---|---|---|---|
| Water supply system is adequate and sufficiently maintained for public health purposes. | The extent to which WDC's drinking water supplies comply with Part 4 of NZ Drinking-water Standards 2005 (revised 2008) (bacteria compliance criteria) Target 100% | Achieved (100%) All plants and network complied with Bacteriological requirements. |  |
| | The extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2005 (revised 2008) (protozoal compliance criteria) Target 100%* | Not Achieved (15%) This measures system capacity for the monitoring and reporting of compliance, rather than measuring supplies for risk of instances of protozoa contamination. Only the Piopio Water Treatment Plant shows protozoa compliance. The compliance arrangements for Te Kuiti, Maniaiti/Benneydale and Mokau water supply schemes are in progress. This includes the installation of UV monitoring and other instrumentation to demonstrate compliance. This work is scheduled for completion during the 2019/20 year. |  |

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|--|---|--|-----|
| Water Supply networks are being maintained adequately. | Percentage of real water loss from the Council's networked reticulation system in a financial year in: (<i>'Water Losses' includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption</i>) | | |
| | Te Kuiti Target ≤ 25% | Achieved (15.33%) | ● |
| | Mokau Target ≤ 25% | Achieved (1.10%) | ● |
| | Piopio Target ≤ 25% | Achieved (11.99%) | ● |
| | Maniaiti/Benneydale Target ≤ 15% | Achieved (4.8%) | ● |
| Timely response and resolution of service requests. | The median response times for attendance for urgent call-outs in a financial year** Target ≤ 180 minutes (3 hrs) | Not Achieved (4:49 hrs) There were three urgent calls which exceeded the three hour response time over the year. | ● |
| | The median resolution time of urgent call-outs in a financial year*** Target ≤ 540 minutes (9 hrs) | Achieved (6.20 hrs) | ● |
| | The median response times for attendance for non-urgent call outs in a financial year** Target ≤ 660 minutes (11 hrs) | Achieved (10.38 hrs) | ● |
| | The median resolution time of non-urgent call-outs in a financial year*** Target ≤ 96 hours (4 days) | Not Achieved (7 days) Most of the non-urgent callouts were addressed well within the target response time. However there were a number (less than 10%) where the response time was significantly longer than the target response time. | ● |
| <p>*Achievement will be based on timing of completion of the Te Kuiti Water Treatment Plant Upgrade which is being carried out primarily to ensure compliance with New Zealand Drinking Water Standards requirements</p> <p>** measured from the time that the local authority received notification to the time that service personnel reach the site.</p> <p>*** measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption.</p> | | | |

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|---|---|---|-----|
| Provision of effective and reliable water supply system to the community. | The total number of complaints received by Council in a year for: <i>(Total number of connections 2,056)</i> | | |
| | drinking water clarity Target ≤ 5 per 1000 connections | Not Achieved (27) Complaints mostly related to the Te Kuiti water supply during the period January – March 2019. The type of complaints received were common to most of the central and lower North Island water supply areas during that period. | ● |
| | drinking water taste Target ≤ 5 per 1000 connections | Not Achieved (18) Complaints mostly related to the Te Kuiti water supply during the period January – March 2019. The type of complaints received were common to most of the central and lower North Island water supply areas during that period. | ● |
| | drinking water odour Target ≤ 5 per 1000 connections | Not Achieved (16) Complaints mostly related to the Te Kuiti water supply during the period January – March 2019. The type of complaints received were common to most of the central and lower North Island water supply areas during that period. | ● |
| | drinking water pressure flow Target ≤ 30 per 1000 connections | Achieved (6) | ● |
| | continuity of supply Target ≤ 30 per 1000 connections | Achieved (16) | ● |
| | Median response time to any of these issues within a year Target ≤ 540 minutes (9hrs) | Not Achieved (14.24 hrs) There were two occurrences where WDC contractors did not respond within the required timeframes. These instances occurred at the time of year when there were issues with taste and odour due to low stream flows and the presence of geosmin (cause of muddy taste) in the raw water. | ● |
| Efficient management of demand for water for the community. | Average consumption of drinking water per day per resident within the district. Target ≤ 400 litres per person per day | Achieved (230.53 litres) | ● |

Summary of Service Performance

Ten of the seventeen performance targets were met for water supply for the year ended 30 June 2019.

How we went against our budget

| Cost of Service Statement - Water Supply (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|---|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Te Kuiti Water | 0 | 15 | 7 |
| Mokau Water | 0 | 1 | 10 |
| Piopio Water | 0 | 5 | 0 |
| Maniaiti/Benneydale Water | 0 | 2 | 2 |
| Total Operating Income | 0 | 23 | 19 |
| Operating Expenditure | | | |
| Te Kuiti Water | 2,031 | 1,956 | 2,287 |
| Mokau Water | 377 | 326 | 435 |
| Piopio Water | 368 | 314 | 305 |
| Maniaiti/Benneydale Water | 182 | 170 | 144 |
| Waitomo Water | 5 | 0 | 18 |
| Total Operating Expenditure | 2,963 | 2,766 | 3,189 |
| Net Operating Cost/(Surplus) | 2,963 | 2,743 | 3,170 |
| Capital Expenditure | | | |
| Te Kuiti Water | 406 | 1,546 | 1,818 |
| Mokau Water | 115 | 333 | 51 |
| Piopio Water | 339 | 448 | 27 |
| Maniaiti/Benneydale Water | 4 | 25 | 2 |
| Total Capital Expenditure | 864 | 2,352 | 1,898 |
| Net Expenditure | 3,827 | 5,095 | 5,068 |
| Funded By | | | |
| Internal Loans | 859 | 2,328 | 1,864 |
| Reserves | 270 | 22 | 672 |
| Targeted Rate - Te Kuiti | 1,181 | 1,234 | 1,000 |
| Targeted Rate - Mokau | 288 | 239 | 306 |
| Targeted Rate - Piopio | 322 | 285 | 300 |
| Targeted Rate - Maniaiti/Benneydale | 157 | 133 | 172 |
| Metered Water Rates | 750 | 854 | 754 |
| Total Funding | 3,827 | 5,095 | 5,068 |

Variations to Annual Plan

Operating Income

Revenue was \$23,000 more than budget for new water connections and sundry water charges.

Operating Expenditure

Expenditure was \$197,000 less than budget due to:

- Rates paid on Council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- Depreciation expense recognised was less than budget.

- (c) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the LTP meant less interest costs were incurred.
- (d) These reductions in expenditure were offset in part by increased operation and maintenance costs for Te Kuiti.
- (e) Loss on asset disposals were also recognised for all four schemes.

Capital Expenditure

Total capital expenditure was \$1,488,000 more than budget due to:

- (a) The Te Kuiti water treatment plant upgrade was completed during the year. This included the installation of the intake structure, finalisation of the mechanical, electrical and SCADA components and completion of site security and landscaping. Some of these projects were included in prior years budgets.
- (b) Expenditure was incurred for the repair of the Mokau water storage dam.
- (c) The new reservoir at Piopio was also completed.
- (d) Expenditure was incurred at Maniaiti / Benneydale for the UV system upgrade and minor filter renewals.



NEW PIOPIO WATER RESERVOIR (LEFT) AND OLD (RIGHT).



NEW ENTRANCE AT TE KUITI WATER TREATMENT PLANT

Roads and Footpaths

The scope of the activities formed by the Roads and Footpaths Group in the Waitomo District is almost entirely related to the roading assets. This includes:

- Local roads (excluding state highways)
- Footpaths
- Bridges
- Traffic services
- Carparking
- Traffic safety programmes

Key projects completed in 2018/19

The following activities were completed as part of the roads maintenance contracts and capital projects:

- Obtained NZTA funding for replacement pedestrian overbridge in Te Kuiti.
- Pavement rehabilitation work on:
 - » Ramaroa Road 0.038 km to 2.299 km
 - » Taharoa Road 5.160 km to 5.800 km
- Resurfacing 45 km of sealed roads.
- Re-metaling 50 km of unsealed roads.
- Traffic islands on Robin Azariah Place and Rora Street were built to improve safety for road users.
- 970 metres of narrow footpaths were improved, widened and replaced.
- 610 metres of new footpaths were constructed.

As part of our annual work programme we completed:

- Reactive and planned road maintenance of urban roads (50 km sealed and 3 km unsealed).
- Reactive and planned road maintenance of rural roads (461 km sealed and 550 km unsealed).
- Maintenance of 162 bridges.
- Renewal of 1958 metres of drainage and culverts.
- Renewal of 193 metres of kerb and channel.
- Maintained and/or replaced 368 road signs/markers and 345 posts.



KING STREET WEST FOOTPATH TO
PUKENUI PRIMARY SCHOOL









ESPLANADE FOOTPATH ADJACENT
TO TE KUITI BOWLING CLUB



CONSTRUCTION OF NEW FOOTPATH
UNDERWAY -MOA STREET PIOPIO

Statement of Service Performance

The Levels of Service and Key Performance Indicators for this Group of Activities are:

| What we do (Level of Service) | How we measure success (Performance Measure and Target) | Our Performance to 30 June 2019 | Key |
|--|--|---|---|
| Monitor safety of local roads to assist in planning and prioritising works required to upgrade, maintain or change the condition of the roading environment in order to reach and maintain a specified level of safety. | The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. Target 1 (or maintain at 0) | Not Achieved (7) There was one fatality on a local road in the 2017/18 year, and one fatality and seven serious injury crashes in the 2018/19 year. Council has limited ability to influence road crashes resulting in fatalities or serious injury due to the wide range of external factors involved. However, where safety issues are identified with a road, improvements are scheduled and implemented. |  |
| Maintain the overall condition of local roads to a specified adequate standard <i>* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort</i> | The average quality of ride on a sealed local road network, measured by smooth travel exposure, in a financial year. Target 90% (Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.) | Achieved (95.4%) The total length of sealed road measured was 902.1 Lane-km of which 861.0 Lane-km had a NAASRA roughness count of less than 150. |  |
| Maintain the overall condition of the unsealed roads to a specified adequate standard. | Percentage of unsealed road metalled each year. Target 10% (of total) | Not Achieved (8.87% of total) The cumulative total length of roads metalled up till end of June 2019 was 49.88 km. 10% of the total length of unsealed roads is 55 km. Due to an unexpected dry summer over 2018/19, the majority of the unsealed road metalling was deferred to later in the financial year to a time when the required amount of moisture is available to achieve appropriate compaction. A review of the current asset management strategy for this part of the maintenance of unsealed roads is being undertaken. |  |
| Maintain the overall condition of sealed roads to a specified adequate standard. | Percentage of the sealed local road network that is resurfaced each year. Target 7% (of total) | Achieved (8.8%) The cumulative total of resurfaced roads for the year was 40.38km. The total length of sealed roads is 461 km. |  |
| Maintain the overall condition of footpaths to a specified adequate standard. | The percentage of footpath network that falls within a condition rating of 3. Target 90% | Achieved (94%) The footpath condition is determined from a walkover, visual survey to assess factors such as extent of cracking, unevenness, and tree root intrusion. |  |
| Manage the timeliness and appropriateness of responses to problems and service requests. | The percentage of customer service requests relating to roads and foot paths responded to within 10 working days. Target 80% | Not Achieved (79%) A total of 592 requests were received this year. Of these, 77 of the requests were related to state highway, and 409 requests were responded to within 10 working days. |  |

Summary of Service Performance

Three out of six performance targets for Roading were achieved for the period ending 30 June 2019.

How we went against our budget

| Cost of Service Statement - Roads and Footpaths (\$000's) | 2019 Council Budget | 2019 Council Actual | 2018 Council Actual |
|--|---------------------------|---------------------------|---------------------------|
| Operating Income | | | |
| Subsidised Roads | 9,237 | 8,635 | 7,772 |
| Unsubsidised Roads | 97 | 104 | 100 |
| Total Operating Income | 9,334 | 8,739 | 7,872 |
| Operating Expenditure | | | |
| Subsidised Roads | 9,728 | 9,855 | 9,631 |
| Unsubsidised Roads | 203 | 131 | 291 |
| Total Operating Expenditure | 9,931 | 9,986 | 9,922 |
| Net Operating Cost/(Surplus) | 597 | 1,247 | 2,050 |
| Capital Expenditure | | | |
| Subsidised Roads | 6,293 | 5,204 | 5,509 |
| Unsubsidised Roads | 160 | 197 | 157 |
| Total Capital Expenditure | 6,453 | 5,401 | 5,666 |
| Net Expenditure | 7,050 | 6,648 | 7,716 |
| Funded By | | | |
| Internal Loans | 418 | 283 | 65 |
| External Loan Repayments | (779) | (782) | 0 |
| Reserves | 1,863 | 1,549 | 1,596 |
| UAGC | 94 | 95 | 85 |
| Targeted Services Rate - Rural | 8 | 8 | 29 |
| Targeted Services Rate - Urban | 66 | 67 | 245 |
| Targeted Rate - District Roading Rate | 5,380 | 5,428 | 5,696 |
| Total Funding | 7,050 | 6,648 | 7,716 |

Variations to Annual Plan

Operating Income

Revenue was \$595,000 less than budget as the capital expenditure programme was not fully spent.

Operating Expenditure

Expenditure was \$55,000 more than budget due to:

- Unpredictable weather events and resulting damage led to additional expenditure for emergency re-instatement (first response).
- Sealed pavement maintenance and network and asset management expenditure were more than budget. These were offset by reduced unsealed pavement maintenance expenditure.
- Depreciation expense was more than budget.

These increased costs were partly offset by:

- Road legalisation and street cleaning costs were also less than budget.
- Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the LTP meant less interest costs were incurred.

Capital Expenditure

Total capital expenditure was \$1,052,000 less than budget due to:

- (a) Budgets for minor improvements, footpath renewals and structures component replacements were not fully spent for the year.

This was partly offset by:

- (b) Increased expenditure for unsubsidised road improvements on Te Kumi Road for the Te Kuiti Holiday Park project.



NEW PARKING BAY - ROBIN AZARIAH PLACE TE KUITI



MOTORHOME FRIENDLY PARKING SPACES - RORA STREET TE KUITI

FINANCIAL STATEMENTS

Introduction to the Financial Statements

Financial Statements are produced by the Waitomo District Council to fulfil the requirements of the Local Government Act 2002 and also to communicate its financial performance and position to the ratepayers.

This introduction will give you a guide on how to follow the financial information given in this report.

Ratepayers are welcome to contact the General Manager - Business Support if further assistance or clarification is required.

1. The Statement of Comprehensive Revenue and Expense (page 58) shows all revenue received including revenue from Rates, the Significant Activities and Council's subsidiary company.
2. The Statement of Changes in Equity (page 59) discloses movements in total equity.
3. The Statement of Financial Position (page 60) shows the assets and liabilities of the Council and its subsidiary.
4. The Cash Flow Statement (page 61) summarises the cash flows from operating, investing and financing activities during the year.
5. The "Notes to the Financial Statements" (pages 62 - 129) should be read in conjunction with the above statements.
6. The individual Statements of Cost of Service for Council's Significant Activities (pages 18-56) record the revenue and costs associated with the provision of each service.
7. The figures used in the Statements of Cost of Service for Budgeted and Actual Costs and Revenues are extracted from the detailed management accounts.
8. Included at Note 37 (starting page 121) are various benchmarking graphs which assess whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2019

| | NOTE | Council | | | Group | |
|--|---------|---------------------------|---------------------------|---|---------------------------|---|
| | | 2019 BUDGET \$000's | 2019 ACTUAL \$000's | 2018 (Restated) ACTUAL \$000's | 2019 ACTUAL \$000's | 2018 (Restated) ACTUAL \$000's |
| Revenue | | | | | | |
| Rates revenue | 1 | 19,725 | 19,517 | 18,973 | 19,509 | 18,960 |
| Metered water rates | 2 | 750 | 854 | 754 | 854 | 754 |
| Subsidies and grants | 3 | 9,266 | 8,766 | 7,627 | 8,766 | 7,627 |
| Interest revenue | | 35 | 26 | 62 | 31 | 25 |
| Fees, charges and income from construction | 4 | 3,186 | 3,839 | 3,889 | 34,070 | 30,900 |
| Other revenue including gains/(losses) | 5 | 198 | 489 | 371 | 489 | 371 |
| Total Revenue and Gains/(Losses) | | 33,160 | 33,491 | 31,676 | 63,719 | 58,637 |
| Expenses | | | | | | |
| Employee benefit expenses | 6 | 5,499 | 5,663 | 5,128 | 15,769 | 13,528 |
| Depreciation and amortisation expense | 7,21,22 | 5,905 | 5,930 | 5,813 | 6,899 | 6,635 |
| Finance costs | 8 | 2,597 | 1,707 | 1,762 | 1,967 | 2,041 |
| Other expenses | 9 | 15,919 | 15,267 | 14,759 | 33,167 | 29,801 |
| Total Expenses | | 29,920 | 28,567 | 27,462 | 57,802 | 52,005 |
| Surplus/(Deficit) Before Tax | | 3,240 | 4,924 | 4,214 | 5,917 | 6,632 |
| Income tax expense/(revenue) | 10 | 0 | 0 | 0 | 487 | 750 |
| Surplus/(Deficit) | | 3,240 | 4,924 | 4,214 | 5,430 | 5,882 |
| Other Comprehensive Revenue and Expense | | | | | | |
| Revaluation of property, plant and equipment and quarry assets | 11,40 | 0 | 0 | 5,803 | 83 | 6,349 |
| Gains/(losses) from cash flow hedges | | 0 | (727) | (53) | (727) | (53) |
| Revaluation of available for sale assets | 11,13 | 0 | (365) | 7,300 | 0 | 0 |
| Income tax relating to components of other comprehensive revenue and expense | 10 | 0 | 0 | 0 | (23) | (82) |
| Total Other Comprehensive Revenue and Expense | | 0 | (1,092) | 13,050 | (667) | 6,214 |
| Total Comprehensive Revenue and Expense | | 3,240 | 3,832 | 17,264 | 4,763 | 12,096 |

These financial statements should be read in conjunction with the notes to the financial statements on pages 62 to 129.

Statement of Changes in Equity for the year ended 30 June 2019

| | NOTE | Council | | Group | |
|--|------|---------------------------|---|---------------------------|---|
| | | 2019 ACTUAL \$000's | 2018 (Restated) ACTUAL \$000's | 2019 ACTUAL \$000's | 2018 (Restated) ACTUAL \$000's |
| Total Equity | | | | | |
| Balance at 1 July | | 314,088 | 296,223 | 310,886 | 298,130 |
| Prior Period Adjustments | 40 | 0 | 601 | 0 | 660 |
| Adjusted Balance at 1 July | | 314,088 | 296,824 | 310,886 | 298,790 |
| Total Comprehensive Revenue and Expense for the year | | 3,832 | 17,264 | 4,763 | 12,096 |
| Balance at 30 June | | 317,920 | 314,088 | 315,649 | 310,886 |

These financial statements should be read in conjunction with the notes to the financial statements on pages **62 to 129**.

Statement of Financial Position at 30 June 2019

| | NOTE | Council | | | Group | |
|---|------|---------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------------------|
| | | 2019 BUDGET \$000's | 2019 ACTUAL \$000's | 2018 (restated) ACTUAL \$000's | 2019 ACTUAL \$000's | 2018 (restated) ACTUAL \$000's |
| Equity | | | | | | |
| Accumulated Funds | 11 | 215,202 | 214,394 | 210,859 | 219,727 | 215,686 |
| Other Reserves | 11 | 15,006 | 26,326 | 25,225 | 14,891 | 13,425 |
| Revaluation Reserve | 11 | 74,535 | 77,200 | 78,004 | 81,031 | 81,775 |
| Total Equity | | 304,743 | 317,920 | 314,088 | 315,649 | 310,886 |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 12 | 298 | 1,819 | 1,762 | 2,154 | 1,836 |
| Other Financial Assets | 13 | 3 | 3 | 378 | 3 | 3 |
| Inventory | 14 | 49 | 93 | 84 | 1,539 | 2,067 |
| Receivables under Exchange Transactions | 15 | 395 | 157 | 531 | 3,519 | 4,880 |
| Receivables under Non Exchange Transactions | 15 | 5,966 | 4,940 | 4,800 | 4,893 | 4,789 |
| Capitalised Quarry Development Asset | 25 | 0 | 0 | 0 | 0 | 126 |
| Assets Held for Sale | 24 | 0 | 100 | 40 | 100 | 40 |
| Total Current Assets | | 6,711 | 7,112 | 7,595 | 12,208 | 13,741 |
| Current Liabilities | | | | | | |
| Bank Overdraft (Secured) | 18 | 0 | 0 | 0 | 0 | 122 |
| Payables and Deferred Revenue under Exchange Transactions | 17 | 4,109 | 3,178 | 3,718 | 4,789 | 5,922 |
| Payables and Deferred Revenue under Non Exchange Transactions | 17 | 526 | 750 | 878 | 1,276 | 1,083 |
| Current Portion of Borrowings | 18 | 15,000 | 10,261 | 21,737 | 12,061 | 24,047 |
| Provisions | 19 | 26 | 3 | 3 | 3 | 3 |
| Employee Entitlements | 20 | 549 | 623 | 616 | 1,397 | 1,314 |
| Derivative Financial Instruments | 16 | 608 | 677 | 605 | 677 | 605 |
| Total Current Liabilities | | 20,818 | 15,492 | 27,557 | 20,203 | 33,096 |
| Net Working Capital | | (14,107) | (8,380) | (19,962) | (7,995) | (19,355) |
| Non Current Assets | | | | | | |
| Property, Plant and Equipment | 21 | 347,181 | 345,528 | 342,592 | 355,612 | 351,165 |
| Intangible Assets | 22 | 525 | 223 | 314 | 703 | 413 |
| Investment Property | 23 | 750 | 897 | 788 | 897 | 788 |
| Capitalised Quarry Development Asset | 25 | 0 | 0 | 0 | 771 | 486 |
| Other Financial Assets | 13 | 407 | 503 | 418 | 503 | 418 |
| Investment in CCO and Civic Financial Services Ltd | 13 | 4,520 | 11,455 | 11,820 | 20 | 20 |
| Deferred Tax Asset | 10 | 0 | 0 | 0 | 819 | 1,330 |
| Total Non Current Assets | | 353,383 | 358,606 | 355,932 | 359,325 | 354,620 |
| Non Current Liabilities | | | | | | |
| Borrowings | 18 | 32,565 | 30,000 | 20,000 | 33,375 | 22,497 |
| Provisions | 19 | 940 | 461 | 750 | 461 | 750 |
| Derivative Financial Instruments | 16 | 1,028 | 1,845 | 1,132 | 1,845 | 1,132 |
| Total Non Current Liabilities | | 34,533 | 32,306 | 21,882 | 35,681 | 24,379 |
| Net Assets | | 304,743 | 317,920 | 314,088 | 315,649 | 310,886 |

These financial statements should be read in conjunction with the notes to the financial statements on pages 62 to 129.

Cashflow Statement for the year ended 30 June 2019

| | NOTE | Council | | | Group | |
|--|------|---------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------------------|
| | | 2019 BUDGET \$000's | 2019 ACTUAL \$000's | 2018 (restated) ACTUAL \$000's | 2019 ACTUAL \$000's | 2018 (restated) ACTUAL \$000's |
| Cash flows from Operating Activities | | | | | | |
| Cash was provided from: | | | | | | |
| Rates Revenue (including penalties) | | 19,803 | 20,400 | 19,502 | 20,387 | 19,489 |
| Subsidies and Grants | | 9,266 | 8,816 | 9,326 | 8,816 | 9,326 |
| Property Rentals | | 542 | 483 | 445 | 622 | 584 |
| Petroleum Tax | | 130 | 136 | 139 | 136 | 139 |
| Interest from Investments | | 35 | 22 | 50 | 27 | 13 |
| Receipts from Other Revenue and Construction Contracts | | 3,383 | 3,734 | 2,968 | 34,744 | 27,744 |
| | | 33,159 | 33,591 | 32,430 | 64,732 | 57,295 |
| Cash was applied to: | | | | | | |
| Payments to Suppliers and Employees | | 21,151 | 20,743 | 18,081 | 48,445 | 40,401 |
| Elected Members | | 233 | 240 | 233 | 360 | 353 |
| Interest Paid on Borrowings | | 2,597 | 1,639 | 1,611 | 1,899 | 1,890 |
| | | 23,981 | 22,622 | 19,925 | 50,704 | 42,644 |
| Net Cash Inflow from Operating Activities | 29 | 9,178 | 10,969 | 12,505 | 14,028 | 14,651 |
| Cash flows from Investing Activities | | | | | | |
| Cash was provided from: | | | | | | |
| Proceeds from Sale of Property, Plant and Equipment | | 0 | 60 | 150 | 278 | 389 |
| Proceeds from Sale of Assets Held for Sale | | 0 | 0 | 1,020 | 0 | 1,020 |
| Repayment of Advance from CCO | | 375 | 375 | 375 | 0 | 0 |
| Repayment from Advance to Community Groups | | 3 | 3 | 3 | 3 | 3 |
| | | 378 | 438 | 1,548 | 281 | 1,412 |
| Cash was applied to: | | | | | | |
| Purchase and Development of Property, Plant and Equipment | | 9,937 | 9,761 | 10,601 | 12,226 | 11,869 |
| Purchase of Intangible Assets | | 317 | 31 | 38 | 453 | 103 |
| Renewals of Investment Properties | | 0 | 3 | 0 | 3 | 0 |
| Purchase of Financial Assets | | 0 | 80 | 0 | 80 | 0 |
| | | 10,254 | 9,875 | 10,639 | 12,762 | 11,972 |
| Net Cash Outflow from Investing Activities | | (9,876) | (9,437) | (9,091) | (12,481) | (10,560) |
| Cash flows from Financing Activities | | | | | | |
| Cash was provided from: | | | | | | |
| Cash was provided from Borrowings | | 25,773 | 35,000 | 30,000 | 35,000 | 30,000 |
| | | 25,773 | 35,000 | 30,000 | 35,000 | 30,000 |
| Cash was applied to: | | | | | | |
| Repayment of Borrowings | | 25,000 | 36,475 | 31,764 | 36,107 | 31,088 |
| | | 25,000 | 36,475 | 31,764 | 36,107 | 31,088 |
| Net Cash Inflow/(outflow) from Financing Activities | | 773 | (1,475) | (1,764) | (1,107) | (1,088) |
| Net increase/(decrease) in cash, cash equivalents and bank overdrafts | | 75 | 57 | 1,650 | 440 | 3,003 |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | | 223 | 1,762 | 112 | 1,714 | (1,289) |
| Cash, cash equivalents and bank overdrafts at the end of the year | | 298 | 1,819 | 1,762 | 2,154 | 1,714 |
| Balance at end of year represented by: | | | | | | |
| Cash at Bank and In Hand | | 298 | 1,819 | 1,762 | 2,154 | 1,836 |
| Bank Overdraft | | 0 | 0 | 0 | | (122) |
| | | 298 | 1,819 | 1,762 | 2,154 | 1,714 |

The cash flow statement is presented on a net of Goods and Services Tax (GST) basis. Refer to Note 28 and Changes in accounting policies.

Notes to the Financial Statements

Statement of Accounting Policies for the year ended 30 June 2019

Reporting Entity

Waitomo District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's activities is the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Waitomo District Council (the Council), and its subsidiary, Inframax Construction Limited (100% owned). Council's subsidiary is incorporated and domiciled in New Zealand.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The financial statements of the Council and the Group are for the year ended 30 June 2019. The financial statements were authorised for issue by the Council on 8 October 2019.

Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Going Concern

The financial statements of the Group have been prepared on a going concern basis.

