



**2019/20**

# ANNUAL REPORT

2019/20 PŪRONGO-Ā-TAU



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2019/2020

**Everything we do at Waitomo District Council is linked to our vision.**

**“CREATING A BETTER FUTURE WITH VIBRANT COMMUNITIES AND THRIVING BUSINESS.”**

**Our aim is to make the District an attractive place that people will want to come and visit, work and live in. The intention is to enhance the liveability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. Waitomo District Council has set areas of focus to drive this vision and guide our