Statement of Compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Measurement Basis

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, investment property and forestry assets. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. For investment property, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Standards issued and not yet effective and not early adopted

At the date of authorisation of the financial report the following standards, amendments or interpretations were on issue and not yet effective.

| Standards, Amendments or Interpretations | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|---|--|---|
| PBE IPSAS 34 Separate Financial Statements | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 35 Consolidated Financial Statements | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 36 Investments in Associates and Joint Ventures | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 37 Joint Arrangements | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 38 Disclosure of Other Entities | 1 January 2019 | 30 June 2020 |
| PBE IPSAS 39 Employee Benefits | 1 January 2019 | 30 June 2020 |
| Impairment of Revalued Assets (Amendments to PBE IPSAS's 21 and 26) | 1 January 2019 | 30 June 2020 |
| 2018 Omnibus Amendments to PBE Standards | 1 January 2019 | 30 June 2020 |
| 2019 Amendments to XRB A1 Appendix A | 1 January 2020 | 30 June 2021 |
| Uncertainty over Income tax treatments (amendments to PBE IAS 12) | 1 January 2020 | 30 June 2021 |
| 2018 Omnibus Amendments to PBE Standards | 1 January 2021 | 30 June 2022 |
| PBE IFRS 9 Financial Instruments | 1 January 2020 | 30 June 2021 |
| PBE FRS 48 Service Reporting | 1 January 2021 | 30 June 2022 |
| PBE IPSAS 40 PBE combinations | 1 January 2021 | 30 June 2022 |
| PBE IFRS 17 Insurance Contracts | 1 January 2022 | 30 June 2023 |
| PBE IPSAS 41 Financial Instruments | 1 January 2022 | 30 June 2023 |

Summary of Significant Accounting Policies

Basis of Consolidation

The Group's financial statements incorporate the financial statements of the Council and the entities controlled by the Council (its subsidiaries). Control is achieved where the Council has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the

financial statement of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expense of the entities within the Group on a line by line basis. All intra-group transactions, balances, revenue and expenses are eliminated in full on consolidation.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Council. Investment in the subsidiary is recorded at fair value in the Council's financial statements.

Revenue

Revenue comprises rates, revenue from operating activities, grant revenue, interest revenue and other revenue and is measured at fair value of the consideration received or receivable.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

- Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

The following specific recognition criteria must also be met before revenue is recognised.

Rates revenue

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised as revenue when rates are levied. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Rates revenue is classified as non-exchange revenue.

New Zealand Transport Agency (NZTA) roading subsidies

The Council receives funding assistance from NZTA, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. NZTA

subsidies are classified as non-exchange revenue.

Other Subsidies and Grants received

Other subsidies and grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied. Subsidies and other grants received are classified as non-exchange revenue.

Fees, Levies & Charges

Other fees, levies and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence. Fees, levies and charges are classified as non-exchange revenue with the exception of on-charging of consultants fees for resource consents.

Interest Revenue

Revenue is recognised using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument. Interest revenue is classified as exchange revenue.

Sale of goods

The sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer. This revenue is classified as exchange.

Property Rental Revenue

Rental revenue arising on property owned by the Group is accounted for on a straight-line basis over the lease term. Property rental revenue is generally classified as non-exchange.

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised when the control of the asset is transferred to Council. The fair value of this asset is recognised as revenue, unless there is a use or return condition attached to the asset and is classified as non-exchange revenue.

Rendering of Services and Construction Contracts

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and profit are recognised on the basis of value of work completed. Percentage of completion is measured by reference to the value of work performed which is independently certified each month by the customer's engineer to the contract. Expected losses are recognised in full as soon as they become apparent.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

Rendering of services is classified as exchange revenue.

Expenditure

Expenditure is recognised when the Group has been supplied with the service or has control of the goods supplied.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the

specified criteria for the grant has been received. Discretionary grants are those grants where the Group has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Group's decision.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Income Tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly into equity.

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank over drafts.

Inventory

Inventory held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write down from the loss of service potential or from cost to net realisable value is recognised in surplus or deficit in the period of the write-down.

Inventories held by Inframax Construction Limited are valued on the basis of lower of cost, determined on a weighted average cost basis, and net realisable value. Aggregate stocks are valued using a standard cost, this standard cost is based on the average cost of production.

Financial Assets

Council's subsidiary Inframax Construction Limited have changed its accounting policy for accounting for financial instruments in accordance with IFRS 9. This standard is part of the suite of standards applicable to profit oriented entities. Council and the Group report under the Public Sector standards including PBE IPSAS 29 and 30 for accounting for financial instruments. The change in policy by the subsidiary has no impact on the classification and measurement of financial instruments held by the Group.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which Group commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks or rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- financial assets at fair value through surplus or deficit,
- loans and receivables, and
- available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The fair value of financial instruments traded in active markets is based on quoted market prices at each balance date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The three categories of financial assets are:

Financial Assets at Fair Value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date. After initial recognition they are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Derivative financial instrument assets are included in this class.

Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as Receivables in the Statement of Financial Position.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Loans made at nil or below-market interest rates are initially

recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial asset. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Available for Sale

Available for sale financial assets are those that are designated into the category at initial inception or are not classified in any of the other categories above. They are included in non current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and Group includes in this category:

- Investments that the Group intends to hold long-term but which may be realised before maturity; and
- Shareholdings that the Group holds for strategic purposes. The Group's investment in Inframax Construction Limited is included in this category.

After initial recognition these investments are measured at their fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, which are recognised directly in surplus or deficit. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to surplus or deficit (as a reclassification adjustment).

Impairment of Financial Assets

Financial assets are assessed for any evidence of impairment at each balance date. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence that the Council and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying value and the present value of estimated future cash flows, discounted using the original effective interest rate.

Available for sale

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists for available for sale assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset already recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold

or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The Council and Group designate certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedge); or
- derivatives that do not qualify for hedge accounting.

The Council and Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council and Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedges items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedges items is less than 12 months.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in surplus or deficit.

Payables

Payables and other payables are recognised at their face value when the Group becomes obligated to make future payments resulting from the purchase of goods or services.

Payables may be derived from either exchange or non-exchange transactions. These are defined as:

- Exchange transactions
Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members and directors fees.

- Non-exchange transactions
Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non exchange payables include payables for GST, deposits and bonds held and deferred grant revenue.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs.

After initial recognition, all borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowings are classified as current liabilities unless Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Landfill Post Closure Costs

The Group has a legal obligation under the resource consents for open and closed landfills to provide ongoing maintenance and monitoring services at the sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is a measure based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

Employee Entitlements

Short-Term Employee Entitlements

Employee benefits expected to be settled within 12 months after the end of the period which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover those future absences.

Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

A finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Property, Plant & Equipment

Property, plant and equipment consists of:

Operational Assets

Operational assets are tangible assets, able to be dealt with

as part of the operating strategy and include land, buildings, plant and equipment, motor vehicles, furniture and fittings, computer hardware, library books, and finance leases for office equipment.

Restricted Assets

Restricted assets cannot be disposed of because of legal and other restrictions but provide a benefit or service to the community. These are mainly assets associated with reserves vested under the Reserves Act, endowments and other property held in Trust for specific purposes.

Infrastructural Assets

Infrastructural assets are the fixed utility systems providing an ongoing service to the community, but are not generally regarded as tradable. They include infrastructural land, roads, water reticulation systems, sewerage reticulation systems, storm water systems, refuse systems and land under roads.

Land (operational, restricted and infrastructural) is measured at fair value. Buildings (operational and restricted) and all infrastructural assets (except for land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in the property revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and land under roads at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Operational Assets

Operational assets are depreciated on a straight line basis. The estimated useful lives are as follows:

| | |
|---------------------|-------------|
| Buildings | 5-100 years |
| Plant and Equipment | 2-15 years |

| | |
|---------------------------------|-----------------|
| Quarry Production and Equipment | 4-15 years |
| Motor Vehicles | 5-15 years |
| Furniture and Fittings | 2-5 years |
| Computers | 2-5 years |
| Library books | 3-7 years |
| Archive books | Not depreciated |

Restricted Assets

Restricted assets are depreciated on a straight line basis as follows:

| | |
|-----------|-------------|
| Buildings | 5-100 years |
|-----------|-------------|

Infrastructural Assets

Infrastructural assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Roads

| | |
|------------------------------|--------------------|
| Top surface | 2-28 years |
| Base course | 25-120 years |
| Sub base | 115 years |
| | Or not depreciated |
| Formation and running course | Not depreciated |
| Culverts – timber and other | 30-100 years |
| Signs | 15 years |
| Street Lights and poles | 15-60 years |
| Bridges | 70-100 years |
| Footpath surface and base | 13-78 years |

Water Reticulation

| | |
|--------------------------------|--------------|
| Pipes, hydrant, valves, meters | 5-120 years |
| Pump station, reservoirs | 25-100 years |

Sewerage Reticulation

| | |
|--------------------|--------------|
| Pipes and manholes | 50-120 years |
| Pump station | 15-100 years |
| Treatment plant | 10-100 years |

Storm water Systems

| | |
|-----------------------|--------------|
| Pipes, cesspits | 40-120 years |
| Flood Control Systems | 10-80 years |

Refuse Systems

| | |
|----------------------------|-------------|
| Retaining walls | 70-90 years |
| Drainage | 70-75 years |
| Signs | 30 years |
| Kerb and channelling | 30-75 years |
| Truck wash and weighbridge | 28 years |

The depreciation rates are applied at a component level and are dependent on the remaining useful life of each component. The residual value and useful life of an asset is reviewed, and adjusted where applicable, at each balance date.

Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially

from fair value. If there is a material difference, then the off cycle asset class is revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to a property revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in the other comprehensive revenue and expense.

Revaluation of Restricted Assets

Land and buildings in restricted assets are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

Intangible Assets

Computer Software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Group's website are recognised as an expense as incurred. Staff training costs are recognised in the surplus or deficit when incurred.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are de-recognised when they are used to satisfy carbon emission obligations.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life for software. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates for software have been estimated as follows:

| | | |
|-------------------|--------------|------------|
| Computer software | 2 to 5 years | 20% to 50% |
|-------------------|--------------|------------|

Non-current Assets Held For Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value less costs to sell are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Investment in Unlisted Shares

Council has an interest (1.6%) in a Council Controlled Organisation (CCO), Waikato Local Authority Shared Services Limited. Council has no significant influence on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

Council has an interest (0.04%) in New Zealand National Mutual Riskpool. Council has no significant influence on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

Investment Property

Investment property consists of miscellaneous housing properties. Investment property is held primarily for capital growth, rental or similar revenue. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, the Group measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Capitalised Quarry Development Costs

The costs of stripping activity which provides a benefit in the form of improved access to rock is recognised as a 'stripping activity asset' where it is probable that the future economic benefit associated with the stripping activity will flow to the Group, the Group can identify the component of the rock for which access has been improved and the costs relating to the stripping activity associated with that component can be measured reliably.

A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the rock that becomes more accessible as a result of the stripping activity using the units of production method.

Cost Allocation

The Council has derived the cost of service for each significant activity. Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers and floor area. All overhead costs have been allocated to significant activities.

Impairment of Property, Plant and Equipment and Intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets that have a finite useful life are reviewed annually for impairment.

whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Value in use for non cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated Funds,
- Other reserves, and
- Property revaluation reserves.

Other Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Group. Restricted reserves are those subject to specific conditions accepted as binding by the Group and which may not be revised by the Group without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Group decision. Transfers to and from these reserves are at the discretion of the Group.

Council created reserves are a combination of depreciation reserves and transfers of surplus or deficit from operations. The purpose of the reserves is to maintain balances of funded depreciation for future renewal of assets and to hold revenue streams in separate balances as required by Council. Available for sale reserves consists of valuation gains associated with Council's investments, classified as Available for Sale.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Property Revaluation Reserves

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

Emissions Trading Scheme (ETS)

The regulations for landfill methane emissions under the New Zealand Emissions Trading Scheme (NZ ETS) require waste disposal facility operators to surrender New Zealand Units (NZU's) by 31 May of each year to match the remission from 1 January to 31 December of the preceding calendar year. The cost of meeting ETS obligations is mandatory and Council is required to surrender NZU's for the landfill methane emissions associated with Rangitoto Landfill. NZU's that are purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

Budget Figures

The budget figures are those approved by the Council in its LTP 2018-28. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical Accounting Estimates and Judgements

In preparing these financial statements the Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill Aftercare Provision

Note 19 discloses an analysis of the exposure of the Group in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing discounted replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Group could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example storm water, wastewater and water supply pipes situated underground. This risk is minimised by the Group performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Group could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk the Group's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Group's asset management planning activities, which gives the Group further assurance over its useful life estimates.

Experienced independent valuers perform the Group's infrastructural asset revaluations. The carrying value of infrastructure assets is disclosed in Note 21.

Property, plant and equipment useful lives and residual values

At each balance date the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Group has not made significant changes, apart from those noted above, to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in Note 21.

Estimating Construction Contract Revenue

Assessment of projects on a percentage of completion basis, in particular with regard to accounting for variations, the timing of surplus recognition and the amount of surplus recognised. The amount recognised in revenue is disclosed in Note 4, the receivable in Note 15 and the payable in Note 17.

Valuation of Investment in Inframax Construction Ltd

The investment in Inframax Construction Ltd was revalued at 30 June 2019 resulting in a loss on revaluation of \$0.4 million. The valuation report indicated a value between \$10.6 million and \$12.3 million for the investment. Council recognised the investment at \$11.4 million. After consideration of the Company's financial statements and financial forecasts, Council considers the carrying value reflects fair value at 30 June 2019.

Experienced independent valuers perform the valuation of the investment in Inframax Construction Ltd. The valuers have used the capitalisation of earnings approach for the valuation which is consistent with the previous valuation. There are a number of estimates and assumptions used when performing the valuation of an investment. These include assessing a suitable level of earnings and capitalising the earnings using a market-derived multiple. The valuation is also prepared using information from historical financial performance and three year financial forecasts.

Deferred Tax Asset

Recognition

Determining whether or not to recognise a deferred tax asset requires estimation of future cash flows. Any significant deviation from the assumptions used in forecasting future cash flows may affect the carrying value of the asset.

Recoverability

The Group has recognised through surplus or deficit a deferred tax asset for the full utilisation of tax losses brought forward by its subsidiary Inframax Construction Ltd. This recognition is based on budgeted taxable profit for 2019/20 and the expectation of continued profitability for future years.

Changes in accounting policies

The following changes have been made to the accounting policies during this financial year;

There has been a change in accounting policy for Goods and Services Tax (GST). In prior year, the net GST paid to, or received from the Inland Revenue Department, including the GST relating to investing activities, was classified as an operating cash flow in the Cashflow Statement. The Group has decided to remove this requirement and no longer present as such. The reason for the change is to better reflect the actual cash flows involved in Council's and Group's operating and investing activities and eliminate cash flows that have no consequential effect. GST is collected on behalf of Central Government's taxation services, under statute, and is accounted for within a short time frame (less than one year). In effect Council and the Group are acting as agents in respect of GST obligations. The impact of this accounting change is detailed in note 28, with the most significant change being the removal of GST from the purchase of Property, plant and equipment and receipts from customers, ratepayers and other funders and payments to suppliers. As a result of the change in accounting policy the comparative period for the year ended 30 June 2018 has been restated.

There has been a change in accounting policy for *(revenue for rendering of services and construction contracts)*. Under PBE IPSAS 9 Revenue from Exchange Transactions, an alternative method has been used to calculate revenue for rendering of services and construction contracts. The measured value method has been adopted and is based on value of work performed which is independently certified each month by the engineer to the contract. Previously revenue for rendering of services and construction contracts was recognised on the estimated percentage of completion method by reference to costs incurred to date as a percentage of estimated total costs for each contract. The change in method for calculating this revenue was adopted as it is considered to be more relevant approach that reflects more accurately the value of work performed. The application of the new accounting policy has resulted in a net increase to prior year revenue for the Group of \$59,000 and has been applied as an adjustment to opening accumulated funds. Retrospective application is required for a change in accounting policy to the earliest period presented, being 1 July 2017. However, the Group considered it impracticable as data has not been collected in a way that allows the retrospective application of the new accounting policy. Thus the change in accounting standard has been restated from 1 July 2018 (see note 40 for further details of prior period adjustment).

1• Rates Revenue

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| General Rate | 4,082 | 3,665 | 4,080 | 3,663 |
| Uniform Annual General Charge | 3,367 | 3,279 | 3,366 | 3,277 |
| Targeted Rates - Sewerage | 2,507 | 2,415 | 2,506 | 2,414 |
| Targeted Rates - Water | 1,953 | 1,839 | 1,952 | 1,836 |
| Targeted Rates - Solid Waste | 981 | 750 | 981 | 749 |
| Targeted Rates - Roads and Footpaths | 5,503 | 5,970 | 5,501 | 5,967 |
| Targeted Rates - Other | 1,040 | 1,024 | 1,039 | 1,023 |
| Rates Penalties | 466 | 426 | 466 | 426 |
| Sub Total | 19,899 | 19,368 | 19,891 | 19,355 |
| Less Rates paid on Council properties | (382) | (395) | (382) | (395) |
| Total Rates Revenue | 19,517 | 18,973 | 19,509 | 18,960 |
| Rates Revenue from non exchange transactions | 19,517 | 18,973 | 19,509 | 18,960 |

2• Metered water rates

Targeted Water Supply Rates under section 19 of the Local Government (Rating) Act 2002

The Local Government (Financial Reporting) Regulations 2011 introduced further disclosure requirements for the Financial Statements. One of the changes is to disclose separately, in the Statement of Comprehensive Revenue and Expense, the amount of revenue received from targeted rates for water supply set under section 19 of the Local Government (Rating) Act 2002. The section allows local authorities to charge for water by meter. The revenue related to water by meter has been disclosed under the metered water rates in the Statement of Comprehensive Revenue and Expense and has been excluded from the Rates Revenue note.

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---------------------|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Metered Water Rates | 854 | 754 | 854 | 754 |

3• Subsidies and Grants

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| NZTA Rooding Subsidy | 8,486 | 7,619 | 8,486 | 7,619 |
| Ministry of Health Government Grants | 0 | 6 | 0 | 6 |
| Other Grants | 280 | 2 | 280 | 2 |
| Total Subsidies and Grants | 8,766 | 7,627 | 8,766 | 7,627 |
| Subsidies and grants revenue from non exchange transactions | 8,766 | 7,627 | 8,766 | 7,627 |

4• Fees, Charges and Income from Construction

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Revenue from exchange transactions | | | | |
| Income from Construction Contracts | 0 | 0 | 28,627 | 26,654 |
| Resource Consent Revenue | 56 | 65 | 56 | 65 |
| Property Rentals | 0 | 0 | 135 | 139 |
| Sale of Goods | 212 | 327 | 1,855 | 590 |
| Total | 268 | 392 | 30,673 | 27,448 |
| Revenue from non exchange transactions | | | | |
| Compliance Revenue | 492 | 499 | 492 | 499 |
| Property Rentals | 461 | 444 | 461 | 444 |
| Rental Revenue from Investment Property | 29 | 0 | 29 | 0 |
| Trade Waste Charges | 822 | 1,125 | 822 | 1,125 |
| Solid Waste Disposal Charges | 1,243 | 1,053 | 1,241 | 1,040 |
| Swimming Pool Revenue | 40 | 55 | 40 | 55 |
| Resource Consent Revenue | 49 | 71 | 49 | 71 |
| Quarry Royalties | 172 | 32 | 0 | 0 |
| Other Fees and Charges | 263 | 218 | 263 | 218 |
| Total | 3,571 | 3,497 | 3,397 | 3,452 |
| Total Fees, Charges and Income from Construction | 3,839 | 3,889 | 34,070 | 30,900 |

5• Other Revenue including gains and losses

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Other Revenue | 192 | 191 | 192 | 191 |
| Donations Received | 1 | 5 | 1 | 5 |
| Revenue on Acquisition of Property, Plant and Equipment at nominal value | 0 | 3 | 0 | 3 |
| Petrol Tax | 133 | 139 | 133 | 139 |
| Total Other Revenue from non exchange transactions | 326 | 338 | 326 | 338 |
| Gain/(Loss) in Change in Fair Value of Investment Property | 106 | 38 | 106 | 38 |
| Gain/(Loss) in Change in Fair Value of Assets held for Sale | (3) | 0 | (3) | 0 |
| Gain/(Loss) in Sale of Assets held for Sale | 0 | (30) | 0 | (30) |
| Gain/(Loss) on Sale of Property, Plant and Equipment | 60 | 25 | 60 | 25 |
| Total Other Gains/(Losses) | 163 | 33 | 163 | 33 |
| Total Other Revenue including Gains/(Losses) | 489 | 371 | 489 | 371 |

6• Employee Benefit Expenses

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Salaries and Wages | 5,572 | 4,985 | 15,403 | 13,105 |
| Defined Contribution Plan Employer Contributions | 85 | 80 | 284 | 240 |
| Increase/(Decrease) in Employee Benefit Liabilities | 6 | 63 | 82 | 183 |
| Total Employee Benefit Expenses | 5,663 | 5,128 | 15,769 | 13,528 |

7• Depreciation and Amortisation Expense

| (\$000's) | Waitomo District Council | | | Waitomo District Group | |
|--|--------------------------|----------------|----------------|------------------------|----------------|
| | 2019 BUDGET | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Leadership and Investments | 489 | 489 | 469 | 489 | 469 |
| Community Service | 859 | 908 | 860 | 908 | 860 |
| Community Development | 17 | 13 | 10 | 13 | 10 |
| Compliance | 5 | 6 | 5 | 6 | 5 |
| Solid Waste Management | 91 | 75 | 86 | 75 | 86 |
| Stormwater Drainage | 180 | 189 | 180 | 189 | 180 |
| Sewerage | 778 | 812 | 770 | 812 | 770 |
| Water Supply | 638 | 502 | 561 | 502 | 561 |
| Roads and Footpaths | 2,848 | 2,936 | 2,872 | 2,936 | 2,872 |
| Other Activities | 0 | 0 | 0 | 969 | 822 |
| Total Depreciation and Amortisation Expense | 5,905 | 5,930 | 5,813 | 6,899 | 6,635 |

8• Finance Costs

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Interest on Bank Borrowings | 1,638 | 1,693 | 1,898 | 1,970 |
| Interest on Finance Leases | 0 | 0 | 0 | 2 |
| Discount Unwinding on Provision (refer note 16) | 12 | 20 | 12 | 20 |
| Interest derivatives (presented net): | | | | |
| Ineffectiveness on cash flow hedges | 57 | 49 | 57 | 49 |
| Total Finance Costs | 1,707 | 1,762 | 1,967 | 2,041 |

9• Other Expenses

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Audit Fees for Long Term Plan and Consultation Document | 0 | 93 | 0 | 93 |
| Audit Fees for Financial Statement Audit | 138 | 132 | 211 | 207 |
| Audit Fees for Assurance Related Services | 5 | 3 | 5 | 3 |
| Bad Debts Written Off | 314 | 418 | 314 | 418 |
| Directors Fees | 0 | 0 | 120 | 120 |
| Grants Expenditure | 90 | 94 | 90 | 94 |
| Insurance Premiums | 289 | 220 | 520 | 403 |
| Inventory Consumption | 0 | 0 | 3,100 | 1,947 |
| Impairment of Property, Plant and Equipment | 0 | 0 | 0 | 0 |
| (Gain)/Loss on Property, Plant and Equipment | 885 | 1,109 | 832 | 1,080 |
| Operating Lease Expenses | 0 | 4 | 102 | 31 |
| Impairment of Receivables | (42) | 8 | (62) | 28 |
| Remuneration of Elected Members | 250 | 244 | 250 | 244 |
| Subscriptions | 102 | 98 | 149 | 117 |
| Road Maintenance | 5,388 | 5,269 | 5,388 | 5,269 |
| Other Maintenance Expenditure | 5,257 | 4,699 | 7,434 | 6,898 |
| Direct Contract Expenses | 0 | 0 | 9,703 | 9,208 |
| Other Expenditure | 2,242 | 2,074 | 4,662 | 3,347 |
| Investment Property Expenditure | 0 | 0 | 0 | 0 |
| Rates and Penalties Remissions | 349 | 294 | 349 | 294 |
| Total Other Expenditure | 15,267 | 14,759 | 33,167 | 29,801 |

The Operating lease expense relates to various items of office equipment. The lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does not have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

10• Tax

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Income tax Recognised in Profit or Loss | | | | |
| Current tax | 0 | 0 | 0 | 0 |
| Deferred tax on temporary differences | 0 | 0 | 487 | 750 |
| | 0 | 0 | 487 | 750 |
| Reconciliation of Accounting Profit/(Loss) before tax and income tax expense | | | | |
| Surplus before Taxation | 4,924 | 4,214 | 5,917 | 6,632 |
| Prima facie taxation at 28% (2018: 28%) | 1,379 | 1,180 | 1,657 | 1,857 |
| Taxation effect of non deductible expenditure | (1,402) | (1,242) | (1,214) | (1,117) |
| Non taxable Income | 0 | 0 | 0 | (4) |
| Non-Recognition of Benefit of Tax Losses | 23 | 62 | 23 | 62 |
| Partial recognition of deferred tax benefit not previously recognised | 0 | 0 | 0 | (47) |
| Under/(Over) provided in prior periods | 0 | 0 | 21 | (1) |
| | | | | |
| Taxation Expense | 0 | 0 | 487 | 750 |

| (\$000's) | Depreciation and Amortisation | Employee Entitlements | Other | Tax Losses Carried Forward | Total Deferred Tax Asset/(Liability) |
|---|-------------------------------|-----------------------|--------------|----------------------------|--------------------------------------|
| Deferred tax balances | | | | | |
| Council | | | | | |
| Council has not recognised any deferred tax assets or liabilities | | | | | |
| Group 2018 | | | | | |
| Opening Balance | (657) | 124 | (91) | 2,786 | 2,162 |
| (Charged)/Credited to Profit or Loss | (53) | 10 | (52) | (655) | (750) |
| (Charged)/Credited to Equity | (82) | 0 | 0 | 0 | (82) |
| Closing Balance | (792) | 134 | (143) | 2,131 | 1,330 |
| Group 2019 | | | | | |
| (Charged)/Credited to Profit or Loss | (22) | 15 | (28) | (452) | (487) |
| (Charged)/Credited to Equity | (23) | 0 | 0 | 0 | (23) |
| Under/(Over) provided in prior periods | 0 | (4) | 0 | 3 | (1) |
| | | | | | |
| Closing Balance | (837) | 145 | (171) | 1,682 | 819 |

Council

Council has accumulated tax losses of \$2,696,000 (2018: \$2,613,000) to 30 June 2019. Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council has not recognised a deferred tax asset for the accumulated tax losses due to receiving taxable income from its subsidiary not being anticipated in the immediate future despite improved financial performance being achieved.

Group

The Group has accumulated tax losses of \$8,696,000 (2018: \$10,222,000) to 30 June 2019. The group has recognised a deferred tax asset for all remaining accumulated tax losses held by the subsidiary in the 2019/20 financial year.

Imputation Credit Account

| (\$000's) | Waitomo District Group | |
|--------------------------------|------------------------|--------------|
| | 2019 ACTUAL | 2018 ACTUAL |
| Balance 1 July | 3,416 | 3,416 |
| Closing Balance 30 June | 3,416 | 3,416 |

11• Equity

| (\$000's) | Note | Waitomo District Council | | Waitomo District Group | |
|---|------|--------------------------|----------------|------------------------|----------------|
| | | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Accumulated Funds | | | | | |
| Balance at 1 July | | 210,859 | 210,298 | 215,686 | 213,398 |
| Prior Period Adjustment | 40 | 0 | (22) | 0 | 37 |
| Adjusted Balance at 1 July | | 210,859 | 210,276 | 215,686 | 213,435 |
| Surplus/(Deficit) for the year | | 4,924 | 4,214 | 5,430 | 5,882 |
| Transfer from Revaluation Reserve on Asset Disposal | | 804 | 1,060 | 804 | 1,060 |
| Transfer to Council Created Reserves | | (2,193) | (4,691) | (2,193) | (4,691) |
| Balance at 30 June | | 214,394 | 210,859 | 219,727 | 215,686 |
| Other Reserves | | | | | |
| Council Created Reserves | | | | | |
| Balance at 1 July | | 15,037 | 10,346 | 15,037 | 10,346 |
| Transfers from Retained Earnings | | 2,193 | 4,691 | 2,193 | 4,691 |
| Balance at 30 June | | 17,230 | 15,037 | 17,230 | 15,037 |
| Available for Sale Reserves | | | | | |
| Balance at 1 July | | 11,804 | 4,504 | 4 | 4 |
| Valuation Gains/(Losses) | | (365) | 7,300 | 0 | 0 |
| Balance at 30 June | | 11,439 | 11,804 | 4 | 4 |
| Hedging Reserve | | | | | |
| Balance at 1 July | | (1,616) | (1,563) | (1,616) | (1,563) |
| Gains/(Losses) from Cash Flow Hedges | | (727) | (53) | (727) | (53) |
| Balance at 30 June | | (2,343) | (1,616) | (2,343) | (1,616) |
| Total Other Reserves at 30 June | | 26,326 | 25,225 | 14,891 | 13,425 |
| Revaluation Reserves | | | | | |
| Balance at 1 July | | 78,004 | 72,638 | 81,775 | 75,945 |
| Prior Period Adjustment | 40 | 0 | 623 | 0 | 623 |
| Adjusted Balance at 1 July | | 78,004 | 73,261 | 81,775 | 76,568 |
| Revaluation Gains/(Losses) | | 0 | 5,803 | 83 | 6,349 |
| Income tax expense relating to other comprehensive income | | 0 | 0 | (23) | (82) |
| Transfer from Retained Earnings on Asset Disposal | | (804) | (1,060) | (804) | (1,060) |
| Balance at 30 June | | 77,200 | 78,004 | 81,031 | 81,775 |
| This is made up of: | | | | | |
| Operational Land | | 4,766 | 4,766 | 5,439 | 5,439 |
| Operational Buildings | | 5,394 | 5,505 | 5,748 | 5,859 |
| Library Books | | 4 | 4 | 4 | 4 |
| Restricted Land | | 5,360 | 5,866 | 5,360 | 5,866 |
| Restricted Buildings | | 1,751 | 1,757 | 1,751 | 1,757 |
| Infrastructural Land | | 757 | 757 | 757 | 757 |
| Roading Assets | | 39,036 | 39,036 | 41,323 | 41,323 |
| Water Reticulation Assets | | 4,662 | 4,735 | 4,662 | 4,735 |
| Sewerage Reticulation Assets | | 7,655 | 7,671 | 7,655 | 7,671 |
| Stormwater Reticulation Assets | | 6,827 | 6,919 | 6,827 | 6,919 |
| Refuse System Assets | | 988 | 988 | 988 | 988 |
| Quarry Plant Assets | | 0 | 0 | 517 | 457 |
| Total Revaluation Reserves | | 77,200 | 78,004 | 81,031 | 81,775 |
| Total Equity | | 317,920 | 314,088 | 315,649 | 310,886 |

Information about reserve funds held for a specific purpose is provided below:

| (\$000's) | Waitomo District Council | | | |
|---|-----------------------------------|-------------------|----------------------|------------------------------------|
| | OPENING BALANCE 1 JULY 2018 | TOTAL DEPOSITS | TOTAL WITHDRAWALS | CLOSING BALANCE 30 JUNE 2019 |
| Operational Reserves | | | | |
| Leadership and Investments | | | | |
| Leadership | 34 | 64 | (47) | 51 |
| Investments | 534 | 253 | (18) | 769 |
| | 568 | 317 | (65) | 820 |
| Community Service | | | | |
| Parks and Reserves | 574 | 140 | (12) | 702 |
| Housing and Other Property | 870 | 176 | 0 | 1,046 |
| Recreation and Culture - Library | (183) | 1 | 0 | (182) |
| Recreation and Culture - Aquatic Centre | (86) | 0 | (30) | (116) |
| Recreation and Culture - Arts and Culture | 257 | 2 | 0 | 259 |
| Recreation and Culture - Aerodrome | 132 | 0 | (11) | 121 |
| Public Amenities | 308 | 52 | (53) | 307 |
| Safety | 393 | 28 | 0 | 421 |
| | 2,265 | 399 | (106) | 2,558 |
| Community Development | | | | |
| Community Development | 195 | 176 | (16) | 355 |
| | 195 | 176 | (16) | 355 |
| Compliance | | | | |
| Compliance | (244) | 127 | (12) | (129) |
| | (244) | 127 | (12) | (129) |
| Solid Waste Management | | | | |
| Collection | 111 | 21 | 0 | 132 |
| Management - Landfill and Transfer Stations | 424 | 355 | (28) | 751 |
| Management - Waste Minimisation | (39) | 0 | (1) | (40) |
| | 496 | 376 | (29) | 843 |
| Stormwater | | | | |
| Te Kuiti Stormwater | (114) | 0 | (18) | (132) |
| Rural Stormwater | 180 | 2 | 0 | 182 |
| | 66 | 2 | (18) | 50 |
| Resource Management | | | | |
| District Plan Administration | 84 | 81 | 0 | 165 |
| | 84 | 81 | 0 | 165 |
| Sewerage | | | | |
| Waitomo Sewerage | (15) | 0 | 0 | (15) |
| Te Kuiti Sewerage | 3,269 | 484 | 0 | 3,753 |
| Te Waitere Sewerage | 75 | 0 | (16) | 59 |
| Maniaiti/Benneydale Sewerage | (242) | 0 | (13) | (255) |
| Piopio Sewerage | 377 | 0 | (36) | 341 |
| | 3,464 | 484 | (65) | 3,883 |

Waitomo District Council

| (\$000's) | OPENING BALANCE 1 JULY 2018 | TOTAL DEPOSITS | TOTAL WITHDRAWALS | CLOSING BALANCE 30 JUNE 2019 |
|--|-----------------------------------|-------------------|----------------------|------------------------------------|
| Water Supply | | | | |
| Te Kuiti Water | (965) | 2 | 0 | (963) |
| Mokau Water | (654) | 0 | (14) | (668) |
| Piopio Water | (611) | 23 | 0 | (588) |
| Maniaiti/Benneydale Water | (50) | 0 | (16) | (66) |
| Waitomo Water | (26) | 0 | 0 | (26) |
| | (2,306) | 25 | (30) | (2,311) |
| Roads and Footpaths | | | | |
| Subsidised Roads | (949) | 0 | (158) | (1,107) |
| Unsubsidised Roads | 554 | 10 | 0 | 564 |
| | (395) | 10 | (158) | (543) |
| Business Support | | | | |
| Gratuities | 71 | 0 | 0 | 71 |
| Long Service Leave | 25 | 0 | 0 | 25 |
| Natural Disaster | 426 | 0 | 0 | 426 |
| | 522 | 0 | 0 | 522 |
| Total Operational Reserves | 4,715 | 1,997 | (499) | 6,213 |
| Depreciation Reserves | | | | |
| Leadership and Investments | | | | |
| Investments | (3) | 1 | 0 | (2) |
| | (3) | 1 | 0 | (2) |
| Community Service | | | | |
| Parks and Reserves | (78) | 56 | (75) | (97) |
| Housing and Other Property - Housing | 218 | 17 | (10) | 225 |
| Housing and Other Property - Community Halls | 810 | 3 | (8) | 805 |
| Housing and Other Property - Other Land and Buildings | 372 | 54 | (213) | 213 |
| Housing and Other Property - Railway Station Buildings | (34) | 78 | (60) | (16) |
| Recreation and Culture - Library | 561 | 91 | (117) | 535 |
| Recreation and Culture - Aquatic Centre | (53) | 31 | (37) | (59) |
| Recreation and Culture - Arts and Culture | (12) | 168 | (86) | 70 |
| Recreation and Culture - Aerodrome | 87 | 37 | (10) | 114 |
| Public Amenities | 178 | 111 | (110) | 179 |
| | 2,049 | 646 | (726) | 1,969 |
| Community Development | | | | |
| I-site | 36 | 17 | (13) | 40 |
| | 36 | 17 | (13) | 40 |
| Compliance | | | | |
| Animal Control | (41) | 5 | (14) | (50) |
| | (41) | 5 | (14) | (50) |
| Solid Waste Management | | | | |
| Management - Landfill and Transfer Stations | (466) | 91 | (248) | (623) |
| | (466) | 91 | (248) | (623) |

| Waitomo District Council | | | | |
|---|-----------------------------------|-------------------|----------------------|------------------------------------|
| (\$000's) | OPENING BALANCE 1 JULY 2018 | TOTAL DEPOSITS | TOTAL WITHDRAWALS | CLOSING BALANCE 30 JUNE 2019 |
| Stormwater | | | | |
| Te Kuiti Stormwater | 588 | 176 | (47) | 717 |
| Rural Stormwater | 26 | 5 | (1) | 30 |
| | 614 | 181 | (48) | 747 |
| Sewerage | | | | |
| Te Kuiti Sewerage | 202 | 629 | (817) | 14 |
| Te Waitere Sewerage | (5) | 8 | (5) | (2) |
| Maniaiti/Benneydale Sewerage | 168 | 37 | (14) | 191 |
| Piopio Sewerage | 62 | 105 | (69) | 98 |
| | 427 | 779 | (905) | 301 |
| Water Supply | | | | |
| Te Kuiti Water | 318 | 343 | (224) | 437 |
| Mokau Water | (115) | 66 | (86) | (135) |
| Piopio Water | 107 | 62 | (23) | 146 |
| Maniaiti/Benneydale Water | 165 | 37 | (45) | 157 |
| | 475 | 508 | (378) | 605 |
| Roads and Footpaths | | | | |
| Subsidised Roads | 6,160 | 2,792 | (2,204) | 6,748 |
| Unsubsidised Roads | 95 | 56 | 0 | 151 |
| | 6,255 | 2,848 | (2,204) | 6,899 |
| Business Support | | | | |
| Business Support | 385 | 260 | (164) | 481 |
| Plant | 123 | 228 | (234) | 117 |
| | 508 | 488 | (398) | 598 |
| Total Depreciation Reserves | 9,854 | 5,564 | (4,934) | 10,484 |
| Investment Revaluation Reserves | | | | |
| Community Service | | | | |
| Housing and Other Property - Other Land and Buildings | 288 | 0 | 0 | 288 |
| | 288 | 0 | 0 | 288 |
| Available for Sale Reserves | | | | |
| Shares in Other Companies | 4 | 0 | 0 | 4 |
| Shares in Subsidiary | 11,800 | 0 | (365) | 11,435 |
| | 11,804 | 0 | (365) | 11,439 |
| Total Investment Revaluation Reserves | 12,092 | 0 | (365) | 11,727 |
| Special Purpose Reserves | | | | |
| Community Development | | | | |
| District Development | 16 | 0 | 0 | 16 |
| | 16 | 0 | 0 | 16 |
| Hedging Reserve | | | | |
| Cashflow Hedging Reserve | (1,616) | 0 | (727) | (2,343) |
| | (1,616) | 0 | (727) | (2,343) |

| Waitomo District Council | | | | |
|---------------------------------------|-----------------------------------|-------------------|----------------------|------------------------------------|
| (\$000's) | OPENING BALANCE 1 JULY 2018 | TOTAL DEPOSITS | TOTAL WITHDRAWALS | CLOSING BALANCE 30 JUNE 2019 |
| Solid Waste Management | | | | |
| Carbon Credits Reserve | 84 | 176 | (111) | 149 |
| Waste Minimisation Reserve | 79 | 37 | (37) | 79 |
| | 163 | 213 | (148) | 228 |
| Total Special Purpose Reserves | (1,437) | 213 | (875) | (2,099) |
| Total Other Reserves | 25,225 | 7,774 | (6,673) | 26,326 |

The Council maintains reserves as a sub-set of its equity. There are four categories of reserves held.

Operational Reserves

Operational reserves are created to hold short-term funding surpluses/(deficits) arising from the various activities of Council. A deficit may occur when operating expenditure exceeds budget, operating revenue is less than budget or a combination of both. A balance in the operational reserve forms part of the Council's funding considerations for a particular activity in the subsequent years budget. Council ensures that rates collected for a particular activity from an identified group of ratepayers are used only for that activity and for the benefit of that identified ratepayer.

Depreciation Reserves

The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund repayments on loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives. Council ensures that funds accumulated for a particular activity from an identified group of ratepayers can only be used for that activity and for the benefit of that identified group. The purpose of the Depreciation Reserves is to ensure that Council's ability to provide services to the District's communities is maintained.

Investment Revaluation Reserves

Council investment activities include its subsidiary company and Housing and Other Property. Council is obliged to periodically review the value its investment in these activities. Investment revaluation reserves are therefore created when the value of Council's investment either increases or decreases as a result of that revaluation.

Special Purpose Reserves

Council maintains special purpose reserves to hold specific funds in relation to an activity. There are currently four special purposes reserves held as follows:

- District Development Reserve - funds were received from Development King Country Trust in April 2012 with the intention to set up a Waitomo District Development Board.
- Cashflow Hedging Reserve - comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.
- Carbon credits reserve is used to record the funding and expenditures in relation to Council's responsibilities for the Emissions Trading Scheme.
- Waste Minimisation Reserve - The waste minimisation reserve is used to record the funding and expenditure in relation to the Council's share of the waste disposal levy received from Central Government under the Waste Minimisation Act 2008. The funds received are required to be expended on initiatives and projects to promote or achieve waste minimisation in accordance with the Council's Waste Management and Minimisation Plan.

12• Cash and Cash Equivalents

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Cash and Cash Equivalents | | | | |
| Cash at Bank and In Hand | 1,819 | 1,762 | 2,154 | 1,836 |
| Total Cash and Cash Equivalents | 1,819 | 1,762 | 2,154 | 1,836 |

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value. The Council holds unspent funds, included in cash at bank and term deposits of \$538,798 (2018: \$365,838) that are subject to restrictions. These unspent funds relate to Waste Minimisation Reserve (refer note 11), subsidy received with restrictions and retention monies held. These restrictions generally specify how the funds are required to be spent.

Cash, cash equivalents and bank overdrafts include the following for the purpose of the Statement of Cash Flows:

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---------------------------------|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Cash at Bank and In Hand | 1,819 | 1,762 | 2,154 | 1,836 |
| Bank Overdrafts (refer note 18) | 0 | 0 | 0 | (122) |
| Total | 1,819 | 1,762 | 2,154 | 1,714 |

13• Other Financial Assets

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Current | | | | |
| Loans and Advances | 3 | 378 | 3 | 3 |
| Total | 3 | 378 | 3 | 3 |
| Non Current | | | | |
| Loans and Advances | 7 | 10 | 7 | 10 |
| NZLGFA Borrower Notes | 496 | 408 | 496 | 408 |
| Total | 503 | 418 | 503 | 418 |
| Total Other Financial Assets | 506 | 796 | 506 | 421 |

NZLGFA Borrower Notes

NZLGFA Borrower Notes are a debt the NZ Local Government Funding Agency issues to its Council borrowers. The amount borrowed by the agency is at a rate 1.6% of the amount a council borrows in long term (greater than one year) debt from the NZLGFA. The purpose of the arrangement is provide liquidity to the agency.

Investment in CCO and Civic Financial Services Ltd

Council has 100% shareholding in Inframax Construction Ltd (2018: 100%). The principal activity of the company is roading. The balance date of the company is 30 June.

As 30 June 2019 Council revalued its investment in Inframax Construction Ltd which resulted in a decrease of \$365,000. The loss on revaluation was recorded in Other Comprehensive Revenue and Expense and forms part of the Assets Available for Sale Reserve in the Equity section of the Statement of Financial Position. The Council considers the revaluation as currently reflected in the Council financial statements to be fair value of the investment at 30 June 2019.

Shares in Companies

Council is a shareholder in Waikato Local Authority Shared Services Ltd (WLASS). WLASS is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. Council also holds 16,940 shares in Civic Financial Services Ltd (2018: 16,940). The investment is recorded at cost because fair value cannot be measured reliably.

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Shares in Subsidiary | 11,435 | 11,800 | 0 | 0 |
| Shares in Companies | 20 | 20 | 20 | 20 |
| Total Investments in CCO and Civic Financial Services Ltd | 11,455 | 11,820 | 20 | 20 |

14• Inventory

| | Waitomo District Council | | Waitomo District Group | |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
| (\$000's) | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Metal Stockpiles and Landfill Stock | 14 | 13 | 1,201 | 1,900 |
| Fuels, Spares and Consumables | 79 | 71 | 338 | 167 |
| Total Inventory | 93 | 84 | 1,539 | 2,067 |

15• Receivables

| | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|------------------------------|
| (\$000's) | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 (Restated) ACTUAL |
| Receivables under Exchange Transactions | | | | |
| Related Party Receivables | 0 | 3 | 0 | 0 |
| General Debtors | 10 | 381 | 1,507 | 2,240 |
| Amounts due from Customers for Contract Work | 0 | 0 | 886 | 1,696 |
| Retentions Receivable | 0 | 0 | 887 | 730 |
| Prepayments | 147 | 147 | 239 | 234 |
| Receivables prior to Impairment | 157 | 531 | 3,519 | 4,900 |
| Less Provision for Doubtful Debts | 0 | 0 | 0 | (20) |
| Total Receivables under Exchange Transactions | 157 | 531 | 3,519 | 4,880 |
| Receivables under Non Exchange Transactions | | | | |
| Rates Receivables * | 3,760 | 3,784 | 3,760 | 3,784 |
| Related Party Receivables | 47 | 11 | 0 | 0 |
| General Debtors | 2,956 | 2,870 | 2,956 | 2,870 |
| Receivables prior to Impairment | 6,763 | 6,665 | 6,716 | 6,654 |
| Less Provision for Doubtful Debts | (1,823) | (1,865) | (1,823) | (1,865) |
| Total Receivables Under Non Exchange Transactions | 4,940 | 4,800 | 4,893 | 4,789 |
| Total Receivables | 5,097 | 5,331 | 8,412 | 9,669 |

* Included in the Rates Receivable figure is an amount of \$1,478,260 (2018: \$1,475,005) relating to rate penalties.

Aging and Impairment of Receivables

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|------------------------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 (Restated) ACTUAL |
| Gross Receivables | | | | |
| Not past due | 4,102 | 4,050 | 7,200 | 8,260 |
| Past due 1-30 days | 15 | 263 | 15 | 263 |
| Past due 31-60 days | 24 | 26 | 127 | 39 |
| Past due 61-90 days | 3 | 33 | 10 | 34 |
| Past due > 90 days | 2,629 | 2,677 | 2,644 | 2,704 |
| Total Gross Receivables | 6,773 | 7,049 | 9,996 | 11,300 |
| Impairment of Receivables | | | | |
| Not past due | (495) | (491) | (495) | (491) |
| Past due 1-30 days | 0 | (2) | 0 | (2) |
| Past due 31-60 days | (1) | 0 | (1) | 0 |
| Past due 61-90 days | (3) | (21) | (3) | (21) |
| Past due > 90 days | (1,324) | (1,351) | (1,324) | (1,351) |
| Total Impairment of Receivables | (1,823) | (1,865) | (1,823) | (1,865) |
| Net Receivables | | | | |
| Current | 3,607 | 3,559 | 6,705 | 7,769 |
| Past due 1-30 days | 15 | 261 | 15 | 261 |
| Past due 31-60 days | 23 | 26 | 126 | 39 |
| Past due 61-90 days | 0 | 12 | 7 | 13 |
| Past due > 90 days | 1,305 | 1,326 | 1,320 | 1,353 |
| Total Net Receivables | 4,950 | 5,184 | 8,173 | 9,435 |
| Plus Prepayments | 147 | 147 | 239 | 234 |
| Total Receivables | 5,097 | 5,331 | 8,412 | 9,669 |
| Individual Impairment | 1,823 | 1,865 | 1,823 | 1,885 |
| Collective Impairment | 0 | 0 | 0 | 0 |
| Total Provision for Impairment | 1,823 | 1,865 | 1,823 | 1,885 |
| Current | 495 | 491 | 495 | 491 |
| Past due 1-30 days | 0 | 2 | 0 | 2 |
| Past due 31-60 days | 1 | 0 | 1 | 0 |
| Past due 61-90 days | 3 | 21 | 3 | 21 |
| Past due > 90 days | 1,324 | 1,351 | 1,324 | 1,371 |
| Total Individual Impairment | 1,823 | 1,865 | 1,823 | 1,885 |
| Balance at 1 July | (1,865) | (1,857) | (1,885) | (1,857) |
| Additional provisions made during the year | (272) | (426) | (252) | (446) |
| Receivables written off during the period | 314 | 418 | 314 | 418 |
| Balance at 30 June | (1,823) | (1,865) | (1,823) | (1,885) |

16• Derivative Financial Instruments

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Current Liability Portion | | | | |
| Interest rate swaps - cash flow hedges | 677 | 605 | 677 | 605 |
| Non Current Liability Portion | | | | |
| Interest rate swaps - cash flow hedges | 1,845 | 1,132 | 1,845 | 1,132 |
| Total Derivative Financial Instrument Liability | 2,522 | 1,737 | 2,522 | 1,737 |

Interest Rate Swaps

The fair value of interest rate swaps held by Council has been determined by calculating the expected cashflows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Gains and Losses for swap contracts qualifying as being effective as cash flow hedges under hedge accounting are recognised in the hedging reserve in equity on interest rate swap contracts and will be released to the surplus or deficit as interest is paid on the underlying debt. Gains and losses for swap contracts that do not qualify as being effective under hedge accounting are recognised in surplus or deficit.

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$39,000,000 (2018 \$34,000,000) of which \$29,000,000 (2018: \$29,000,000) were effective at balance date and \$10,000,000 (2018: \$5,000,000) had a forward start date. At 30 June 2019 the fixed interest rates applicable the swap contracts ranged from 2.89% to 4.90% (2018: 3.78% to 4.90%).

The Council and Group have no fair value hedges.

17• Payables and Deferred Revenue

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Current Portion | | | | |
| Payables and Deferred Revenue under Exchange Transactions | | | | |
| Trade Payables and Accrued Expenses | 1,773 | 2,312 | 4,544 | 5,679 |
| Related Party Payables | 1,168 | 1,224 | 0 | 0 |
| Retention Monies | 231 | 175 | 231 | 175 |
| Elected Members and Directors Fees Payable | 6 | 7 | 14 | 19 |
| Deferred Revenue | 0 | 0 | 0 | 49 |
| Total | 3,178 | 3,718 | 4,789 | 5,922 |
| Payables and Deferred Revenue under Non Exchange Transactions | | | | |
| GST Payable | 154 | 270 | 680 | 475 |
| Deposits and Bonds | 108 | 147 | 108 | 147 |
| Deferred Revenue | 488 | 461 | 488 | 461 |
| Total | 750 | 878 | 1,276 | 1,083 |
| Total Payables and Deferred Revenue | 3,928 | 4,596 | 6,065 | 7,005 |

Payables are generally non-interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables approximates their fair value.

18• Borrowings

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--------------------------|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Bank Overdraft | 0 | 0 | 0 | 122 |
| Current | | | | |
| Secured Loans | 10,261 | 21,362 | 12,061 | 23,666 |
| Unsecured Loans | 0 | 375 | 0 | 375 |
| Lease Liabilities | 0 | 0 | 0 | 6 |
| Total Current | 10,261 | 21,737 | 12,061 | 24,047 |
| Non Current | | | | |
| Secured Loans | 30,000 | 20,000 | 33,375 | 22,497 |
| Total Non Current | 30,000 | 20,000 | 33,375 | 22,497 |
| Total Borrowings | 40,261 | 41,737 | 45,436 | 46,544 |

Council

Councils borrowings consisted of \$29,000,000 (2018: \$29,000,000) Floating Rate Notes with a range of applicable interest rates of 2.25% to 2.44% (2018: 2.44% to 2.70%), a Fixed Rate Bond of \$1,000,000 (2018: \$1,000,000) with applicable interest rate of 3.68% (2018: \$3.68%), Commercial Paper of \$10,000,000 (2018: \$10,000,000) with applicable interest rates of 1.90% to 2.16% (2018: 2.11% to 2.24%). The Westpac Call Advance was not drawn at 30 June 2019 (2018: \$1,100,000) with applicable interest rate of 2.70% when drawn (2018: 2.85%). The Westpac unsecured Term Loan was fully repaid (2018: \$375,000, with applicable rate of 5.10%).

All interest rates quoted above, except for the fixed rate bond are based floating rates with 90 day resets and include the interbank market interest rate (BKBM) or the Westpac prime interest rate plus credit margin. Interest rate exposure is hedged through executing Receive-Floating-Pay-Fixed interest rate swaps which effectively converts floating rate debt into a fixed rate. The effective weighted average interest rate for all secured loans, which includes hedged and non-hedged floating rate notes, commercial paper and fixed rate bonds is 4.12% (2018: 4.08%).

The maturity date for the Westpac Call Advances facility is 1 July 2020 (2018: 1 July 2019) and a range of maturity dates apply for the Floating Rate Notes of September 2020 to January 2024 (2018: August 2018 to April 2024). The Commercial Paper (CP) has maturity dates of July 2019 to November 2019 (2018: July to August 2018) (CP was issued for a further six months to fund the maturing CP on July 2019 and it is anticipated the maturing CP in November 2019 will be funded in a similar way). The maturity date for the Fixed Rate Bond is April 2025 (2018: April 2025).

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of \$10,000,000 (2018: \$10,000,000) of which \$10,000,000 (2018: \$8,900,000) was available as at 30 June 2019.

Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$500,000 (2018: \$500,000) of which \$500,000 (2018: \$500,000) was undrawn, a Revolving Credit Facility of \$3,300,000 (2018: \$2,000,000) of which \$2,000,000 (2018: \$633,000) was undrawn, drawn loans of \$3,875,000 (2018: \$3,434,000) and a Standby letter of credit of \$1,989,225 (2018: performance guarantees of \$1,589,000).

Stock Issued under Debenture Trust Deed

At 30 June 2019 the total amount of Stock issued and outstanding under the Debenture Trust Deed was;

| | Waitomo District Council | Waitomo District Council |
|---------------------------|--------------------------|--------------------------|
| (\$000's) | 2019 ACTUAL | 2018 ACTUAL |
| Debenture Stock | 40,101 | 40,080 |
| Security Stock | 45,000 | 45,000 |
| Total Stock Issued | 85,101 | 85,080 |

Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security of the Call Advance facility and Interest Rate Swap contracts. No principal money was owing under the Security Stock (2018: \$1,100,000 Call Advance). The total borrowings outstanding are less than the security held by the bank under the Security Stock.

Security Stock (Floating Nominal Amount)

Security Stock for a floating nominal amount has been issued to TEL Security Trustee (LGFA) Limited for the guarantee and indemnity of the New Zealand Local Government Funding Agency Limited of which Council is one of 52 local authority guarantors of thereof. Additional disclosure of this guarantee and indemnity is provided in Note 27: Contingencies.

Security Stock for a floating nominal amount has been issued to the New Zealand Local Government Funding Agency Limited for accession to the Multi-Issuer Deed, the Equity Commitment Deed and in respect to debt securities issued to the LGFA since 19 June 2017.

Security

Council

Council borrowings are secured over annual rates on every rateable property within the Waitomo District. On the 6 August 2010 a Debenture Trust Deed was executed, whereby security in the form of a charge over rates revenue is held by a trustee for the benefit of Council's lenders.

The Debenture Trust Deed was amended on the 10 April 2017 and additional deeds were acceded to join as guarantor and borrower from the LGFA.

Group

In addition to security issued by Council security in the form of a General Security Deed over all present and after acquired property of Inframax Construction Ltd and a Senior Facility Agreement is held by the ASB Bank Limited.

(2018: In addition to security issued by Council the overdraft facility and loans of Inframax Construction Ltd are secured by way of debenture over the assets of the business and covenants of Westpac Banking Corporation which must be met on a quarterly basis. No breaches arose during the year).

Finance Leases

Finance lease liabilities are effectively secured as the right to the leased asset reverts to the lessor in the event of default.

| Analysis of Finance Lease Liabilities (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Total Minimum Lease Payments Payable | | | | |
| Not later than one year | 0 | 0 | 0 | 6 |
| Present Value of Minimum Lease Payments | 0 | 0 | 0 | 6 |

The finance lease is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant, and equipment as disclosed in note 21. The finance lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

Internal Loans

Internal borrowings are eliminated on consolidation of activities of Council's financial statements. The following table summarises the internal loans held for each group of activities.

| (\$000's) | Opening Balance 1 July 2018 | Loan Repayments | Loans Raised | Closing Balance 30 June 2019 | Internal Interest Paid |
|----------------------------|--------------------------------|--------------------|-----------------|---------------------------------|---------------------------|
| Activity Loans | | | | | |
| Leadership and Investments | 2,487 | 0 | 0 | 2,487 | 65 |
| Community Service | 4,655 | (321) | 154 | 4,488 | 121 |
| Community Development | 14 | (4) | 0 | 10 | 0 |
| Compliance | 19 | (9) | 0 | 10 | 0 |
| Solid Waste Management | 6,139 | (245) | 233 | 6,127 | 160 |
| Stormwater Drainage | 94 | (15) | 359 | 438 | 2 |
| Resource Management | 598 | (27) | 527 | 1,098 | 16 |
| Sewerage | 12,612 | (515) | 122 | 12,219 | 329 |
| Water Supply | 12,037 | (354) | 2,328 | 14,011 | 314 |
| Roads and Footpaths | 21,082 | (1,675) | 283 | 19,690 | 549 |
| Total | 59,737 | (3,165) | 4,006 | 60,578 | 1,556 |

The internal loan raised for the District Plan was previously recognised under Leadership and Investments. At 1 July 2018 this internal loan was transferred to Resource Management to align with the LTP 2018-28.

19• Provisions

Provision for Landfill Aftercare

Council owns the Waitomo District Landfill as well as a number of closed landfill sites. The closed landfill sites are located at Te Kuiti, Mokau, Piopio, Aria and Maniaiti/Benneydale. Council has closure and post closure responsibilities for these landfills imposed under the resource consents issued and non-compliance may lead to prosecution under the Resource Management Act. It became apparent that leachates discharging into the ground water and surface water from closed landfills at Mokau, Piopio, Aria and Maniaiti/Benneydale has become inert and Council has been released from ongoing leachate monitoring of these sites. The provision was reduced reflecting the reduction in cost for this obligation and further reduced for annual resource consent fees not being payable in three years time.

For operational landfills, closure responsibilities include final cover application and vegetation, completing facilities for leachate collection, ground water quality and gas monitoring ongoing site maintenance, including weed and pest control and remedial measures if required.

Council is the final process of gaining resource consent for additional capacity for the Waitomo District Landfill, which it anticipates being granted and this forms the basis for the provision assumptions. The new consent will provide consented capacity of 467,000 m³ (2018: 268,000 m³) and an estimated remaining life of 24 years (2018: 18 years) based on current fill volumes. The estimate in final capping costs to close the landfill was increased from \$414,000 to \$550,000 and post closure monitoring costs reduced to equate the current monitoring costs undertaken while the landfill is operational. The discount rate used is 4.30% (2018: 4.75%) and inflation rate of 1.73% (2018: 2.00%). These are the key assumptions around the calculation of the provision, however due to the long term nature of the liability, it means that there are inherent uncertainties in estimating costs that will be incurred.

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Provision for Landfill Aftercare | | | | |
| Balance at 1 July | 753 | 966 | 753 | 966 |
| Unused Provision Reversed | (297) | (227) | (297) | (227) |
| Amounts used during the year | (3) | (6) | (3) | (6) |
| Discount unwinding | 11 | 20 | 11 | 20 |
| Balance at 30 June | 464 | 753 | 464 | 753 |
| Provision for Holiday Pay | | | | |
| Balance at 1 July | 0 | 0 | 0 | 50 |
| Additional provisions made during the year | 0 | 0 | 0 | (50) |
| Balance at 30 June | 0 | 0 | 0 | 0 |
| This is made up of: | | | | |
| Current | 3 | 3 | 3 | 3 |
| Non Current | 461 | 750 | 461 | 750 |
| Total Provisions | 464 | 753 | 464 | 753 |

20• Employee Entitlements

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Accrued Pay | 101 | 107 | 301 | 271 |
| Annual, Long Service and Sick Leave | 522 | 509 | 1,096 | 1,043 |
| Total Employee Entitlements | 623 | 616 | 1,397 | 1,314 |
| This is made up of: | | | | |
| Current entitlements | 623 | 616 | 1,397 | 1,314 |
| Total Employee Entitlements | 623 | 616 | 1,397 | 1,314 |

21• Property, Plant and Equipment

| Council 2019 | Cost/ Revaluation 30.06.18 | Acc Depn & Impairment Charges 30.06.18 | Carrying Value 30.06.18 | Current Year Additions | Current Year Disposals | Reclassification | Current Year Depreciation | Revaluation Gain/(Loss) | Cost/ Revaluation 30.06.19 | Acc Depn & Impairment Charges 30.06.19 | Carrying Value 30.06.19 |
|---|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|----------------------------|----------------------------------|---|-------------------------------|
| Operational Assets | | | | | | | | | | | |
| Land | 5,909 | 0 | 5,909 | 0 | 0 | 0 | 0 | 0 | 5,909 | 0 | 5,909 |
| Buildings | 8,242 | 0 | 8,242 | 668 | 82 | 0 | 619 | 0 | 8,828 | 619 | 8,209 |
| Plant and equipment | 608 | 291 | 317 | 49 | 5 | 0 | 33 | 0 | 652 | 324 | 328 |
| Motor Vehicles | 2,108 | 1,465 | 643 | 217 | 5 | 0 | 220 | 0 | 2,320 | 1,685 | 635 |
| Furniture and fittings | 1,515 | 1,183 | 332 | 71 | 1 | 0 | 46 | 0 | 1,585 | 1,229 | 356 |
| Computers | 1,946 | 1,794 | 152 | 76 | 0 | 0 | 64 | 0 | 2,022 | 1,858 | 164 |
| Library Books | 1,148 | 985 | 163 | 45 | 2 | 0 | 46 | 0 | 1,191 | 1,031 | 160 |
| Finance leases - office equipment | 719 | 718 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Operational Assets | 22,195 | 6,436 | 15,759 | 1,126 | 96 | 0 | 1,028 | 0 | 22,507 | 6,746 | 15,761 |
| Restricted Assets | | | | | | | | | | | |
| Land | 7,032 | 0 | 7,032 | 0 | 526 | 0 | 0 | 0 | 6,506 | 0 | 6,506 |
| Buildings | 7,491 | 0 | 7,491 | 57 | 48 | 0 | 336 | 0 | 7,500 | 336 | 7,164 |
| Total Restricted Assets | 14,523 | 0 | 14,523 | 57 | 574 | 0 | 336 | 0 | 14,006 | 336 | 13,670 |
| Infrastructural Assets | | | | | | | | | | | |
| Land | 1,407 | 0 | 1,407 | 0 | 0 | (63) | 0 | 0 | 1,344 | 0 | 1,344 |
| Roads | 237,699 | 2,872 | 234,827 | 5,391 | 0 | 0 | 2,936 | 0 | 243,090 | 5,808 | 237,282 |
| Water Reticulation | 19,191 | 0 | 19,191 | 4,474 | 106 | 0 | 502 | 0 | 23,559 | 502 | 23,057 |
| Sewerage Reticulation | 29,597 | 0 | 29,597 | 923 | 29 | 0 | 812 | 0 | 30,491 | 812 | 29,679 |
| Stormwater Systems | 9,770 | 0 | 9,770 | 450 | 88 | 0 | 189 | 0 | 10,132 | 189 | 9,943 |
| Refuse Systems | 4,836 | 86 | 4,750 | 61 | 278 | 0 | 73 | 0 | 4,619 | 159 | 4,460 |
| Land under Roads | 9,883 | 0 | 9,883 | 0 | 0 | 0 | 0 | 0 | 9,883 | 0 | 9,883 |
| Total Infrastructural Assets | 312,383 | 2,958 | 309,425 | 11,299 | 501 | (63) | 4,512 | 0 | 323,118 | 7,470 | 315,648 |
| Contract Work in Progress | 2,885 | 0 | 2,885 | 344 | 2,780 | 0 | 0 | 0 | 449 | 0 | 449 |
| Total Council Assets | 351,986 | 9,394 | 342,592 | 12,826 | 3,951 | (63) | 5,876 | 0 | 360,080 | 14,552 | 345,528 |

| Council 2018 (Restated) \$000's | Cost/ Revaluation 30.06.17 | Acc Depn & Impairment Charges 30.06.17 | Carrying Value 30.06.17 | Current Year Additions | Current Year Disposals | Reclassification | Current Year Depreciation | Revaluation Gain/(Loss) | Cost/ Revaluation 30.06.18 | Acc Depn & Impairment Charges 30.06.18 | Carrying Value 30.06.18 |
|-------------------------------------|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|----------------------------|----------------------------------|---|-------------------------------|
| Operational Assets | | | | | | | | | | | |
| Land | 5,482 | 0 | 5,482 | 0 | 41 | 0 | 0 | 468 | 5,909 | 0 | 5,909 |
| Buildings | 7,386 | 1,105 | 6,281 | 655 | 119 | (9) | 571 | 2,005 | 8,242 | 0 | 8,242 |
| Plant and equipment | 553 | 253 | 300 | 60 | 5 | 0 | 38 | 0 | 608 | 291 | 317 |
| Motor Vehicles | 1,880 | 1,267 | 613 | 228 | 0 | 0 | 198 | 0 | 2,108 | 1,465 | 643 |
| Furniture and fittings | 1,408 | 1,141 | 267 | 97 | 0 | 10 | 42 | 0 | 1,515 | 1,183 | 332 |
| Computers | 1,834 | 1,730 | 104 | 112 | 0 | 0 | 64 | 0 | 1,946 | 1,794 | 152 |
| Library Books | 1,100 | 936 | 164 | 51 | 3 | 0 | 49 | 0 | 1,148 | 985 | 163 |
| Finance leases - office equipment | 719 | 718 | 1 | 0 | 0 | 0 | 0 | 0 | 719 | 718 | 1 |
| Total Operational Assets | 20,362 | 7,150 | 13,212 | 1,203 | 168 | 1 | 962 | 2,473 | 22,195 | 6,436 | 15,759 |
| Restricted Assets | | | | | | | | | | | |
| Land | 6,270 | 0 | 6,270 | 0 | 0 | 0 | 0 | 762 | 7,032 | 0 | 7,032 |
| Buildings | 7,272 | 607 | 6,665 | 156 | 15 | (1) | 328 | 1,014 | 7,491 | 0 | 7,491 |
| Total Restricted Assets | 13,542 | 607 | 12,935 | 156 | 15 | (1) | 328 | 1,776 | 14,523 | 0 | 14,523 |
| Infrastructural Assets | | | | | | | | | | | |
| Land | 1,318 | 0 | 1,318 | 0 | 0 | 0 | 0 | 89 | 1,407 | 0 | 1,407 |
| Roads | 232,096 | 0 | 232,096 | 5,678 | 75 | 0 | 2,872 | 0 | 237,699 | 2,872 | 234,827 |
| Water Reticulation | 21,128 | 993 | 20,135 | 501 | 598 | 0 | 561 | (286) | 19,191 | 0 | 19,191 |
| Sewerage Reticulation | 30,327 | 1,518 | 28,809 | 304 | 110 | 0 | 770 | 1,364 | 29,597 | 0 | 29,597 |
| Stormwater Systems | 10,101 | 361 | 9,740 | 53 | 215 | 0 | 180 | 372 | 9,770 | 0 | 9,770 |
| Refuse Systems | 4,647 | 0 | 4,647 | 189 | 0 | 0 | 86 | 0 | 4,836 | 86 | 4,750 |
| Land under Roads | 9,883 | 0 | 9,883 | 0 | 0 | 0 | 0 | 0 | 9,883 | 0 | 9,883 |
| Total Infrastructural Assets | 309,500 | 2,872 | 306,628 | 6,725 | 998 | 0 | 4,469 | 1,539 | 312,383 | 2,958 | 309,425 |
| Contract Work in Progress | 1,142 | 0 | 1,142 | 2,149 | 406 | | | | 2,885 | 0 | 2,885 |
| Total Council Assets | 344,546 | 10,629 | 333,917 | 10,233 | 1,587 | 0 | 5,759 | 5,788 | 351,986 | 9,394 | 342,592 |

| Group 2019 | Cost/ Revaluation 30.06.18 | Acc Depn & Impairment Charges 30.06.18 | Carrying Value 30.06.18 | Current Year Additions | Current Year Disposals | Reclassification | Current Year Depreciation | Revaluation Gain/ (Loss) | Cost/ Revaluation 30.06.19 | Acc Depn & Impairment Charges 30.06.19 | Carrying Value 30.06.19 |
|-------------------------------------|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|--------------------------------|----------------------------------|---|-------------------------------|
| Operational Assets | | | | | | | | | | | |
| Land | 6,770 | 0 | 6,770 | 0 | 71 | 0 | 0 | 0 | 6,699 | 0 | 6,699 |
| Buildings | 10,431 | 367 | 10,064 | 703 | 82 | 0 | 687 | 0 | 11,052 | 1,054 | 9,998 |
| Plant and equipment | 608 | 291 | 317 | 49 | 5 | 0 | 33 | 0 | 652 | 324 | 328 |
| Motor Vehicles | 17,807 | 11,216 | 6,591 | 3,197 | 96 | 0 | 984 | 0 | 20,542 | 11,834 | 8,708 |
| Quarry Production Equipment | 410 | 122 | 288 | 22 | 0 | 0 | 61 | 84 | 516 | 183 | 333 |
| Furniture and fittings | 2,410 | 1,978 | 432 | 216 | 1 | 0 | 81 | 0 | 2,625 | 2,059 | 566 |
| Computers | 1,946 | 1,794 | 152 | 76 | 0 | 0 | 64 | 0 | 2,022 | 1,858 | 164 |
| Library Books | 1,148 | 985 | 163 | 45 | 2 | 0 | 46 | 0 | 1,191 | 1,031 | 160 |
| Finance leases - office equipment | 719 | 718 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Operational Assets | 42,249 | 17,471 | 24,778 | 4,308 | 258 | 0 | 1,956 | 84 | 45,299 | 18,343 | 26,956 |
| Restricted Assets | | | | | | | | | | | |
| Land | 7,032 | 0 | 7,032 | 0 | 526 | 0 | 0 | 0 | 6,506 | 0 | 6,506 |
| Buildings | 7,491 | 0 | 7,491 | 57 | 48 | 0 | 336 | 0 | 7,500 | 336 | 7,164 |
| Total Restricted Assets | 14,523 | 0 | 14,523 | 57 | 574 | 0 | 336 | 0 | 14,006 | 336 | 13,670 |
| Infrastructural Assets | | | | | | | | | | | |
| Land | 1,407 | 0 | 1,407 | 0 | 0 | (63) | 0 | 0 | 1,344 | 0 | 1,344 |
| Roads | 237,253 | 2,872 | 234,381 | 4,726 | 0 | 0 | 2,936 | 0 | 241,979 | 5,808 | 236,171 |
| Water Reticulation | 19,191 | 0 | 19,191 | 4,474 | 106 | 0 | 502 | 0 | 23,559 | 502 | 23,057 |
| Sewerage Reticulation | 29,597 | 0 | 29,597 | 923 | 29 | 0 | 812 | 0 | 30,491 | 812 | 29,679 |
| Stormwater Systems | 9,770 | 0 | 9,770 | 450 | 88 | 0 | 189 | 0 | 10,132 | 189 | 9,943 |
| Refuse Systems | 4,836 | 86 | 4,750 | 61 | 278 | 0 | 73 | 0 | 4,619 | 159 | 4,460 |
| Land under Roads | 9,883 | 0 | 9,883 | 0 | 0 | 0 | 0 | 0 | 9,883 | 0 | 9,883 |
| Total Infrastructural Assets | 311,937 | 2,958 | 308,979 | 10,634 | 501 | (63) | 4,512 | 0 | 322,007 | 7,470 | 314,537 |
| Contract Work in Progress | 2,885 | 0 | 2,885 | 344 | 2,780 | 0 | 0 | 0 | 449 | 0 | 449 |
| Total Council Assets | 371,594 | 20,429 | 351,165 | 15,343 | 4,113 | (63) | 6,804 | 84 | 381,761 | 26,149 | 355,612 |

| Group 2018 (Restated) | Cost/ Revaluation 30.06.17 | Acc Depn & Impairment Charges 30.06.17 | Carrying Value 30.06.17 | Current Year Additions | Current Year Disposals | Reclassification | Current Year Depreciation | Revaluation Gain/(Loss) | Cost/ Revaluation 30.06.18 | Acc Depn & Impairment Charges 30.06.18 | Carrying Value 30.06.18 |
|-------------------------------------|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|----------------------------|----------------------------------|---|-------------------------------|
| Operational Assets | | | | | | | | | | | |
| Land | 6,090 | 0 | 6,090 | 0 | 41 | 0 | 0 | 721 | 6,770 | 0 | 6,770 |
| Buildings | 9,247 | 1,411 | 7,836 | 712 | 135 | (9) | 638 | 2,298 | 10,431 | 367 | 10,064 |
| Plant and equipment | 553 | 253 | 300 | 60 | 5 | 0 | 38 | 0 | 608 | 291 | 317 |
| Motor Vehicles | 16,598 | 10,757 | 5,841 | 1,752 | 153 | 0 | 849 | 0 | 17,807 | 11,216 | 6,591 |
| Quarry Production Equipment | 373 | 59 | 314 | 37 | 0 | 0 | 63 | 0 | 410 | 122 | 288 |
| Furniture and fittings | 2,277 | 1,931 | 346 | 146 | 1 | 10 | 69 | 0 | 2,410 | 1,978 | 432 |
| Computers | 1,834 | 1,730 | 104 | 112 | 0 | 0 | 64 | 0 | 1,946 | 1,794 | 152 |
| Library Books | 1,100 | 936 | 164 | 51 | 3 | 0 | 49 | 0 | 1,148 | 985 | 163 |
| Finance leases - office equipment | 719 | 718 | 1 | 0 | 0 | 0 | 0 | 0 | 719 | 718 | 1 |
| Total Operational Assets | 38,791 | 17,795 | 20,996 | 2,870 | 338 | 1 | 1,770 | 3,019 | 42,249 | 17,471 | 24,778 |
| Restricted Assets | | | | | | | | | | | |
| Land | 6,270 | 0 | 6,270 | 0 | 0 | 0 | 0 | 762 | 7,032 | 0 | 7,032 |
| Buildings | 7,272 | 607 | 6,665 | 156 | 15 | (1) | 328 | 1,014 | 7,491 | 0 | 7,491 |
| Total Restricted Assets | 13,542 | 607 | 12,935 | 156 | 15 | (1) | 328 | 1,776 | 14,523 | 0 | 14,523 |
| Infrastructural Assets | | | | | | | | | | | |
| Land | 1,318 | 0 | 1,318 | 0 | 0 | 0 | 0 | 89 | 1,407 | 0 | 1,407 |
| Roads | 232,088 | 0 | 232,088 | 5,240 | 75 | 0 | 2,872 | 0 | 237,253 | 2,872 | 234,381 |
| Water Reticulation | 21,128 | 993 | 20,135 | 501 | 598 | 0 | 561 | (286) | 19,191 | 0 | 19,191 |
| Sewerage Reticulation | 30,327 | 1,518 | 28,809 | 304 | 110 | 0 | 770 | 1,364 | 29,597 | 0 | 29,597 |
| Stormwater Systems | 10,101 | 361 | 9,740 | 53 | 215 | 0 | 180 | 372 | 9,770 | 0 | 9,770 |
| Refuse Systems | 4,647 | 0 | 4,647 | 189 | 0 | 0 | 86 | 0 | 4,836 | 86 | 4,750 |
| Land under Roads | 9,883 | 0 | 9,883 | 0 | 0 | 0 | 0 | 0 | 9,883 | 0 | 9,883 |
| Total Infrastructural Assets | 309,492 | 2,872 | 306,620 | 6,287 | 998 | 0 | 4,469 | 1,539 | 311,937 | 2,958 | 308,979 |
| Contract Work in Progress | 1,142 | 0 | 1,142 | 2,149 | 406 | 0 | 0 | 0 | 2,885 | 0 | 2,885 |
| Total Council Assets | 362,967 | 21,274 | 341,693 | 11,462 | 1,757 | 0 | 6,567 | 6,334 | 371,594 | 20,429 | 351,165 |

Valuation

Land (operational, restricted, and infrastructural)

The valuations were performed by an independent registered valuer, Andrew Jaques, an independent valuer from Quotable Value Limited for Council's and Guy Hoban, an independent valuer from Doyle Valuations Limited for Inframax Construction Limited land and buildings. The valuation is effective as at 30 June 2018.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

| Asset Class | Valuation Date | Total Value |
|---|----------------|--------------|
| Council: Operational, Restricted and Infrastructural Land | 30 June 2018 | \$14,345,040 |
| Inframax Construction Limited: Operational Land | 30 June 2018 | \$861,000 |

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. These valuations include adjustments for estimated building strengthening costs for earthquake prone buildings and the associated lost rental during the time to undertake the strengthening work.

The valuation of Councils Operational and Restricted Buildings has been adjusted to account for additional assets that should have been valued as part of the 2018 valuation and assets valued that should not have been.

| Asset Class | Valuation Date | Total Value |
|--|----------------|--------------|
| Council: Operational and Restricted Buildings | 30 June 2018 | \$15,735,150 |
| Inframax Construction Limited: Operational Buildings | 30 June 2018 | \$1,817,514 |

Infrastructural asset classes: water utilities infrastructure, refuse systems and roads.

The valuation of water utilities infrastructure; sewerage reticulation, water reticulation, and storm water systems was performed by an independent registered valuer, Miles Wyatt, an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2018.

The valuation of refuse systems and roads was performed by an independent registered valuer, Colin Gerrard, an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2017.

Sewerage, water, stormwater, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue or expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Set out below is the summary of current valuations for infrastructural asset classes

| Asset Class | Valuation Date | Total Value (Optimised Depreciated Replacement Cost) |
|---------------------------|----------------|--|
| Roads | 30 June 2017 | \$232,089,000 |
| Refuse Systems | 30 June 2017 | \$4,230,000 |
| Storm water systems | 30 June 2018 | \$9,769,000 |
| Sewerage Reticulation | 30 June 2018 | \$29,597,000 |
| Water Supply Reticulation | 30 June 2018 | \$19,198,000 |

Land under roads

Land under roads was valued based on fair value of adjacent land determined by Adrian Doyle of Doyle Valuations Limited, effective 1 July 2001. On transition to NZ IFRS, the Council elected to use the fair value of land under roads as at 1 July 2001 as deemed cost and land under roads is no longer revalued.

Quarry Production Equipment

The valuation of heavy quarry production equipment held by Inframax Construction Limited was performed by an independent registered valuer, Neil Davis, an independent valuer from Turners Auctions. The valuation is effective as at 25 June 2019. All quarry production equipment is used or held for operational requirements and as such is valued under the requirements of NZ IAS 16 using a market comparison approach taking into consideration recent sales of similar assets. An impairment test is performed each year to ensure that the valuations do not materially differ from that which would be determined using fair value at the end of the reporting period.

| Asset Class | Valuation Date | Total Value |
|--|----------------|-------------|
| Inframax Construction Limited: Quarry Production Equipment | 25 June 2019 | \$337,130 |

Library collections

The library collection was valued by North Langley & Associates as at 1 July 2004. The value of the collection at that date was \$493,000. Subsequent carrying values have been determined through subsequent additions, less accumulated depreciation and disposals. On transition to NZ IFRS the Council elected to use the fair value of library books as at 1 July 2004 as deemed cost and library books are no longer revalued.

Disposals

During 2019 Council disposed reserve land and other structures at the Managaokewa Reserve, located South of Te Kuiti, due to the revocation of control and management of the reserve by the Department of Conservation. During the year a number of minor assets and parts of assets were disposed, through being replaced or upgraded.

(During 2018 Council disposed a residential house and section in Te Kuiti and other land sections in Benneydale, which were surplus to requirements. Most existing street lights were replaced with LED lighting within most of the district. A number of reticulation assets for stormwater, sewerage and water supply were disposed of during the year as part of the upgrades and capacity changes made to the networks and treatment plants. These included a number water supply tobies, fire hydrants and pipes, sewerage manholes and stormwater pipes and manholes. As a result of the Te Kuiti Water Treatment Plant upgrade a number of old treatment plant components were replaced).

Work in progress

The total amount of property, plant, and equipment in the course of construction is \$449,000 (2018: \$2,885,000)

Leasing

The net carrying amount of plant and equipment held under finance leases is nil (2018: nil).

22• Intangible Assets

| | Waitomo District Council | | Waitomo District Group | |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
| (\$000's) | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Software | | | | |
| Cost | | | | |
| Balance at 1 July | 1,134 | 1,097 | 1,741 | 1,638 |
| Additions | 31 | 41 | 453 | 107 |
| Disposals | 0 | (4) | 0 | (4) |
| Balance at 30 June | 1,165 | 1,134 | 2,194 | 1,741 |
| Accumulated Amortisation | | | | |
| Balance at 1 July | 890 | 829 | 1,398 | 1,323 |
| Amortisation expense for the year | 52 | 61 | 93 | 75 |
| Disposals | 0 | 0 | 0 | 0 |
| Balance at 30 June | 942 | 890 | 1,491 | 1,398 |
| Net Book Value at 30 June | 223 | 244 | 703 | 343 |
| Emission Trading Units | | | | |
| Balance at 1 July | 70 | 120 | 70 | 120 |
| Additions | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 |
| Amounts surrendered during the year | (70) | (50) | (70) | (50) |
| Balance at 30 June | 0 | 70 | 0 | 70 |
| Net Book Value at 30 June | 223 | 314 | 703 | 413 |

23• Investment Property

| | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| (\$000's) | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Balance at 1 July | 788 | 750 | 788 | 750 |
| Additions | 3 | 0 | 3 | 0 |
| Gains/(Losses) due to change in Fair Value | 106 | 38 | 106 | 38 |
| Balance at 30 June | 897 | 788 | 897 | 788 |

The valuation of investment property was performed by Andrew Jaques, an independent valuer from Quotable Value Limited. Andrew Jaques is an experienced valuer with extensive market knowledge in the types and location of the investment properties owned by Council.

The fair value of investment property has been determined using either the Direct Sales Approach or the Income Approach. The Direct Sales Approach was used as an estimate of value based on a comparison of the asset to similar assets that have recently sold, with adjustments made for the assets physical features and condition. Where the Income Approach was used, it reflects what a prudent investor would pay for an asset given an expected return with consideration of the risks involved in the investment and two approaches were used; capitalisation of income and discounted cash flow.

Council had a contractual obligation for repairs and maintenance and capital expenditure for leased investment properties under a commercial lease agreement, these have been fulfilled.

24• Assets held for sale

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|------------------------------|------------------------|------------------------------|
| | 2019 ACTUAL | 2018 (Restated) ACTUAL | 2019 ACTUAL | 2018 (Restated) ACTUAL |
| Balance at 1 July | 40 | 1,090 | 40 | 1,090 |
| Transfer from Property, Plant and Equipment | 63 | 0 | 63 | 0 |
| Gains/(Losses) due to change in Fair Value | 0 | 0 | 0 | 0 |
| Disposals | (3) | (1,050) | (3) | (1,050) |
| Balance at 30 June | 100 | 40 | 100 | 40 |
| This is made up of: | | | | |
| Current | 100 | 40 | 100 | 40 |
| Non Current | 0 | 0 | 0 | 0 |
| | 100 | 40 | 100 | 40 |

During the year a vacant section in Mokau that was to be used a site for a water supply reservoir was found to be surplus to requirements and the decision made to dispose this land.

The decision to dispose of the Historic Building located in Queen Street, Te Kuiti was made during 2016. The building (not the land) has been restated as an asset held for sale at its valuation less sales costs. This asset was subsequently sold for \$1 during July 2019, the low value was due to it's dilapidated state.

(2018: During the year to 30 June 2018 all remaining 24 sections of the Parkside subdivision, Te Kuiti were sold).

25• Capitalised Quarry Development Costs

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Balance at 1 July | 0 | 0 | 612 | 454 |
| Stripping costs capitalised during the year | 0 | 0 | 267 | 257 |
| Stripping costs amortised during the year | 0 | 0 | (108) | (99) |
| Balance at 30 June | 0 | 0 | 771 | 612 |
| This is made up of: | | | | |
| Current | 0 | 0 | 0 | 126 |
| Non Current | 0 | 0 | 771 | 486 |
| Total Capitalised Quarry Development Costs | 0 | 0 | 771 | 612 |

26• Capital Commitments and Operating Leases

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Commitments for capital contracted by not provided for: | | | | |
| Water assets | 63 | 869 | 63 | 869 |
| Sewerage assets | 0 | 0 | 0 | 0 |
| Road assets | 1,830 | 75 | 1,830 | 75 |
| Intangible assets | 0 | 25 | 0 | 25 |
| Restricted buildings | 0 | 42 | 0 | 42 |
| Operational buildings | 20 | 25 | 20 | 25 |
| Computers | 0 | 0 | 0 | 0 |
| Total Capital Commitments | 1,913 | 1,036 | 1,913 | 1,036 |
| Non Cancellable Operating Leases as Lessee | | | | |
| Not later than one year | 0 | 0 | 0 | 6 |
| Later than one year but not later than five years | 0 | 0 | 0 | 0 |
| Later than five years | 0 | 0 | 0 | 0 |
| Total Non Cancellable Operating Leases | 0 | 0 | 0 | 6 |
| Operational Commitments | | | | |
| Not later than one year | 4,796 | 7,013 | 4,965 | 7,154 |
| Later than one year but not later than five years | 2,780 | 5,060 | 2,967 | 5,342 |
| Later than five years | 0 | 340 | 0 | 340 |
| Total Operational Commitments | 7,576 | 12,413 | 7,932 | 12,836 |
| Total Commitments | 9,489 | 13,449 | 9,845 | 13,878 |

The operating lease is for various items of office equipment. The net carrying amount of the leased items is shown as a separate class of property, plant and equipment is disclosed in note 21. The finance lease can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on Council by any of the finance leasing arrangements.

27• Contingencies

Council

Mining Licence

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of \$10,700 (2018: \$10,700), in lieu of a cash deposit.

Waikato Local Authority Shared Services Ltd

Council is a shareholder in Waikato Local Authority Shared Services Ltd. WLASS is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. There is uncalled capital of \$34,221 (2018: \$34,221) that Council may be required to pay if called. Council considers it unlikely that it will be called upon for the capital and therefore have not provided for this claim.

Carter Holt Harvey

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 11 of which are located within the Waitomo District. In 2016, CHH commenced proceedings against 48 Councils, including Waitomo District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

During the 2017/18 year the councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings (none in Waitomo District) built outside the 10 year long stop contained within the Building Act 2004. In 2018/19, CHH has indicated it may remove some school buildings from the claim, however the quantum removed in respect of school buildings is dependent on court processes, which have not yet been resolved.

An initial trial on whether or not the cladding product is defective is set down for April 2020 and is between MOE and CHH rather than the councils. During the year, a group of home owners initiated High Court proceedings against CHH and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. CHH has joined 29 councils as third parties to actions against them by homeowners. As yet, Waitomo District Council has not been served any additional proceedings.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

New Zealand Local Government Funding Agency Limited

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a Standard and Poors and Fitch rating of AA+ and a foreign currency rating of AA.

Council is one of 52 (2018: 45) local authority guarantors of the LGFA and along with other shareholding local authorities and guaranteeing local authorities is a guarantor of all LGFA's borrowings. At 30 June 2019, the LGFA floating nominal amount for security stock certificates totalled to \$9,840 million (2018: \$8,594 million), while the total borrowings to the local authorities are \$9,531 million (2018: \$8,272 million).

Financial reporting standards require Council to recognise the guarantee liability at fair value if it can be reliably measured. Council has been unable to reliably measure the fair value of the guarantee and has not recognised a liability. Council considers the risk of LGFA of defaulting on repayment of interest or capital to be very low on the basis that Council is unaware of any local authority debt default events in New Zealand and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

New Zealand Mutual Liability Riskpool

Waitomo District Council is a member of New Zealand Mutual Liability Riskpool which provided public liability and professional indemnity cover until 30 June 2017. Members were notified in October 2018 that an interim call would be required before a final call is made on wind up. The interim call amount for Waitomo District Council of \$23,467 was included in 2018/19 year. Due to deteriorating claims experience in 2017/18 a further final call is likely in 2022 or 2023. The amount is unknown at this time however is expected to be less than the interim call amount. The financial statements have not been adjusted for this amount.

Group

A contingent liability of \$1,709,255 exists at 30 June 2019 (2018: \$1,588,882) being bonds guaranteed by Westpac New Zealand Ltd and will be payable if the Group cannot fulfil its contractual obligations.

As at 30 June 2019 and at 30 June 2018, there were no contingent liabilities outstanding.

28• Operating Cashflow Reconciliation

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|------------------------------|------------------------|------------------------------|
| | 2019 ACTUAL | 2018 (restated) ACTUAL | 2019 ACTUAL | 2018 (restated) ACTUAL |
| Net Surplus/(Deficit) After Tax | 4,924 | 4,214 | 5,430 | 5,882 |
| Add/(Less) Non Cash Items | | | | |
| Depreciation and Amortisation | 5,929 | 5,813 | 6,899 | 6,635 |
| (Gain)/Loss in change of fair value of Investment Property | (106) | (38) | (106) | (38) |
| Loss/(Gain) on revaluation of Assets Held for Sale | 0 | 0 | 0 | 0 |
| Loss/(Gain) on Disposal of Assets Held for Sale | 0 | 30 | 3 | 30 |
| Loss/(Gain) on Disposal of Assets or Impairment of Assets | 885 | 1,083 | 832 | 1,079 |
| Unused Provision Amounts Reversed | 19 | (227) | 19 | (227) |
| Non cash acquisition of assets | 0 | 0 | 0 | 0 |
| Change in Unrealised Derivative Financial Instrument | 57 | 49 | 57 | 49 |
| Change in Deferred Taxation Asset/Liability | 0 | 0 | 487 | 750 |
| Add/(Less) Movements in Working Capital Items | | | | |
| Increase in Trade and Other Payables | (673) | (338) | (941) | 1,216 |
| Decrease/(Increase) in Trade and Other Receivables | 228 | 1,021 | 1,190 | (1,043) |
| Increase in Inventories | (9) | (35) | 528 | (501) |
| Increase in Employee Entitlements | 6 | 67 | 83 | 187 |
| Increase/(Decrease) in Provisions | (3) | 14 | (3) | (56) |
| Capitalised Quarry Development Asset | 0 | 0 | (159) | (158) |
| Add Items Classified as Investing or Financing Activities | (288) | 852 | (291) | 846 |
| Net Cash Flows from Operating Activities | 10,969 | 12,505 | 14,028 | 14,651 |

The Operating Cash Flow Reconciliation provides a link between Surplus/(Deficit) amounts in the Statement of Comprehensive Revenue and Expense and Net Cash Inflows from Operating Activities in the Cashflow Statement.

| Restatement of CashFlow Statement | Waitomo District Council | | | Waitomo District Group | | |
|--|--|---------------------------------|---------------------------------------|--|---------------------------------|---------------------------------------|
| | 2018 (Before Restatement) ACTUAL | Restatement Amount ACTUAL | 2018 (After Restatement) ACTUAL | 2018 (Before Restatement) ACTUAL | Restatement Amount ACTUAL | 2018 (After Restatement) ACTUAL |
| Cash flows from Operating Activities | | | | | | |
| Cash was provided from: | 37,255 | (4,825) | 32,430 | 67,491 | (10,196) | 57,295 |
| Cash was applied to: | 23,176 | (3,251) | 19,925 | 51,112 | (8,468) | 42,644 |
| | 14,079 | (1,574) | 12,505 | 16,379 | (1,728) | 14,651 |
| Cash flows from Investing Activities | | | | | | |
| Cash was provided from: | 1,548 | 0 | 1,548 | 1,412 | 0 | 1,412 |
| Cash was applied to: | 12,213 | (1,574) | 10,639 | 13,700 | (1,728) | 11,972 |
| | (10,665) | 1,574 | (9,091) | (12,288) | 1,728 | (10,560) |
| Net Cash outflow from Financing Activities | (1,764) | 0 | (1,764) | (1,088) | 0 | (1,088) |
| Net increase/(decrease) in cash, cash equivalents and bank overdrafts | 1,650 | 0 | 1,650 | 3,003 | 0 | 3,003 |

29• Capital Expenditure

Waitomo District Council

| (\$000's) | NOTE | 2019 BUDGET | 2019 ACTUAL | 2018 ACTUAL |
|--|------|----------------|----------------|----------------|
| Capital by Significant Activity | | | | |
| Leadership and Investments | | 860 | 397 | 465 |
| Community Service | | 968 | 767 | 850 |
| Community Development | | 0 | 9 | 0 |
| Compliance | | 0 | 5 | 0 |
| Solid Waste Management | | 217 | 241 | 199 |
| Stormwater Drainage | | 199 | 392 | 101 |
| Sewerage | | 693 | 538 | 690 |
| Water Supply | | 864 | 2,352 | 1,898 |
| Roads and Footpaths | | 6,453 | 5,401 | 5,666 |
| Total Capital Expenditure | | 10,254 | 10,102 | 9,869 |
| Shown as Additions to | | | | |
| Property, plant and equipment | 21 | 9,937 | 10,064 | 9,828 |
| Intangible assets | 22 | 317 | 35 | 41 |
| Investment Property | 23 | 0 | 3 | 0 |
| Total Capital Expenditure | | 10,254 | 10,102 | 9,869 |
| Funded by | | | | |
| Loans | | 3,934 | 4,006 | 3,241 |
| Subsidy Revenue | | 3,635 | 4,032 | 3,597 |
| Reserves | | 2,685 | 2,064 | 3,031 |
| Total | | 10,254 | 10,102 | 9,869 |

Summary of Significant Capital Additions and Replacements

| Activity (Total spend in \$000's) | Description | Budget \$000's | Actual Expenditure \$000's | | |
|--|---|----------------|----------------------------|---------------------|------------------------|
| | | | Additional demand | Improve performance | Replace existing asset |
| Leadership (Total spend \$397) | Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs | 612 | 0 | 0 | 354 |
| | Unspecified improvements | 85 | 0 | 27 | 0 |
| | Building Strengthening for Earthquake resistance | 163 | 0 | 3 | 13 |
| Community Service (Total spend \$767) | Te Kuiti Camp Ground development | 0 | 0 | 292 | 0 |
| | Playground and sports grounds drainage improvements at Centennial Park | 30 | 0 | 38 | 0 |
| | Cultural & Arts Centre improvements to enhance appeal to user groups | 85 | 0 | 0 | 52 |
| | Library book stock renewal to maintain the standard of books available at the District library | 0 | 0 | 0 | 45 |
| | Camp ground renewals | 48 | 0 | 77 | 0 |
| | Upgrade of public toilets at Mokau for use by the community and travelers | 320 | 0 | 0 | 0 |
| | Unspecified improvements | 180 | 0 | 8 | 4 |
| | Miscellaneous renewals for Elderly Persons Housing, camping grounds, public toilets, parks and reserves, plant & equipment, Council-owned buildings | 305 | 0 | 69 | 182 |
| Community Development (Total spend \$9) | Miscellaneous renewals | 0 | 0 | 0 | 9 |
| Compliance (Total spend \$5) | Miscellaneous renewals | 0 | 0 | 0 | 5 |
| Solid Waste (Total spend \$241) | Resource Consent renewal - volume expansion | 0 | 0 | 0 | 174 |
| | Replacement of miscellaneous assets | 37 | 0 | 0 | 67 |
| | Unspecified Transfer Station Improvements, including safety improvements | 5 | 0 | 0 | 0 |
| | Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill | 175 | 0 | 0 | 0 |
| Stormwater (Total spend \$392) | Ongoing renewals of Council stormwater infrastructure for the management of rain water runoff for property protection | 189 | 0 | 0 | 20 |
| | Te Kuiti network extension - TK Holiday Park | 0 | 0 | 0 | 359 |
| | Piping Opening Drains (Improvements) | 10 | 0 | 0 | 13 |
| Sewerage (Total spend \$538) | Te Kuiti Wastewater Treatment Plant - establish wetland area, design and specifications, upgrade and renewal of existing plant to increase the plant's performance and meet discharge consent compliance. | 29 | 0 | 0 | 14 |
| | Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants | 664 | 0 | 12 | 512 |
| Water (Total spend \$2,352) | Upgrade of water treatment plant in Te Kuiti to meet new drinking water standards | 50 | 0 | 1,176 | 28 |
| | Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply | 96 | 0 | 7 | 278 |
| | Unspecified improvements including additional reservoir for Piopio | 316 | 0 | 426 | 0 |
| | Various pipe and plant renewals to maintain the reticulation network | 402 | 0 | 0 | 437 |

| Activity (Total spend in \$000's) | Description | Budget \$000's | Actual Expenditure \$000's | | |
|--------------------------------------|---|----------------|----------------------------|---------------------|------------------------|
| | | | Additional demand | Improve performance | Replace existing asset |
| Roads (Total spend \$5,401) | Sealed road surfacing - 50kms of reseal across the District to improve the smoothness of the road surface where the existing surface has deteriorated beyond normal capacity. | 1,385 | 0 | 0 | 1,396 |
| | LED Street light upgrade to provide public lighting at a lower overall cost. | 0 | 0 | 0 | 78 |
| | Pavement rehabilitation carried out to reduce future road maintenance costs. | 1,700 | 0 | 0 | 1,626 |
| | Unsealed road metalling to renew structural support to unsealed roads district-wide | 600 | 0 | 0 | 471 |
| | Emergency reinstatement work to repair damage to roads as a result of bad weather events | 700 | 0 | 0 | 539 |
| | Drainage renewals to renew culverts in roading network | 250 | 0 | 0 | 206 |
| | Structures components replacement, including bridge and abutment maintenance throughout the District | 350 | 0 | 0 | 83 |
| | Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights | 150 | 0 | 0 | 308 |
| | Minor safety improvements, including guard rails and re-alignment of roads to improve road safety | 1158 | 0 | 159 | 338 |
| | Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy | 160 | 0 | 197 | 0 |
| (Total spend \$10,102) | | 10,254 | 0 | 2,490 | 7,612 |

Refer to our activities section for commentary on significant variations to budget.

30• Financial Instruments

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Financial Instrument Categories | | | | |
| Financial Assets | | | | |
| Fair Value through Profit and Loss - held for trading | | | | |
| Derivative Financial Instrument Assets | 0 | 0 | 0 | 0 |
| Loans and Receivables | | | | |
| Cash and Cash Equivalents | 1,819 | 1,762 | 2,154 | 1,836 |
| Receivables Under Exchange and Non Exchange Transactions | 6,773 | 7,049 | 9,996 | 11,300 |
| Loans and Advances - Current | 3 | 378 | 3 | 3 |
| Loans and Advance - Non Current | 503 | 418 | 503 | 418 |
| Total Loans and Receivables | 9,098 | 9,607 | 12,656 | 13,557 |
| Available for Sale | | | | |
| Shares in Companies | 20 | 20 | 20 | 20 |
| Shares in Subsidiaries | 11,435 | 11,800 | 0 | 0 |
| Total Available for Sale | 11,455 | 11,820 | 20 | 20 |
| Financial Liabilities | | | | |
| Fair Value through Profit and Loss - held for trading | | | | |
| Derivative Financial Instrument Liabilities | 2,522 | 1,737 | 2,522 | 1,737 |
| Financial Liabilities at Amortised Cost | | | | |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current | 3,820 | 4,135 | 5,957 | 6,495 |
| Bank Overdraft | 0 | 0 | 0 | 122 |
| Secured Loans - Current | 10,261 | 21,362 | 12,061 | 23,666 |
| Secured Loans - Non Current | 30,000 | 20,000 | 33,375 | 22,497 |
| Unsecured Loans - Current | 0 | 375 | 0 | 375 |
| Lease Liabilities - Current | 0 | 0 | 0 | 6 |
| Total Financial Liabilities at Amortised Cost | 44,081 | 45,872 | 51,393 | 53,161 |

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss. Due to the timing of its cash inflows and outflows, the Group invests surplus cash into term deposits, which gives rise to credit risk.

The Group also minimises credit risk by limiting investments to registered banks, local government stock and other entities with a Standard and Poor's credit rating no less than AA-.

The Group has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum Exposure to Credit Risk

Council's maximum credit exposure for each class of financial instrument is as follows:

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Cash and Cash Equivalents | 1,819 | 1,762 | 2,154 | 1,836 |
| Receivables Under Exchange and Non Exchange Transactions | 6,773 | 7,049 | 9,996 | 11,300 |
| Loans and Advances | 506 | 796 | 506 | 421 |
| Total Credit Risk | 9,098 | 9,607 | 12,656 | 13,557 |

Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counter-party default rates:

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Counter-parties with Credit Ratings: | | | | |
| Cash and Cash Equivalents | | | | |
| AA- | 1,819 | 1,762 | 1,819 | 1,836 |
| Other Financial Assets - Loans and Advances | | | | |
| AA+ | 480 | 400 | 480 | 400 |
| Counter-parties without Credit Ratings: | | | | |
| Other Financial Assets - Loans and Advances | | | | |
| Existing counter-party with no defaults in the past | 10 | 16 | 10 | 16 |
| Existing counter-party with defaults in the past | 0 | 375 | 0 | 0 |

Debtors and other receivables mainly arise from Group's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings.

The Group has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has a range of powers under the Local Government (Rating) Act 2002 to recover outstanding debts from the ratepayers, the property mortgagee and/or through property sales.

Liquidity Risk

Management of Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group aims to maintain flexibility in funding by keeping committed credit lines available. The Group manages its borrowings in accordance with its funding and financial policies, which include the Treasury Policy (incorporating Council's investment and liability management policies).

Contractual Maturity Analysis of Financial Liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual un-discounted cash flows:

| | Effective Interest Rates % | Carrying Amount \$000's | Contractual Cashflows \$000's | Less than One Year \$000's | 1-2 Years \$000's | 2-5 Years \$000's | More than Five Years \$000's |
|--|----------------------------|-------------------------|-------------------------------|----------------------------|-------------------|-------------------|------------------------------|
| Council 2019 | | | | | | | |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current | 0.00% | 3,820 | 3,820 | 3,820 | 0 | 0 | 0 |
| Secured Loans - Current | 2.03% | 10,261 | 10,261 | 10,261 | 0 | 0 | 0 |
| Secured Loans - Non-current | 2.26% | 30,000 | 32,177 | 716 | 5,620 | 24,811 | 1,030 |
| Derivative Financial Instruments | 0.00% | 2,522 | 2,603 | 684 | 651 | 1,058 | 210 |
| Total | | 46,603 | 48,861 | 15,481 | 6,271 | 25,869 | 1,240 |
| Council 2018 | | | | | | | |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current | 0.00% | 4,135 | 4,135 | 4,135 | 0 | 0 | 0 |
| Secured Loans - Current | 2.35% | 21,362 | 21,362 | 21,362 | 0 | 0 | 0 |
| Secured Loans - Non-current | 2.65% | 20,000 | 22,159 | 530 | 531 | 16,967 | 4,131 |
| Unsecured Loans - Non-current | 5.10% | 375 | 375 | 375 | 0 | 0 | 0 |
| Derivative Financial Instruments | 0.00% | 1,737 | 1,811 | 611 | 509 | 613 | 78 |
| Total | | 47,609 | 49,842 | 27,013 | 1,040 | 17,580 | 4,209 |
| Group 2019 | | | | | | | |
| Trade and other payables (Current) | 0.00% | 5,957 | 5,957 | 5,957 | 0 | 0 | 0 |
| Secured Loans - Current | 2.28% | 12,061 | 12,215 | 12,215 | 0 | 0 | 0 |
| Secured Loans - Non-current | 2.46% | 33,375 | 35,936 | 716 | 6,253 | 27,937 | 1,030 |
| Derivative Financial Instruments | 0.00% | 2,522 | 2,603 | 684 | 651 | 1,058 | 210 |
| Total | | 53,915 | 56,711 | 19,572 | 6,904 | 28,995 | 1,240 |
| Group 2018 | | | | | | | |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current | 0.00% | 6,495 | 6,495 | 6,495 | 0 | 0 | 0 |
| Bank Overdraft | 7.75% | 122 | 122 | 122 | 0 | 0 | 0 |
| Secured Loans - Current | 2.67% | 23,666 | 23,826 | 23,826 | 0 | 0 | 0 |
| Secured Loans - Non-current | 2.77% | 22,497 | 24,667 | 530 | 3,039 | 16,967 | 4,131 |
| Unsecured Loans - Non-current | 5.10% | 375 | 375 | 375 | 0 | 0 | 0 |
| Lease Liabilities - Current & Non-current | 9.45% | 6 | 6 | 6 | 0 | 0 | 0 |
| Derivative Financial Instruments | 0.00% | 1,737 | 1,811 | 611 | 509 | 613 | 78 |
| Total | | 54,898 | 57,302 | 31,965 | 3,548 | 17,580 | 4,209 |

Sensitivity Analysis

The table below illustrates, the potential impact on surplus/ (deficit) for reasonably possible market movements, with all other variables held constant, based on Group's financial instrument exposures at balance date. The impact on Equity is the same as, the surplus/ (deficit) impact below except for cashflow hedges which only have an impact on equity. A movement of 50bps (basis points), which is 0.50% and represents managements assessment of the reasonably possible change in interest rates:

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|-------------|------------------------|-------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Interest Rate Risk | | | | |
| Market Interest Rates increase by 50bps | (50) | (57) | (76) | (82) |
| Market Interest Rates decrease by 50bps | 50 | 57 | 76 | 82 |

The sensitivity analysis is prepared assuming the amount of liability outstanding at balance date was outstanding for the whole year.

Explanation of Sensitivity Analysis - Council

Council has floating rate debt with a principal amount totalling \$10,000,000 (2018: \$11,475,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$50,000 (2018: \$57,000). A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Explanation of Sensitivity Analysis - Group

Group has floating rate debt with a principal amount totalling \$15,175,000 (2018: \$16,330,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$76,000 (2018: \$82,000). A movement in market interest rates on fixed debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

Fair Value

The carrying value of cash and cash equivalents, debtors and other receivables, loans, advances, current borrowings, bank overdraft and creditors and other payables approximates their fair value. The fair value of non-current portion of borrowings of Council is \$30,680,000 (2018: \$20,512,000) and for the Group \$35,855,000 (2018: \$23,009,000).

Council holds a small shareholding interest in NZ Local Government Insurance Corporation Limited and Waikato Local Authority Shared Services Limited, of which it has no intention of disposing of. The fair value of these unlisted companies cannot be reliably measured, due to a lack of an active market and lack of appropriate projected cash flow and revenue stream information for these securities.

Fair Value Measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| (\$000's) | Level 1 | Level 2 | Level 3 | Total |
|---|----------|--------------|---------------|---------------|
| Council 2019 | | | | |
| Financial Assets at FVTPL | | | | |
| Derivative Financial Instrument Assets | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Available-for-sale financial assets | | | | |
| Shares in Subsidiaries | 0 | 0 | 11,435 | 11,435 |
| Shares in Companies | 0 | 0 | 20 | 20 |
| | 0 | 0 | 11,455 | 11,455 |
| Financial Liabilities at FVTPL | | | | |
| Derivative Financial Instrument Liabilities | 0 | 2,522 | 0 | 2,522 |
| | 0 | 2,522 | 0 | 2,522 |
| Group 2019 | | | | |
| Financial Assets at FVTPL | | | | |
| Derivative Financial Instrument Assets | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| Available-for-sale financial assets | | | | |
| Shares in Subsidiaries | 0 | 0 | 0 | 0 |
| Shares in Companies | 0 | 0 | 20 | 20 |
| | 0 | 0 | 20 | 20 |
| Financial Liabilities at FVTPL | | | | |
| Derivative Financial Instrument Liabilities | 0 | 2,522 | 0 | 2,522 |
| | 0 | 2,522 | 0 | 2,522 |
| Council 2018 | | | | |
| Financial Assets at FVTPL | | | | |
| Derivative Financial Instrument Assets | 0 | 0 | 0 | 0 |
| Available-for-sale financial assets | | | | |
| Shares in Subsidiaries | 0 | 0 | 11,800 | 11,800 |
| Shares in Companies | 0 | 0 | 20 | 20 |
| | 0 | 0 | 11,820 | 11,820 |
| Financial Liabilities at FVTPL | | | | |
| Derivative Financial Instrument Liabilities | 0 | 1,737 | 0 | 1,737 |
| | 0 | 1,737 | 0 | 1,737 |
| Group 2018 | | | | |
| Financial Assets at FVTPL | | | | |
| Derivative Financial Instrument Assets | 0 | 0 | 0 | 0 |
| Available-for-sale financial assets | | | | |
| Shares in Companies | 0 | 0 | 20 | 20 |
| | 0 | 0 | 20 | 20 |
| Financial Liabilities at FVTPL | | | | |
| Derivative Financial Instrument Liabilities | 0 | 1,737 | 0 | 1,737 |
| | 0 | 1,737 | 0 | 1,737 |

Recognition of Level 3 fair value measurements of financial assets

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Balance at 1 July | 11,820 | 4,520 | 20 | 20 |
| Gain/(Loss) on revaluation recognised in Other Comprehensive Income | (365) | 7,300 | 0 | 0 |
| Balance at 30 June | 11,455 | 11,820 | 20 | 20 |

31 • Related Party Transactions

The Council is the ultimate parent of the Group. Related parties include its subsidiary Inframax Construction Ltd, the Council's investment in Waikato Local Authority Shared Services Ltd and Civic Financial Services Ltd.

Council

Council has a 100% shareholding in Inframax Construction Ltd. The following related party transactions are included in Council's financial statements.

| (\$000's) | Waitomo District Council | |
|--|--------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL |
| Transactions with Inframax Construction Ltd | | |
| Road construction and maintenance expenditure | 9,677 | 9,637 |
| Other expenditure | 21 | 20 |
| Fees and charges and Income from Construction | 182 | 58 |
| Interest on advance | 0 | 39 |
| Balances Outstanding with Inframax Construction Ltd | | |
| Payables | 1,168 | 1,224 |
| Receivables | 47 | 14 |
| Advance | 0 | 375 |

Inframax Construction Limited

The Company paid plant hire fees of \$46,312 (2018: \$25,125) to R & M Simpson Contracting, a business owned by R & M Simpson, employees of the Company. There was \$6,512 owing at year end (2018: \$1,380).

Remuneration of the Chief Executive (Council)

In the 2018/19 financial year the total remuneration paid to the Council's Chief Executive was \$263,997 (2018: \$259,322).

Elected Representatives and Directors

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|--|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Mayor Hanna | 79 | 73 | 79 | 73 |
| Deputy Mayor Whitaker | 34 | 33 | 34 | 33 |
| Councillor Goddard | 29 | 29 | 29 | 29 |
| Councillor Brodie | 30 | 30 | 30 | 30 |
| Councillor Davey (resigned 23 May 2019) | 23 | 24 | 23 | 24 |
| Councillor Smith | 30 | 30 | 30 | 30 |
| Councillor New | 25 | 25 | 25 | 25 |
| Directors Fees | 0 | 0 | 120 | 120 |
| Total Elected Members Remuneration and Directors Fees | 250 | 244 | 370 | 364 |

Key Management Personnel

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Elected Members and Directors | | | | |
| Remuneration | 250 | 244 | 370 | 364 |
| Number of elected members and directors | 6 | 7 | 9 | 10 |
| Key Management Personnel | | | | |
| Remuneration | 899 | 888 | 1,339 | 1,294 |
| Full time equivalent members | 5 | 5 | 9 | 9 |

Council's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel. The Group's key management personnel include the Mayor, Councillors, Chief Executive and other senior management personnel and the Directors and executive staff of Inframax Construction Ltd. Due to the difficulty in determining the full time equivalent for elected members and directors, the number of elected members and directors has been reported instead of the full time equivalent.

In May 2019, Cr Davey resigned from his elected member position and the position was vacant at 30 June 2019.

There were no other related party transactions during the year (2018: Nil).

| Council Employees | Waitomo District Council |
|---|--------------------------|
| (\$000's) | 2019 ACTUAL |
| Total number of employees per remuneration band at 30 June: | |
| <\$60,000 | 41 |
| \$60,000 - \$79,999 | 20 |
| \$80,000 - \$119,999 | 12 |
| \$120,000 - \$269,999 | 8 |
| Total Employees | 81 |

| Council Employees | Waitomo District Council |
|---|--------------------------|
| (\$000's) | 2018 ACTUAL |
| Total number of employees per remuneration band at 30 June: | |
| <\$60,000 | 40 |
| \$60,000 - \$79,999 | 21 |
| \$80,000 - \$119,999 | 11 |
| \$120,000 - \$259,999 | 7 |
| Total Employees | 79 |

The number of full time equivalent employees at 30 June 2019 was 70 (2018: 70).

32• Construction Contracts

| (\$000's) | NOTE | Waitomo District Group | |
|---|------|------------------------|----------------|
| | | 2019 ACTUAL | 2018 ACTUAL |
| Constructions costs incurred plus recognised profits less recognised losses to date | | 0 | 0 |
| Less Progress Billings | | 0 | 0 |
| Contracts in Progress at 30 June | | 0 | 0 |
| Deferred Revenue | 17 | 0 | 49 |
| Construction Contract Accrued Income | 15 | 0 | 0 |
| Contracts in Progress at 30 June | | 0 | 49 |

33• Severance payments

Council

There were no severance payments made during the year (2018: nil).

Group

There were no severance payments made during the year (2018: nil).

34• Funding Impact Statements (Local Government (Financial Reporting) Regulations 2011)

The following information is presented in compliance with the Local Government (Financial Reporting) Regulations 2011 and should not be relied on for any other purpose than compliance with those regulations. The purpose of the statements is to present information about sources and applications of funding. This information is derived from accrual accounting records, prepared under GAAP, however transactions with no funding impact, such as depreciation and asset revaluations have been eliminated.

| Waitomo District Council: Funding impact statement for 2017 to 2019 for whole of Council (\$000's) | EAP 2017/18 | ACTUAL 2017/18 | LTP 2018/19 | ACTUAL 2018/19 |
|---|------------------------|---------------------------|------------------------|---------------------------|
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | 7,374 | 7,144 | 7,822 | 7,915 |
| Targeted rates | 12,657 | 12,583 | 12,654 | 12,839 |
| Subsidies and grants for operating purposes | 3,787 | 4,030 | 4,510 | 4,682 |
| Fees and charges | 3,144 | 4,042 | 3,199 | 3,937 |
| Interest and Dividends from Investments | 31 | 62 | 35 | 26 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 141 | 169 | 186 | 232 |
| Total operating funding (A) | 27,134 | 28,030 | 28,406 | 29,631 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 20,719 | 19,816 | 21,480 | 20,593 |
| Finance costs | 2,690 | 1,761 | 2,597 | 1,706 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding (B) | 23,409 | 21,577 | 24,077 | 22,299 |
| Surplus (deficit) of operating funding (A-B) | 3,725 | 6,453 | 4,329 | 7,332 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 3,635 | 3,596 | 4,754 | 4,080 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 3,170 | 3,241 | 3,934 | 4,005 |
| Gross proceeds from sale of assets | 1,024 | 1,168 | 0 | 60 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 | 0 |
| Total sources of capital funding (C) | 7,829 | 8,005 | 8,688 | 8,145 |
| Applications of capital funding | | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 1,424 | 1,509 | 1,012 | 2,491 |
| Capital expenditure - to replace existing assets | 8,726 | 8,360 | 9,242 | 7,611 |
| Increase (decrease) in reserves | 1,404 | 4,589 | 2,763 | 5,375 |
| Increase (decrease) of investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding (D) | 11,554 | 14,458 | 13,017 | 15,477 |
| Surplus (deficit) of capital funding (C-D) | 3,725 | 6,453 | 4,329 | 7,332 |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Governance: Leadership and Investments (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|--|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 2,713 | 2,183 | 2,240 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 97 | 65 | 191 |
| Internal charges and overheads recovered | 16,733 | 19,372 | 16,690 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 31 | 35 | 26 |
| Total operating funding (A) | 19,574 | 21,655 | 19,147 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 8,216 | 8,618 | 8,565 |
| Finance costs | 3,499 | 2,572 | 1,695 |
| Internal charges and overheads applied | 7,665 | 9,975 | 8,204 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 19,380 | 21,165 | 18,464 |
| | | | |
| Surplus (deficit) of operating funding (A-B) | 194 | 490 | 683 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 137 | 0 | 0 |
| Gross proceeds from sale of assets | 76 | 0 | 60 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 213 | 0 | 60 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 57 | 245 | 30 |
| Capital expenditure - to replace existing assets | 424 | 615 | 367 |
| Increase (decrease) in reserves | (74) | (370) | 346 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 407 | 490 | 743 |
| | | | |
| Surplus (deficit) of capital funding (C-D) | (194) | (490) | (683) |
| | | | |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Community Service (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|---|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 3,089 | 3,344 | 3,364 |
| Targeted rates | 315 | 274 | 278 |
| Subsidies and grants for operating purposes | 0 | 1 | 0 |
| Fees and charges | 486 | 526 | 592 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 0 | 0 |
| Total operating funding (A) | 3,890 | 4,145 | 4,234 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 1,539 | 1,599 | 1,415 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 1,821 | 1,899 | 1,871 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 3,360 | 3,498 | 3,286 |
| | | | |
| Surplus (deficit) of operating funding (A-B) | 530 | 647 | 948 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 160 | 276 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 257 | 402 | 154 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 257 | 562 | 430 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 154 | 172 | 484 |
| Capital expenditure - to replace existing assets | 315 | 797 | 284 |
| Increase (decrease) in reserves | 318 | 240 | 610 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 787 | 1,209 | 1,378 |
| | | | |
| Surplus (deficit) of capital funding (C-D) | (530) | (647) | (948) |
| | | | |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Community Development (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|---|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 926 | 1,351 | 1,361 |
| Targeted rates | 228 | 346 | 352 |
| Subsidies and grants for operating purposes | 2 | 0 | 0 |
| Fees and charges | 61 | 42 | 47 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 2 | 0 |
| Total operating funding (A) | 1,217 | 1,741 | 1,760 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 717 | 1,968 | 891 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 595 | 755 | 691 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 1,312 | 2,723 | 1,582 |
| Surplus (deficit) of operating funding (A-B) | (95) | (982) | 178 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 42 | 1,000 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 42 | 1,000 | 0 |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 0 | 0 | 0 |
| Capital expenditure - to replace existing assets | 42 | 0 | 9 |
| Increase (decrease) in reserves | (95) | 18 | 169 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | (53) | 18 | 178 |
| Surplus (deficit) of capital funding (C-D) | 95 | 982 | (178) |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Compliance (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|--|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 455 | 561 | 565 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 3 | 1 |
| Fees and charges | 412 | 433 | 486 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 20 | 17 | 28 |
| Total operating funding (A) | 887 | 1,014 | 1,080 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 154 | 238 | 197 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 772 | 771 | 763 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 926 | 1,009 | 960 |
| | | | |
| Surplus (deficit) of operating funding (A-B) | (39) | 5 | 120 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 0 | 0 | 0 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 0 | 0 | 0 |
| Capital expenditure - to replace existing assets | 0 | 0 | 5 |
| Increase (decrease) in reserves | (39) | 5 | 115 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | (39) | 5 | 120 |
| | | | |
| Surplus (deficit) of capital funding (C-D) | 39 | (5) | (120) |
| | | | |
| Funding Balance ((A-B)+(C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Solid Waste Management (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|--|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 23 | 17 | 17 |
| Targeted rates | 896 | 972 | 981 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 1,028 | 1,083 | 1,465 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 36 | 6 |
| Total operating funding (A) | 1,947 | 2,108 | 2,469 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 1,234 | 1,315 | 1,421 |
| Finance costs | 25 | 25 | 11 |
| Internal charges and overheads applied | 681 | 623 | 599 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 1,940 | 1,963 | 2,031 |
| | | | |
| Surplus (deficit) of operating funding (A-B) | 7 | 145 | 438 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 26 | 0 | 233 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 26 | 0 | 233 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 0 | 0 | 0 |
| Capital expenditure - to replace existing assets | 33 | 217 | 242 |
| Increase (decrease) in reserves | 0 | (72) | 429 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 33 | 145 | 671 |
| | | | |
| Surplus (deficit) of capital funding (C-D) | (7) | (145) | (438) |
| | | | |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Stormwater (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|--|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 0 | 0 | 0 |
| Targeted rates | 459 | 406 | 412 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 0 | 0 | 8 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 0 | 0 |
| Total operating funding (A) | 459 | 406 | 420 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 166 | 120 | 174 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 118 | 92 | 82 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 284 | 212 | 256 |
| Surplus (deficit) of operating funding (A-B) | 175 | 194 | 164 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 43 | 0 | 359 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 43 | 0 | 359 |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 0 | 0 | 0 |
| Capital expenditure - to replace existing assets | 258 | 199 | 392 |
| Increase (decrease) in reserves | (40) | (5) | 131 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 218 | 194 | 523 |
| Surplus (deficit) of capital funding (C-D) | (175) | (194) | (164) |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Resource Management (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|---|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 137 | 272 | 274 |
| Targeted rates | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 84 | 85 | 139 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 0 | 64 |
| Total operating funding (A) | 221 | 357 | 477 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 59 | 321 | 260 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 145 | 638 | 637 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 204 | 959 | 897 |
| Surplus (deficit) of operating funding (A-B) | 17 | (602) | (420) |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 633 | 527 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 0 | 633 | 527 |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 0 | 0 | 0 |
| Capital expenditure - to replace existing assets | 0 | 0 | 0 |
| Increase (decrease) in reserves | 17 | 31 | 107 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 17 | 31 | 107 |
| Surplus (deficit) of capital funding (C-D) | (17) | 602 | 420 |
| Funding Balance ((A-B)+(C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Sewerage (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|--|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 0 | 0 | 0 |
| Targeted rates | 2,376 | 2,503 | 2,506 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 893 | 860 | 864 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 0 | 0 |
| Total operating funding (A) | 3,269 | 3,363 | 3,370 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 1,194 | 1,291 | 1,078 |
| Finance costs | | 0 | 0 |
| Internal charges and overheads applied | 1,427 | 1,160 | 1,042 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 2,621 | 2,451 | 2,120 |
| Surplus (deficit) of operating funding (A-B) | 648 | 912 | 1,250 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 622 | 122 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 0 | 622 | 122 |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 212 | 0 | 12 |
| Capital expenditure - to replace existing assets | 254 | 694 | 526 |
| Increase (decrease) in reserves | 182 | 840 | 834 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 648 | 1,534 | 1,372 |
| Surplus (deficit) of capital funding (C-D) | (648) | (912) | (1,250) |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Water Supply (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|--|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 0 | 0 | 0 |
| Targeted rates | 2,644 | 2,699 | 2,807 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 |
| Fees and charges | 8 | 0 | 26 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 0 | 0 | 0 |
| Total operating funding (A) | 2,652 | 2,699 | 2,833 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 1,190 | 1,058 | 1,139 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 1,223 | 1,267 | 1,187 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 2,413 | 2,325 | 2,326 |
| | | | |
| Surplus (deficit) of operating funding (A-B) | 239 | 374 | 507 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 153 | 859 | 2,327 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 153 | 859 | 2,327 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 22 | 382 | 1,609 |
| Capital expenditure - to replace existing assets | 395 | 480 | 743 |
| Increase (decrease) in reserves | (25) | 371 | 482 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 392 | 1,233 | 2,834 |
| | | | |
| Surplus (deficit) of capital funding (C-D) | (239) | (374) | (507) |
| | | | |
| Funding Balance ((A-B)+(C-D)) | 0 | 0 | 0 |

| Waitomo District Council: Funding impact statement for 2017 to 2019 for Roads and Footpaths (\$000's) | LTP 2015-2025 2018 | LTP 2018-28 2019 | ACTUAL 2018/19 |
|---|-----------------------|---------------------|-------------------|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 87 | 94 | 95 |
| Targeted rates | 6,102 | 5,454 | 5,502 |
| Subsidies and grants for operating purposes | 3,517 | 4,507 | 4,681 |
| Fees and charges | 120 | 105 | 119 |
| Internal charges and overheads recovered | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees and other receipts | 124 | 130 | 134 |
| Total operating funding (A) | 9,950 | 10,290 | 10,531 |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 4,852 | 4,952 | 5,453 |
| Finance costs | 0 | 0 | 0 |
| Internal charges and overheads applied | 2,131 | 2,131 | 1,597 |
| Other operating funding applications | 0 | 0 | 0 |
| Total applications of operating funding (B) | 6,983 | 7,083 | 7,050 |
| Surplus (deficit) of operating funding (A-B) | 2,967 | 3,207 | 3,481 |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 3,650 | 4,594 | 3,805 |
| Development and financial contributions | 0 | 0 | 0 |
| Increase (decrease) in debt | 364 | 418 | 282 |
| Gross proceeds from sale of assets | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 |
| Other dedicated capital funding | 0 | 0 | 0 |
| Total sources of capital funding (C) | 4,014 | 5,012 | 4,087 |
| Applications of capital funding | | | |
| Capital expenditure - to meet additional demand | 0 | 0 | 0 |
| Capital expenditure - to improve the level of service | 207 | 213 | 356 |
| Capital expenditure - to replace existing assets | 5,823 | 6,240 | 5,044 |
| Increase (decrease) in reserves | 951 | 1,766 | 2,168 |
| Increase (decrease) of investments | 0 | 0 | 0 |
| Total applications of capital funding (D) | 6,981 | 8,219 | 7,568 |
| Surplus (deficit) of capital funding (C-D) | (2,967) | (3,207) | (3,481) |
| Funding Balance ((A-B) + (C-D)) | 0 | 0 | 0 |

35• Events after balance date

On 30 July 2019 a maturing commercial paper of \$5 million was refinanced through the issue of a commercial paper to the LGFA with a maturity of 28 January 2020.

36• Explanations of Variances to Budget (Council)

Statement of Comprehensive Revenue and Expense

Revenue was \$0.3 million more than budget due to:

- Rates revenue was \$0.2 million less than budget. This was the result of excluding rates revenue on council owned properties.
- Subsidies and grants were also \$0.5 million less than budget as the capital expenditure programme was not fully spent.
- Fees and charges revenue was \$0.7 million more due to increased landfill disposal revenue and quarry royalty revenue. Additional revenue was also received for complex resource consent applications were costs associated with planning consultants were recovered from applicants and fees for building control services.
- Other revenue including gains/(losses) was \$0.3 million more than budget due to gains on the revaluation of investment property, a funding contribution for costs associated with the district plan review and depreciation recovered on the sale of motor vehicles.

Expenditure was \$1.4 million less than budget due to:

- Employee benefit expenditure was \$0.2 million more than budget for additional organisational capacity and resourcing requirements.
- Finance costs were \$0.9 million less than budget due to a reduced public debt level than what was budgeted for and interest rates were less than anticipated at the time the budget was prepared. This reduced expenditure for Leadership, Community Service, Solid Waste, Sewerage, Water Supply and Roads activities.
- Other expenditure was \$0.6 million less than budget due to:
 - o Rates paid on council owned property being excluded. The budget figure included rates on council owned properties.
 - o Grant expenditure for the proposed North King Country stadium was not spent.
 - o Reduced operations and maintenance costs for all sewerage schemes.

Statement of Financial Position

Total equity was \$13.2 million more than expected due to:

- The surplus was \$1.7 million more than budget.
- The revaluation reserve was \$2.7 million more than budget due mainly to an increase in the reserve to recognise the discovered assets which were not identified at the time the budgets were prepared.
- The net increase in revaluation of assets available for sale reserve for the increase in value of the investment in Inframax Construction Ltd. The budget assumed a value of the investment of \$4.5 million compared to the value at 30 June 2019 of \$11.4 million.
- Council created reserves were also \$5.2 million more than budget due to surpluses arising from various activities of Council and increases in depreciation reserves.
- These increases were offset by the loss on cashflow hedges which was \$0.8 million more than budget.

Current assets were \$0.4 million more due to a higher level of cash and cash equivalents at balance date and assets held for sale than the budget. These were offset partly by reduced receivables.

Current liabilities were \$5.3 million less than budget due to a lower overall level of borrowings than anticipated in the budgets and a lower level of payables at balance date than was estimated.

Non current assets were \$5.2 million more than expected due to the increase in the value of other financial assets from the valuation of Inframax Construction Ltd to \$11.4 million. This increase was partly offset by a lower value of property, plant and equipment than anticipated due to less capital expenditure being undertaken than was estimated when the budgets were prepared.

Non current liabilities were \$2.2 million less than budget due to a lower overall level of borrowings than was anticipated in the budgets. Derivative financial instruments were also \$0.8 million more than expected.

37• Financial reporting and prudence benchmarks

Annual report disclosure statement for the year ending 30 June 2019.

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Group is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement. The regulations can be found on the New Zealand legislation website www.legislation.govt.nz.

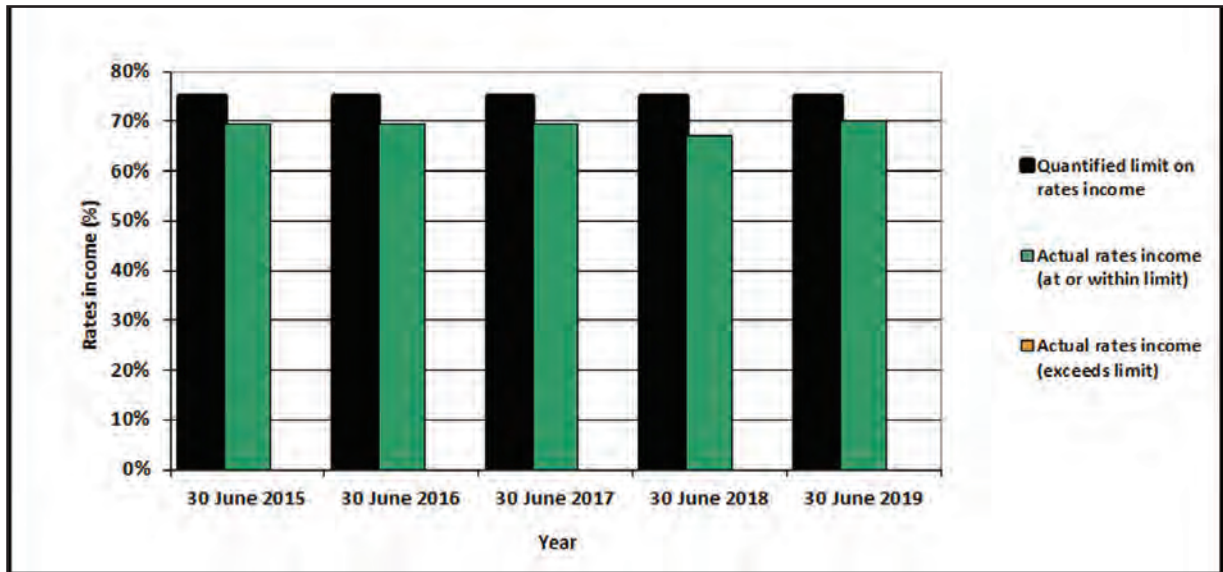
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s long-term plan.

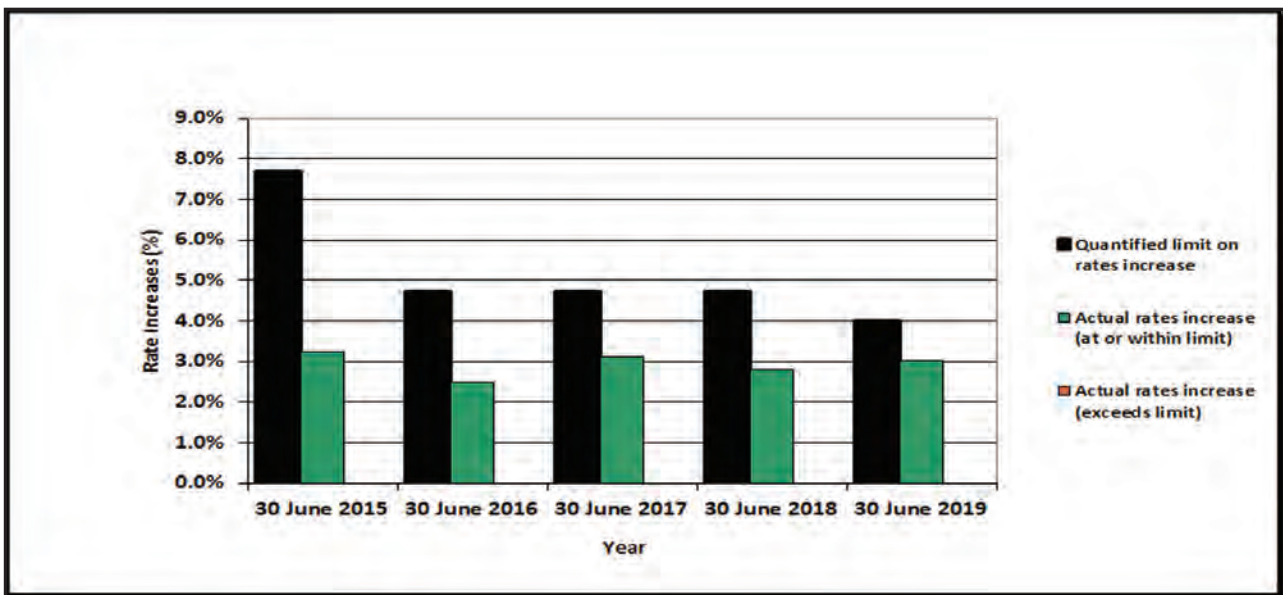


The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties and includes rates received on Council properties. Total expenditure also includes rates paid on Council properties. Rates income was 70% of operating expenditure in 2018/19. For 2018/19 year actual total expenditure has been used. Previously budgeted expenditure was used.

Rates (increases) affordability

The following graph compares the Council’s **actual** rates increases with a quantified limit on rates increases in the financial strategy included in the Council’s 2018-28 Long Term Plan. The quantified limit for rates increases is 4% for the year ending June 2019 (Local Government Cost Index + 2%). Actual rates increase from 2017/18 to 2018/19 was 3.0%.

For the year to June 2015 (in the following graph), the rates increases limit was 7.7% as set out in the 2012-22 Long Term Plan and for the years June 2016 to June 2018 the rates limit was 4.7% as set out in the 2015-25 Long Term Plan.



Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. There are five quantified limits described in the long-term plan:

- total borrowing costs will not exceed 10% of total revenue,
- net interest to total revenue will not exceed 20%,

- total borrowings must not exceed 20% of total assets,
- net debt will not exceed 170% of total (cash) revenue, and
- net interest will not exceed 20% of annual rates.

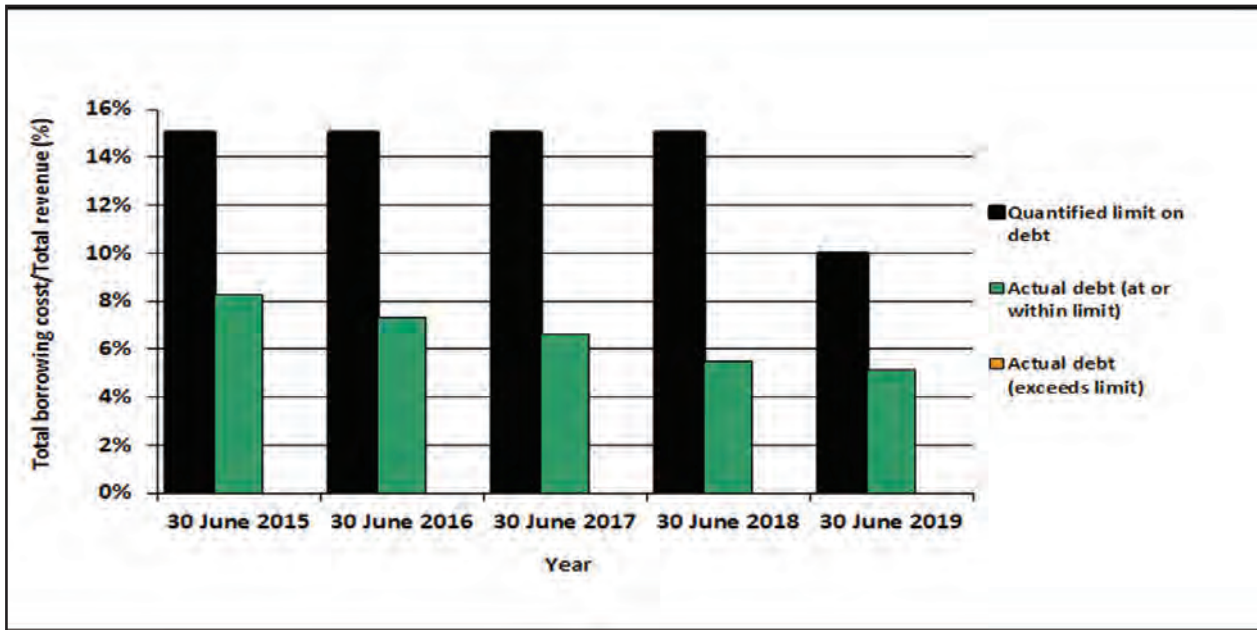
Total interest expense includes interest on borrowings and finance leases.

Total revenue includes rates revenue and penalties, government grants and subsidies for operating and capital expenditure, interest revenue, gains on sale of assets, and other revenue. Total revenue excludes gains or losses from change in value of investment property and available for sale non current assets, gains on derivatives, gains on forestry and revenue on acquisition of property plant and equipment at nominal value.

Total borrowing cost will not exceed 10% of total revenue

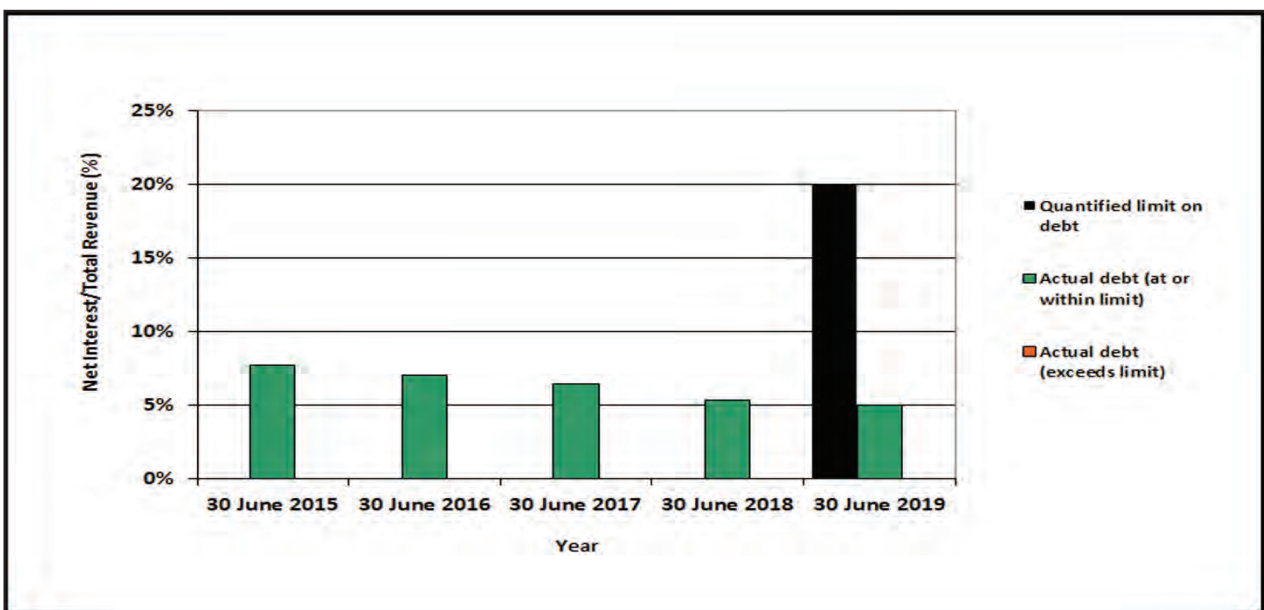
The following graph compares the Council's actual borrowings with quantified limit on borrowing stated in the financial strategy included in Council's long term plan. The quantified limit is total interest expense as a percentage of total revenue. A value less than the quantified limit of 10% indicates compliance with the prudential limit.

For the years to June 2018 (in the following graph), the limit was 15% as set in the LTPs 2012-22 and 2015-25.



Net interest to total revenue will not exceed 20%

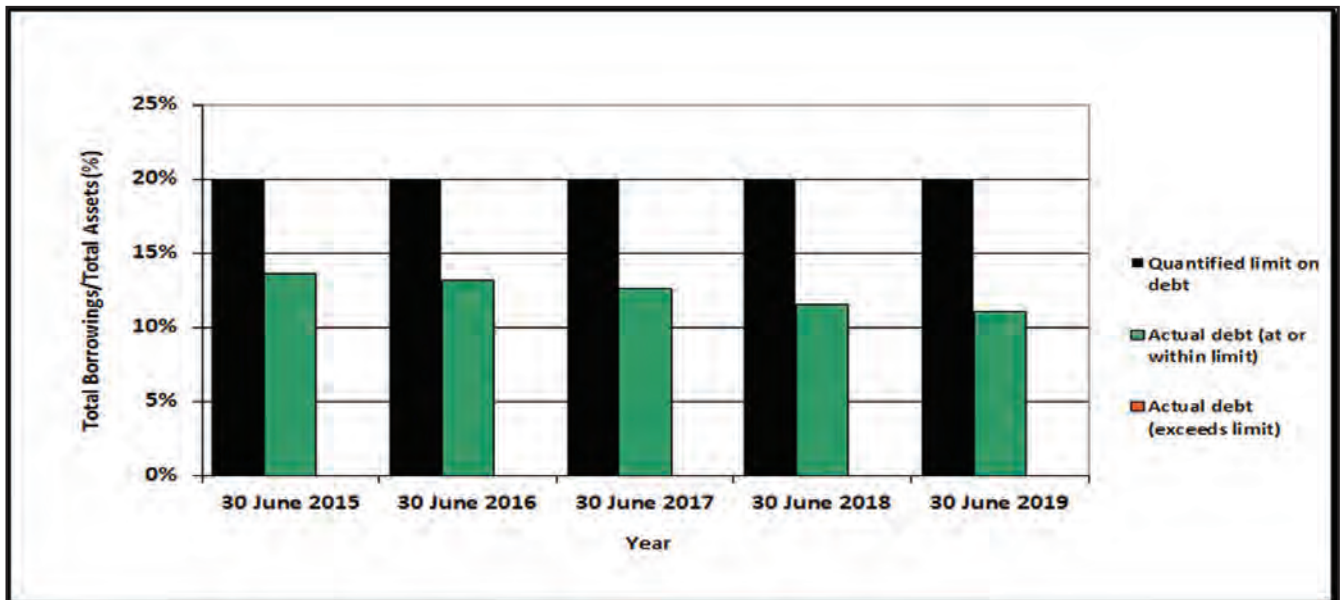
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net interest expense as a percentage of total revenue. A value less than the quantified limit of 20% indicates compliance with the prudential limit.



Total borrowings must not exceed 20% of total assets.

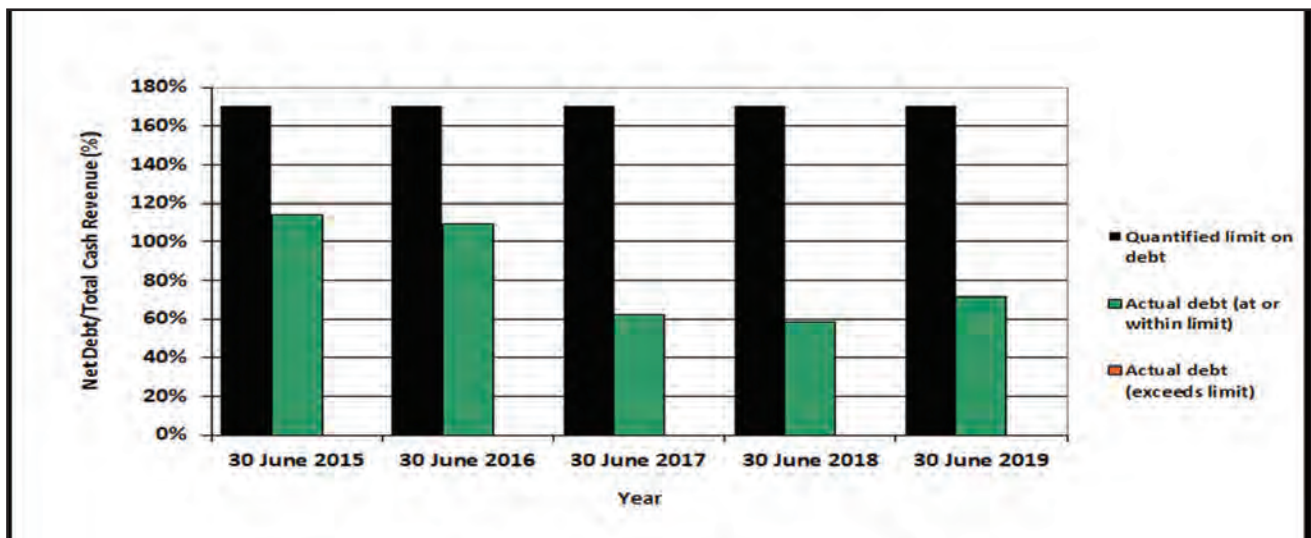
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is total borrowings as a percentage of total assets. A value less than the quantified limit of 20% indicates compliance with the prudential limit.

This is a new measure introduced in the LTP 2018-28. Results have been included for prior years for comparative purposes.



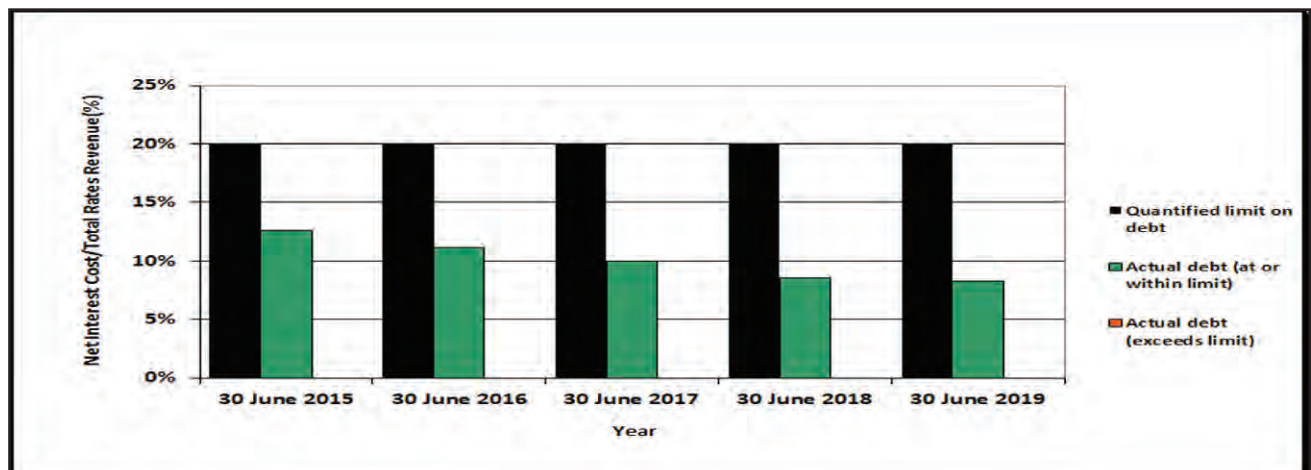
Net debt will not exceed 170% of total (cash) revenue

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net debt will not exceed 170% of total (cash) revenue. A value of less than 170% indicates compliance with the prudential limit.



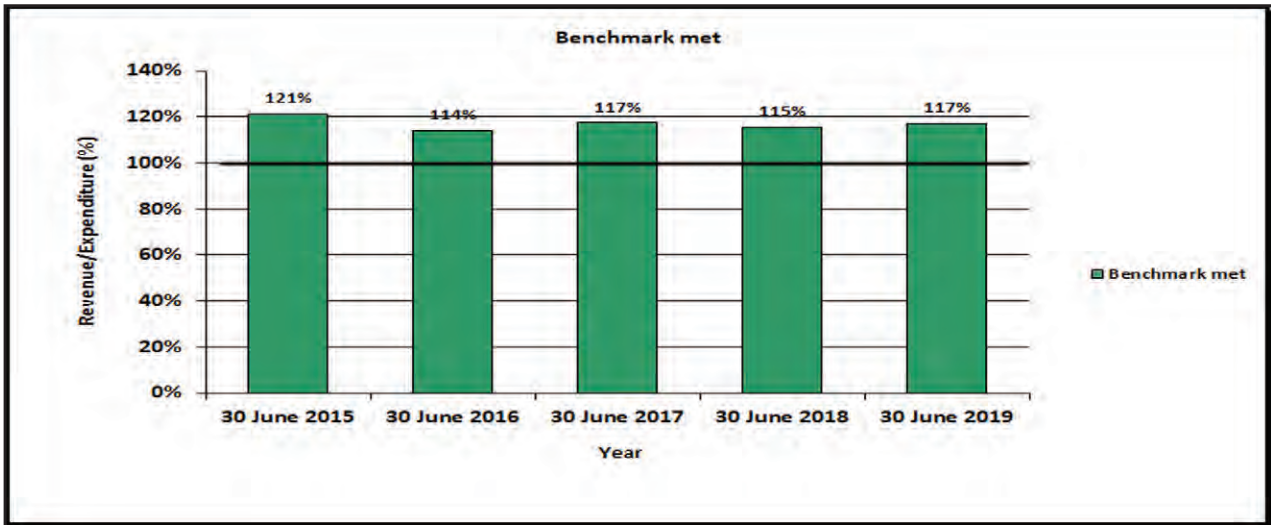
Net interest will not exceed 20% of annual rates

The following graph compares the Council's actual borrowing 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 will not exceed 20% of annual rates. A value of less than 20% indicates compliance with the prudential limit.



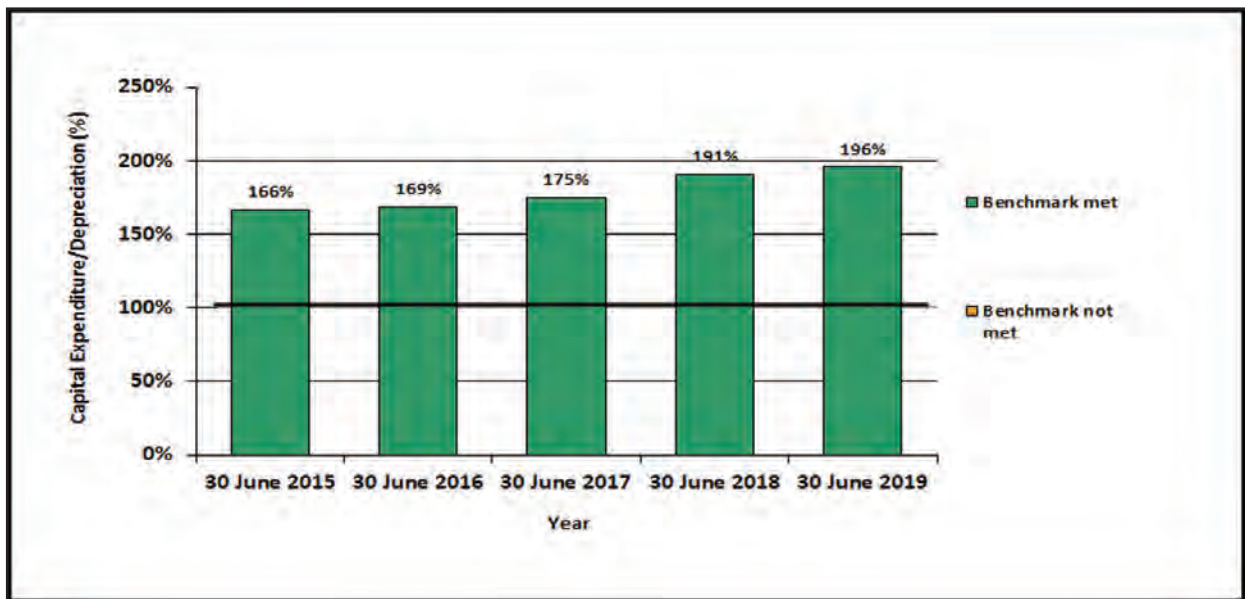
Balanced budget benchmark

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. Revenue expenditure excludes rates received or paid on Council properties.



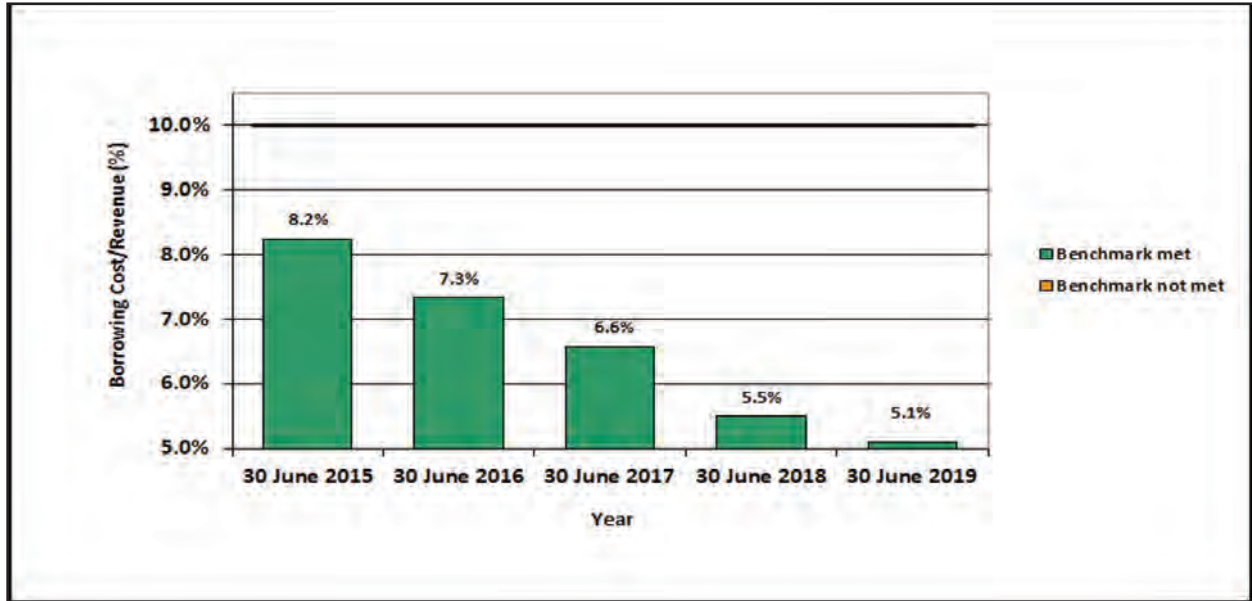
Essential services benchmark

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.



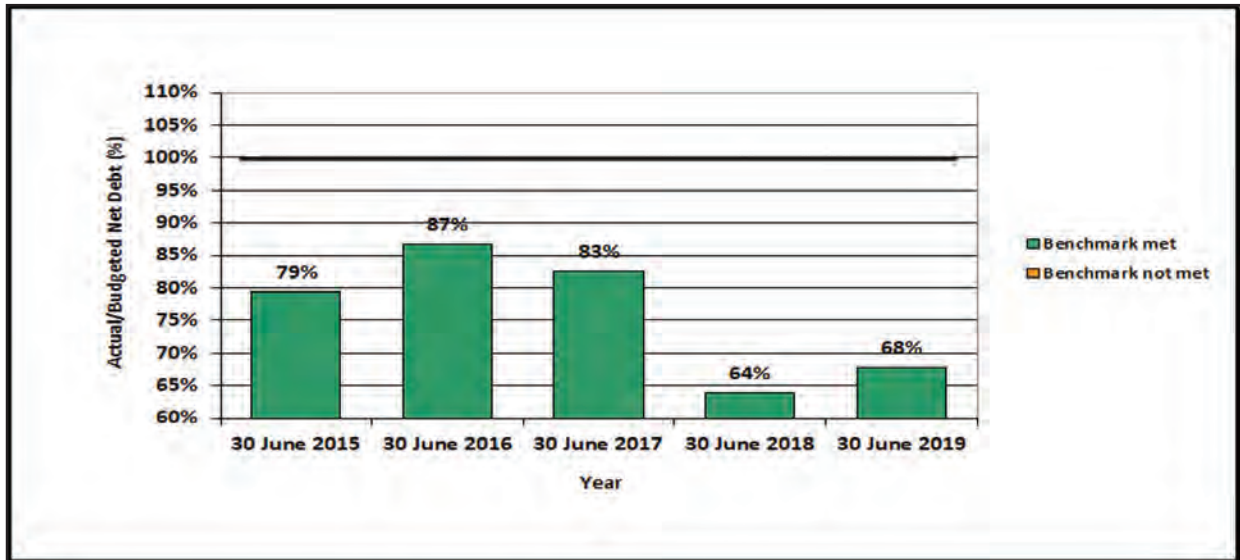
Debt servicing benchmark

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 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

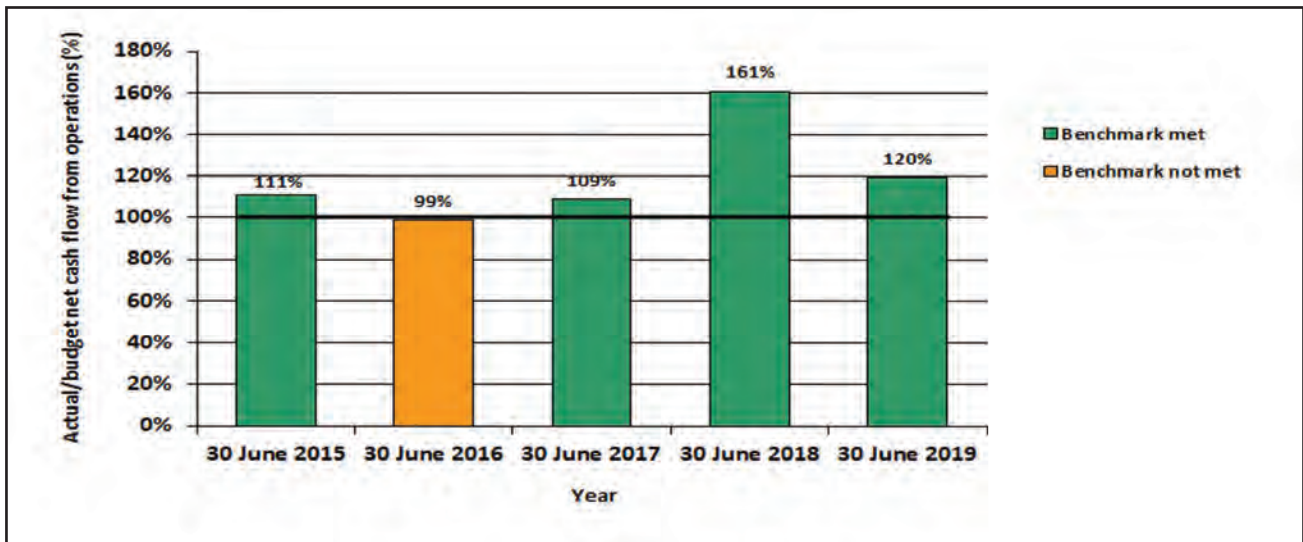
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.

The 2016 actual cashflow was less than planned due to the timing of receiving revenue. Mainly, there was a delay in receiving budgeted subsidies for roading works. These subsidies were received within 20 days of the period ended date of 30 June 2016.



38• Local Government Act Disclosures

Rating base information

Under the LGA, the Council is required to disclose the following rating base information for the end of the preceding financial year.

Rating base information

| Council | 2018 ACTUAL |
|-------------------------------------|----------------|
| Number of rating units | 5,877 |
| Total Capital value of rating units | 3,083,991,600 |
| Total Land value of rating units | 1,959,140,250 |

Insurance

| (\$000's) | Carrying Value 30 June 2019 | Covered by Insurance Contracts | Covered by Financial Risk Sharing Arrangement | Covered by Self Insurance |
|---|-----------------------------|--------------------------------|---|---------------------------|
| Stormwater, Sewerage and Water Supply | 62,679 | 86,413 | 0 | 426 |
| Operational and Restricted Buildings and Contents | 16,688 | 64,350 | 0 | 0 |
| Motor Vehicles | 635 | 1,771 | 0 | 0 |
| Total | 80,002 | 152,534 | 0 | 426 |

Network Assets

| (\$000's) | Estimate of Replacement Cost June 2018 | Estimate of Replacement Cost 30 June 2019 | Carrying Value 30 June 2019 | Assets Constructed during 2018/19 |
|--|--|---|-----------------------------|-----------------------------------|
| Roads | 301,757 | 307,148 | 237,282 | 5,391 |
| Stormwater Drainage | 16,970 | 17,332 | 9,943 | 450 |
| Sewerage - Other Assets | 22,246 | 23,046 | 13,747 | 818 |
| Sewerage - Treatment Plants and Facilities | 19,247 | 19,340 | 15,932 | 105 |
| Water Supply - Other Assets | 18,107 | 18,963 | 12,087 | 959 |
| Water Supply - Treatment Plants and Facilities | 10,451 | 13,963 | 10,970 | 3,515 |
| Total | 388,778 | 399,792 | 299,961 | 11,238 |

(No network assets were transferred to Council during the 2018/19 year)

39• Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied

by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Councils' assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the Revenue and Financing policies in the Council's LTP.

Council has the following council created reserves:

- Operational reserves are held for short term funding surpluses (or deficits) that arise from the various activities of Council.
- Depreciation reserves are held from accumulated funds from rates to fund repayments of loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives.
- Investment revaluation reserves are held from the periodical review of the value of its investment property. These valuation movements do not form part of the revaluation reserve shown in the equity section of the Statement of Financial Position.
- Special purpose reserves are held when Council has received funds that are restricted for particular purposes.

40• Prior Period Adjustment

| Actual 2018 Statement of Comprehensive Revenue and Expense (\$000's) | | 2017/18 Before restatements | Restatement | 2017/18 After restatements |
|---|-----|--------------------------------|-------------|-------------------------------|
| Council | | | | |
| Other Comprehensive Revenue and Expense | | | | |
| Revaluation of property, plant and equipment | (b) | 5,975 | (172) | 5,803 |
| Group | | | | |
| Other Comprehensive Revenue and Expense | | | | |
| Revaluation of property, plant and equipment | (b) | 6,521 | (172) | 6,349 |

| Actual 2018 Balance Sheet Adjustments (\$000's) | | Balance Sheet 30 June 2018 Before restatements | Restatement to Balance Sheet 30 June 2018 | Restatement to Statement of Comprehensive Revenue and Expense 2017/18 | Change in Accounting Policy Restatement (Revenue) | Balance Sheet 30 June 2018 After restatements |
|--|---------|---|--|--|---|---|
| Council | | | | | | |
| Equity | | | | | | |
| Accumulated funds | (a) | 210,881 | (22) | 0 | 0 | 210,859 |
| Revaluation reserve | (a) | 77,553 | 623 | (172) | 0 | 78,004 |
| Current Assets | | | | | | |
| Assets held for sale | (a) | 0 | 40 | 0 | 0 | 40 |
| Non Current Assets | | | | | | |
| Property, plant and equipment | (a),(b) | 342,203 | 561 | (172) | 0 | 342,592 |
| Group | | | | | | |
| Equity | | | | | | |
| Accumulated funds | (a),(c) | 215,649 | (22) | 0 | 59 | 215,686 |
| Revaluation reserve | (a) | 81,324 | 623 | (172) | 0 | 81,775 |
| Current Assets | | | | | | |
| Assets held for sale | (a) | 0 | 40 | 0 | 0 | 40 |
| Receivables under Exchange Transactions | (c) | 4,821 | 0 | 0 | 59 | 4,880 |
| Non Current Assets | | | | | | |
| Property, plant and equipment | (a),(b) | 350,776 | 561 | (172) | 0 | 351,165 |

- a) During the 2018/19 year, the Council discovered that \$623,000 of assets that were not included in the 30 June 2018 asset valuation for the Property, plant and equipment amounting to \$583,000 and Assets held for sale asset amounting to \$40,000 respectively. A prior year adjustment, as at 1 July 2017 has increased the opening revaluation reserve by \$623,000 and adjusted through the carrying value of these asset classes. A decrease of \$22,000 has been made to opening accumulated funds to recognise the depreciation expense on these discovered assets and also adjusted through a decrease in property, plant and equipment.
- b) During the 2018/19 year, the Council discovered that \$172,000 of assets were included in the 30 June 2018 asset valuation for the Property, plant and equipment, when it should not have been. A prior year adjustment, of \$172,000 was made to adjust the carrying value of these assets, also reducing the revaluation of property, plant and equipment in 2017/18 Statement of Comprehensive Revenue and Expense.
- c) As a result of a change in accounting policy for revenue for rendering of services and construction contracts, an alternative method has been utilised to calculate revenue for rendering of services and construction contracts. A prior period adjustment has increased opening accumulated funds by \$59,000 and adjusted through an increase to Revenue from Exchange transactions for the Group.

41• Exchange and non exchange revenue

| (\$000's) | Waitomo District Council | | Waitomo District Group | |
|---|--------------------------|----------------|------------------------|----------------|
| | 2019 ACTUAL | 2018 ACTUAL | 2019 ACTUAL | 2018 ACTUAL |
| Revenue from exchange transactions | | | | |
| Metered water rates revenue | 0 | 754 | 0 | 754 |
| Interest revenue | 26 | 62 | 31 | 25 |
| Fees and charges and income from construction | 268 | 392 | 30,673 | 27,448 |
| Total Revenue from exchange transactions | 294 | 1,208 | 30,704 | 28,227 |
| Revenue from non exchange transactions | | | | |
| Rates revenue excluding metered water rates | 19,517 | 18,973 | 19,509 | 18,960 |
| Metered water rates revenue | 854 | 0 | 854 | 0 |
| Subsidies and Grants | 8,766 | 7,627 | 8,766 | 7,627 |
| Fees and Charges and Income from Construction | 3,571 | 3,497 | 3,397 | 3,452 |
| Other revenue from non exchange transactions | 326 | 338 | 326 | 338 |
| Total Revenue from non exchange transactions | 33,034 | 30,435 | 32,852 | 30,377 |
| Other gains/(losses) | 163 | 33 | 163 | 33 |
| Total Revenue | 33,491 | 31,676 | 63,719 | 58,637 |

In 2017/18 year metered water rates revenue was classified as exchange revenue. As the transition to uniform metered water rates over four years commenced in 2018/19, metered water rates revenue is now classified as non exchange revenue.

COUNCIL CONTROLLED ORGANISATIONS

Council controlled organisations (CCOs) are essentially any company with a majority Council shareholding, or a trust or similar organisation with a majority of Council-controlled votes or Council-appointed trustees.

Council is involved in two CCOs:

- Inframax Construction Limited (a wholly owned subsidiary of the Council); and
- Waikato Local Authority Shared Services (WLASS) Limited.

Inframax Construction Limited

Background

Inframax Construction Limited (ICL) is a roading construction and maintenance company with its head office situated in Te Kuiti.

Shareholders

ICL is a wholly owned subsidiary of Waitomo District Council.

Company Objectives

The principle objective of Inframax Construction Limited is to operate as a successful business and to contribute to the well-being of the communities in which it operates.

In pursuing the principle objective the Company and Directors shall:

- Maximise the long term viability and profitability consistent with the Shareholder's objectives for ownership.
- Seek and develop profitable business opportunities that make best use of the people, technical and financial resources of the Company.
- Continue to review the Company structure to ensure the most efficient structure is in place to enhance profitability.
- Ensure assets and liabilities are prudently managed consistent with the nature of a contracting business.
- Ensure transparent and informed relationships are maintained with the Shareholder within the spirit of 'no surprises'.
- Act as a good employer by:
 - ◊ Providing a work environment that recruits, fosters and maintains safe, competent, motivated, committed and productive employees
 - ◊ Recognising and rewarding excellent performance of any staff.
- Act in an environmentally and socially responsible manner and implement sustainable business practices.

Nature and Scope of Operations

The core business of the Company is roading maintenance and construction, quarrying and crushing of aggregates and maintenance and construction of utilities and infrastructure assets.

The Company competes for infrastructure contracts in the central western North Island Districts and in other areas where it is identified that such contracts will yield an appropriate rate of return or where the Company believes that there are sound commercial reasons for doing so.

The Company may expand into other ventures and/or activities that are consistent with the Company's objectives and the provisions of the Local Government Act 2002.

Performance Results

Statement of Performance Measures: Year ended 30 June 2019

The results achieved compared with the performance criteria contained in the Statement of Corporate Intent as follows:

Financial Performance

| | Statement of Corporate Intent | Actual Achievement |
|--|-------------------------------|---------------------|
| Equity ratio | 51% | 52% |
| Current Ratio | Positive | Positive |
| EBITDA (\$000's) | \$5.0m | \$2.9m |
| Revenue (\$000's) | \$43m | \$40m |
| Closing bank and shareholder loans (\$000's) | \$1.8m | \$5.2m |
| Banking covenants | Unconditionally Met | Unconditionally Met |

The Equity ratio is the ratio of average shareholder's funds expressed as a percentage of average total assets.

Average assets and average shareholder's funds are based on 30 June 2019 and 30 June 2018 figures.

Non-financial Performance

| | Statement of Corporate Intent | Actual Achievement |
|---------------------------------------|-------------------------------|--------------------|
| Lost time injury accident (LTIA) rate | 0 | 11 |

The Lost time injury accident rate is a measurement of the effectiveness of the Company's health and safety policies. It is calculated as the number of lost time injury accidents per million hours worked.

| Non Financial Performance | Statement of Corporate Intent | Actual Achievement |
|---|-------------------------------|--------------------|
| Accident compensation days | 30 | 124 |
| Achievement of ISO9001 accreditation | Standard Achieved | Standard achieved |
| Assessed compliance level of environmental consents by Waikato Regional Council | | 0 |
| Non-compliant | | 0 |
| Partially compliant | | 0 |
| Highly compliant | | 0 |
| Fully compliant | | 7 |
| Not assessed | All | 2 |
| Number of local events within operational areas where the company provided complimentary services | 10 | 9 |

Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2019

| \$000's | 2019 Actual | 2018 Actual |
|---|--------------|--------------|
| Total Revenue | 40,108 | 36,715 |
| Total Expenditure (including Depreciation and Interest) | 38,451 | 33,859 |
| Net Profit/(Loss) Before Tax | 1,657 | 2,856 |
| Company Tax/(Credit) | 487 | 750 |
| Net Profit / (Loss) After Tax | 1,170 | 2,106 |

Waikato Local Authority Shared Services (WLASS) Limited

Background

Waikato local authorities have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained both in terms of outcomes achieved and reduction in costs to the community. The local authorities believe that the company will generate savings through economies of scale and through additional purchasing power and the ability to recover costs.

There are a number of services provided by local authorities, particularly in respect of information collection and management, where improved services at lower aggregate cost can be achieved by having a number of authorities participate in purchase or development of the infrastructure for the service, and ongoing operation of it.

WLASS was known as LASS (Local Authority Shared Services) up until 4 April 2016.

Shareholders

WLASS is a Council Controlled Organisation (CCO) owned equally by 12 local authorities in the Waikato Region, being Waikato Regional Council, Hamilton City Council, Hauraki, Matamata-Piako, Otorohanga, Rotorua, South Waikato, Taupo, Thames-Coromandel, Waikato, Waipa and Waitomo District Councils. The company was incorporated in December 2005.

Company Objectives

The objective of WLASS is to act as an 'umbrella' organisation providing Waikato local authorities with a corporate structure under which they can develop and promote shared services to other local authorities.

The constitution of WLASS sets out principles according to which the company will be operated and governed. This includes shareholders' rights and the appointment of directors. The company's Annual Statement of Intent identifies its activities, intentions for the year and the objectives to which those activities will contribute.

Nature and Scope of Activities

The principal nature and scope of the activity for the company is to:

1. Provide shared services to all local authorities within the Waikato Region. The company also intends to sell processes and systems as set up under individual agreements to local authorities outside the Region.
2. Pursue all opportunities to develop shared services that may benefit the community, either through enhanced services or reduced costs.
3. Give consideration to developing shared service products which a majority of local authorities of the region believe are of value. The objective is to provide the most effective access to regional information that may be of value to the community using modern technology and processes.
4. Explore all possible avenues to provide these services itself, or contract them from outside parties, each depending on a rigorous business case.

In terms of the Local Government Act 2002, Council's involvement in WLASS is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in WLASS was confirmed, following public consultation through its Annual Plan 2005-06.

Council at present has no formal objectives other than to maintain its current shareholding.

| PERFORMANCE TARGET | METHOD | MEASURE | ACTUAL OUTCOME |
|---|---|---|--|
| <p>PROCUREMENT:</p> <p>Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.</p> | <p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration</p> | <p>The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p> | <p>Achieved: The regional procurement framework and toolkit were completed, with training provided to participating councils across three workshops held in March 2019. <i>[New measure]</i></p> <p>Achieved: The professional services panel was re-tendered during the year (contracts take effect from 1 August 2019). Any new suppliers are procured in line with the company's procurement policy. <i>[2018: Achieved]</i></p> <p>In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply. 24 supplier contracts were entered into (five relating to joint procurement).</p> |
| <p>COLLABORATIVE PROJECTS:</p> <p>Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p> | <p>The focus is on shared services which will benefit all councils.</p> | <p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p> | <p>Achieved: Projects identified and progressed through the year were:</p> <ul style="list-style-type: none"> • LiDAR: A project to establish regional LiDAR supported by PGF funding. Business case approved in principle • Professional Services Panel: A project to re-market and establish a panel of consultants across eight disciplines under an agreed framework to streamline procurement of their services • Energy & Carbon Management: A programme to support councils in energy and carbon management. Business case approved • A regional Health and Safety Management Framework and best practice documents were implemented • Regional reporting indicators for safety performance were approved <p>Business cases were prepared where Board approval and council funding was required.</p> <p>The customer interface group was established to provide council staff engaging with customers with a forum to collaborate and consider opportunities to use digital technology to improve the customer experience.</p> <p>In addition, nine collaborative opportunities are at various stages of development. <i>[2018: Achieved]</i></p> |
| <p>EXISTING WLASS CONTRACTS:</p> <p>Existing contracts are managed and renegotiated as required.</p> | <p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p> | <p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.</p> | <p>Achieved: <i>[2018: Achieved]</i></p> <p>Achieved: Any new suppliers are procured in line with the company's procurement policy.</p> <p>In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply and if so, renegotiated. 24 supplier contracts were entered into. <i>[2018: Achieved]</i></p> |

| PERFORMANCE TARGET | METHOD | MEASURE | ACTUAL OUTCOME |
|---|--|---|---|
| <p>CASHFLOW:</p> <p>The company shall maintain a positive cashflow position.</p> | <p>The Financial Accountant reviews cashflow monthly, and the WLASS Board reviews the financial statements quarterly.</p> | <p>The WLASS Board Reviews the financial statements at least quarterly.</p> | <p>Achieved:</p> <p>Management accounts were presented to each of the six board meetings held during the year. The company remains in a strong cash position (funds on hand at 30 June 2019 are \$1.46m [2018:\$1.57m]). It is currently actively seeking to manage down cash reserves that have arisen from revenue received in advance.</p> <p>[2018: Achieved]</p> |
| <p>COST CONTROL:</p> <p>Administration expenditure shall be managed and monitored.</p> | <p>The Financial Accountant and Chief Executive review expenditure monthly.</p> | <p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p> | <p>Achieved:</p> <p>Actual spend (\$440k) exceeded budget (\$300k) but was less than the reforecasted spend of \$446k approved by the Board (and shareholding councils). The additional spend was to support the transformation of the company and was met by prior year cash reserves and additional shareholder contributions.</p> <p>[2018: Achieved]</p> |
| <p>REPORTING:</p> <p>Six monthly reports provided to Shareholders.</p> | <p>The Chief Executive prepares a written report for the WLASS Board every meeting.</p> <p>One 6-monthly and one Annual Report are prepared for shareholders.</p> | <p>The Board shall provide a written report on the business operations and financial position of WLASS to the Shareholders every six months.</p> <p>Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.</p> | <p>Achieved:</p> <p>Half-yearly report and annual report delivered to shareholders within required timelines.</p> <p>[2018: Achieved]</p> <p>Achieved:</p> <p>[2018: Achieved]</p> |
| <p>WAIKATO MAYORAL FORUM:</p> <p>The company shall provide administrative support and updates on Mayoral Forum workstreams and to the Mayoral Forum.</p> | <p>Mayoral Forum projects shall be managed financially through WLASS.</p> | <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p> | <p>Achieved:</p> <p>[2018: Achieved]</p> |
| <p>SHARED VALUATION DATA SERVICES (SVDS):</p> <p>The SVDS is reliable, well maintained and available to all users.</p> | <p>A Contract Manager is appointed for SVDS.</p> <p>The Contract Manager monitors performance of the contractor and reports quarterly to the SVDS Advisory Group.</p> <p>Risks associated with the SVDS are well managed.</p> <p>The long-term provision of SVDS services is achieved.</p> | <p>The SVDS is available to users at least 99% of normal working hours.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p> <p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.</p> <p>The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.</p> | <p>Achieved:</p> <p>The SVDS has been available 100% for users during normal business hours.</p> <p>[2018: Achieved]</p> <p>Achieved: Four meetings held in August, November, March and May.</p> <p>[2018: Achieved]</p> <p>Achieved</p> <p>[New measure]</p> <p>Not Achieved:</p> <p>The project has begun. However, data load issues and complexities has caused project delays of approx. six months. There is no increase in total project cost, but the delay has meant that the existing SVDS support is needed longer than anticipated, with associated cost increases. The revised end date is now March 2020.</p> <p>[New measure]</p> |

| PERFORMANCE TARGET | METHOD | MEASURE | ACTUAL OUTCOME |
|--|--|---|--|
| <p>INSURANCE</p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p> | <p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p> | <p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p> | <p>Achieved: Of the 11 council who responded, 3 were partially satisfied, 7 satisfied and 1 very satisfied. [2018: Achieved]</p> <p>Achieved: Of the 11 council who responded, 1 was dissatisfied, 3 were partially satisfied, 6 satisfied and 1 very satisfied. [2018: Achieved]</p> |
| <p>RATA</p> <p>Deliver better data for decision making across the Waikato Region, enabling more consistent best practice.</p> <p>Data supplied by contractors is of good quality and meets all of the participating councils' requirements.</p> <p>Leadership: Lead engagement and increase capability within the sector.</p> | <p>Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</p> <p>Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</p> | <p>Reports are presented to stakeholders in October/January/April and July each year.</p> <p>Reports on progress presented to WCLASS Board as at 30 December and 30 June.</p> <p>All data are reviewed for compliance and all good practice requirements are met.</p> <p>Procurement of services complies with WCLASS and NZTA's procurement requirements.</p> <p>Present to a national conference on RATA innovations at least once per year.</p> <p>At least two RATA guidance documents detailing good practice are produced each year.</p> <p>RATA Forums are held 2-monthly to share learnings and experience.</p> | <p>Achieved: All four reports provided on time. [New measure]</p> <p>Achieved: Both reports provided with the required timeframe. [2018: Achieved]</p> <p>Achieved: All data supplied met compliance requirements [New measure]</p> <p>Achieved: All procurement was completed in accordance with policy requirements [New measure]</p> <p>Achieved: Papers presented at IPWEA conference and Sydney Road Maintenance Conference [New measure]</p> <p>Achieved: RATA benchmarking report and Regional MIS report delivered [New measure]</p> <p>Achieved: All RATA Forum presented and well attended by RCA's [New measure]</p> |

| PERFORMANCE TARGET | METHOD | MEASURE | ACTUAL OUTCOME |
|---|---|---|---|
| <p>WAIKATO REGIONAL TRANSPORT MODEL (WRTM):</p> <p>The WRTM is reliable, well maintained and available to all users.</p> <p>RATA reports quarterly to the WRTM Project Advisory Group.</p> | <p>RATA manages the WRTM on behalf of the participating councils and monitors the performance of the model supplier (currently Stantec).</p> | <p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p> | <p>Achieved: All reports received and shared with WRTM User Group [2018: Achieved]</p> <p>Achieved: Achieved: Bi-annual reports provided to WLASS Board [2018: Achieved]</p> <p>Achieved: Model endorsed by NZTA. Peer review recommendations being progressed (scenario testing of medium land use) [2018: Achieved]</p> |
| <p>WAIKATO BUILDING CONSENT GROUP</p> <p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p> | <p>Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</p> <p>Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016.</p> | <p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons. People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8-11. Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes. | <p>Achieved: On track with both TCDC and Waipa having successfully implemented the preferred online Alpha One System. Waitomo DC is committed to implementing in the 2019/20 year and MPDC and HDC are finalising their procurement process with Alpha One in the mix. ODC is also committed to implementing Alpha One and this will probably be in 2020/21 financial year. Well on track with achieving a common processing system. Work is programmed for 2019/20 to revitalise our web site to enhance the digital experience. [New measure]</p> <p>Partially Achieved: We have scoped a programme of work to approach secondary schools and tertiary students before the end of the 2019/20 year looking at a cadet type scheme. [New measure]</p> <p>Achieved: On track with successful IANZ audits for both WDC and MPDC with good feedback on the cluster QA overall. A review of our QA offering will be undertaken in 19/20. [New measure]</p> <p>Partially Achieved: Work has been scoped for a programme to engage industry in the 2019/20 year. The Tech Committee will be continuing to work on consistency across councils on RFI's to enhance a consistent customer experience. [New measure]</p> <p>Achieved: Cluster submission to Building Reform Act was delivered - was very similar to that put together by LGNZ. [New measure]</p> |

| PERFORMANCE TARGET | METHOD | MEASURE | ACTUAL OUTCOME |
|--------------------|--------|--|---|
| | | <p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> • Full participation in WBCG projects and programmes • Audits demonstrating implementation and compliance with the agreed QA systems • Consistency in service delivery, measured by customer surveys. <p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating councils.</p> <p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p> | <p>Partially Achieved: Good participation in the projects when required but could improve. [New measure]</p> <p>Achieved: [New measure]</p> <p>Not Achieved: No customer survey this year - customer experience will be a key focus for 2019/20. [New measure]</p> <p>Not Achieved: Lack of awareness of risk register - will be in the programme of work for the new Strategic Manager. [New measure]</p> <p>Achieved: Requested funding received in a timely manner by participating councils. [New measure]</p> <p>Achieved: Activity reported to the Board in September and December 2018 and February 2019. [2018: Achieved]</p> |

| PERFORMANCE TARGET | METHOD | MEASURE | ACTUAL OUTCOME |
|--|--|---|--|
| <p>FUTURE PROOF</p> <p>Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p>The Future Proof budget is well managed and monitored.</p> <p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p> | <p>Joint preparation and input into Phase 2 of the Strategy update.</p> <p>Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group, and six monthly and annual reports to WCLASS Board.</p> <p>Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</p> | <p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.</p> <p>The overall Future Proof work programme is delivered within the approved budget.</p> <p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p> | <p>Not Achieved: The draft Future Proof Strategy (phase 2) was reported to the Future Proof Implementation Committee and submitted to MfE in December 2018. However, work has been deferred due to other processes currently underway, namely the Hamilton to Auckland Corridor Plan, review of NPS on Urban Development Capacity, Waikato Proposed District Plan, and sub-regional industrial land study. The phase 2 Strategy is expected to be completed in 2020. <i>[New measure]</i></p> <p>Not Achieved: The Future Proof work programme to the end of 2018/19 ran slightly over budget. However, this was as a result of an approved increase in scope associated with the Hamilton to Auckland Corridor Plan. The deficit is covered by the cash reserves from the previous year. <i>[New measure]</i></p> <p>Achieved: Future Proof made a submission on the Proposed Waikato District Plan in 2018 and has been working closely with Waikato District on their District Plan and supporting strategic planning documents. Future Proof has also been working with the Waikato Regional Council on upcoming changes to the Regional Policy Statement. <i>[New measure]</i></p> |
| <p>ALIGNED RESOURCE CONSENT PLANNING PROJECT</p> <p>Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.</p> | <p>Progress on implementation of common forms and other initiatives is reported to shareholders on a regular basis.</p> | <p>Common forms are in place for all Councils involved by December.</p> | <p>Achieved: The suite of initial forms has been completed and is live.</p> <p>The forum continues to meet on a 3-monthly basis to discuss planning issues. Two additional forms are being prepared and the group is considering next steps in the implementation and action plan. <i>[New measure]</i></p> |
| <p>SHAREHOLDER SURVEY</p> <p>Shareholders are satisfied with the performance of WCLASS.</p> | <p>An annual survey of shareholders is undertaken to assess satisfaction levels with WCLASS</p> | <p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p> | <p>Achieved: The survey was undertaken in the second half of the year with response received from all shareholders [2018: five respondents- 42%]. Results of the survey are included in this annual report for shareholders. <i>[2018: Achieved]</i></p> |
| <p>REVIEW OF BENEFITS:</p> <p>Shareholders are informed of the benefits being provided to shareholding councils by WCLASS.</p> | <p>The benefits of WCLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p> | <p>Information on the financial and non-financial benefits being achieved by WCLASS are included in the 6-monthly and Annual Report to shareholders.</p> <p>The WCLASS website is regularly maintained and updated.</p> | <p>Achieved: Benefits and achievements have been reported in the half-yearly report, this annual report and the statement of intent published in June 2019. <i>[2018: Achieved]</i></p> <p>Achieved: Relevant information and publications are included on the website. <i>[New measure]</i></p> |

APPENDICES

About our District

Waitomo District encompasses 354,649 hectares of predominantly rural land on the west coast of the Central North Island. The western boundary is the sea. It is adjacent to Otorohanga District to the north, Taupo District to the east and Ruapehu and New Plymouth Districts to the south. While the District is predominantly contained within the Waikato Region, the south-eastern corner of the District is within the Manawatu-Wanganui (Horizons) Regional Council's jurisdiction.

Te Kuiti is the administrative centre and main township of the Waitomo District, with approximately half of the District population residing in this town.

The main rural communities are Maniaiti/Benneydale, Piopio and Waitomo Village. There are several other smaller townships throughout the District, including the popular beach settlements of Mokau, Awakino, Marokopa, and Te Waitere.

Tourism, sheep and beef farming, forestry and logging and mining and quarrying are the main economic activities in the District. The Waitomo Caves, a limestone labyrinth of glowworm caves and other caving adventures in the area, is an internationally known tourist destination attracting over 500,000 visitors every year. The Ministry of Innovation, Business and Employment estimate the annual tourism spend in the District at approximately \$78 million for the year ended July 2019, with \$31 million of this attributable to the international market.

The resident population of Waitomo District based on the 2018 census is 9,303. Waitomo District has a higher number of people aged less than 15 and older than 65 years old compared to the national average.



District Statistics

| POPULATION STATISTICS | |
|---|-------------------------|
| Total Population | 9,303 |
| Number of rating units at 30 June 2019 | 5,869 |
| Electors | 5,793 |
| RATING STATISTICS | |
| Total Rates Revenue 2018/19 (excluding Penalties) Budget: | \$20,056,000 (excl GST) |
| Total Rateable Capital Value as at 30 June 2019 | \$3,023,231,450 |
| Total Capital Value at as 30 June 2019 | \$3,620,115,780 |
| Total Land Value at 30 June 2019 | \$2,283,557,980 |
| PUBLIC DEBT OUTSTANDING | |
| 30 June 2019 (Actual) | \$40,261,000 |
| 30 June 2019 (Budget) | \$47,565,000 |
| PUBLIC EQUITY | |
| 30 June 2019 (Actual) | \$317,920,000 |
| 30 June 2019 (Budget) | \$304,743,000 |
| OTHER INFORMATION | |
| Number of Building Consents issued 2018/19 | 182 |
| Total District Roading Sealed | 461 kilometres |
| Total Unsealed Roads | 553 kilometres |
| Total Roads | 1014 kilometres |

Glossary of terms used in the Annual Report

| Term | Definition |
|--|---|
| Activity | The goods or services that WDC provides to the Community. |
| Annual Report | A document that WDC prepares each year which provides the public with information on the performance of the WDC during the financial year (in both financial and non-financial terms). A financial year runs from 1 July to 30 June. |
| Asset Management Plan/AMP | A planning document that combines management, financial, strategic and engineering techniques to ensure an asset continues to provide the desired level of service to its customers at the lowest long term cost. |
| Assets | Assets are things that WDC owns, such as roads, parks, buildings and cash holdings. |
| Business Support | Used to describe the inputs that are used by all of WDC's activities, such as IT support, administration buildings, vehicles. |
| Capital Expenditure /Capex | The term used to describe expenditure on assets (land, infrastructure, plant and equipment) that will provide benefit to the Community for a period greater than 12 months. |
| Capital Value | The sum of the unimproved value (land value), and the value of the improvements is equal to the capital value of the land. |
| Community | A network of people and organisations linked together by common factors. This might refer to a network of people linked by place (that is, a geographic community), common interest or identity (for example, a Hapu, a voluntary organisation or society), or an administrative community (such as a District). |
| Community Outcomes | The Outcomes that Council aims to achieve in meeting the current and future needs of its communities for good quality infrastructure, local public services and performance of regulatory functions. These outcomes inform the development of WDC's planning and co-ordinate the activities and planning of all sectors of the community. |
| Council/Councillors | The seven elected members that form the governing body of WDC |
| Current Assets | Assets that can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments. |
| Current Liabilities | Creditors and other liabilities due for payment within the financial year. |
| Development Expenditure | A form of capital expenditure that refers to an investment in an asset to improve its value due to increased need and demand due to growth. The investment in the asset results in the asset's condition being better than when it was first purchased, or built by WDC. This does not include renewing old assets to their original state; these are classed as renewal works. |
| Exceptions Annual Plan/ Annual Plan | A document adopted by WDC in each of the years between LTPs which sets out the budget and sources of funding for the year and reports on any exceptions from those forecast in the LTP. |
| Infrastructural Assets | Fixed utility systems that provide a continuing service to the Community and are not generally regarded as tradable. WDC's infrastructural assets consist of roads and footpaths, water supply systems, sewerage systems, stormwater systems and solid waste management systems (e.g transfer stations and the Waitomo District Landfill). |
| Key Performance Indicators (KPIs) | Targets set by WDC to enable the Community to monitor WDC's progress towards agreed outcomes each year. A table of performance measures is provided in each activity section. |
| Level of Service Expenditure | A form of capital expenditure that refers to an investment in an asset to improve its value as a result of improving the service that the asset provides to the community. The level of service investment in the asset results in the asset's condition being better than when it was first purchased or built by WDC. This does not include improvements to assets as a result of increased need or demand for that asset due to growth, this is classed as Development Expenditure; or renewal of old assets to their original state, which is classed as Renewal Expenditure. |
| Levels of Service | Operational levels of service are stated in the activity sections of the Waitomo District Council's Long Term Plan (LTP) |
| Local Government Act 2002/LGA | The Key legislation that defines the regulations and responsibilities for local authorities. |
| Long Term Plan / LTP | A plan covering a period of 10 years, developed by the WDC. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how the things contribute to community outcomes and WDC's strategic goals, how much these things will cost including how they will be funded and how success will be judged. This Annual Report is reporting against year one (2018/19) of the 2018-2028 Long Term Plan. |
| Operating Revenue | Money earned through WDC activities in return for service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency (NZTA) Financial Assistance Rates (FAR) subsidies, rental income and fees and charges. |
| Operating Surplus | An accounting term meaning the excess of income over expenditure. Income and expenditure in this context excludes "capital" items such as the receipt of repayment of intergeneration loans, the cost of capital works and transfers to and from reserves. An operating surplus is inclusive of non-cash items such as income and expenditure owing but not paid (debtors and creditors) and depreciation. |
| Operating Expenditure | The expenditure required to meet the costs of normal day-to-day services provided by WDC. This includes expenditure resulting from inputs on such items as contract costs, materials, electricity and plant hire. |
| Outputs | Goods and services the WDC will produce or provide to achieve agreed outcomes. |

| Term | Definition |
|---|---|
| Renewal Expenditure | A form of capital expenditure that describes WDC's ongoing programme of works, which is aimed at maintaining the District's assets in a good condition by 'renewing' them back to their original state. |
| Separately Used or Inhabited Part (SUIP) | A separately used or inhabited part of a rating unit includes any part of a rating unit used or inhabited by the owner or any other person, who has the right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement. As a minimum, the land or premises forming the SUIP must be capable of actual habitation or actual separate use. For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one SUIP. |
| Stakeholders | People, groups and/or organisations that have an interest in what happens in the District. |
| Statement of Financial Position | Also referred to as a Balance Sheet. The name of this financial table has been changed as required by the accounting standards for PBE. |
| Strategic Goals | WDC has set Strategic Goals for each of its activities. These goals are targeted at ensuring WDC's work programmes are promoting the achievement of Community Outcomes. The goals are long-term and in most cases will take many years to achieve. |
| Sustainable Development | Development that meets the needs of the present without compromising the reasonably foreseeable needs of future generations. |
| Targeted Rates | Targeted Rates are rates set to fund a particular activity or group of activities, and may be set and assessed on a particular category or categories of rating units. |
| Uniform Annual General Charge (UAGC) | A uniform annual general charge that is levied on all separately used or inhabited rating units in the District |
| Waitomo District Council (WDC) | The organisation established to administer WDC affairs, conduct operations and bring effect to WDC policy and strategies. |



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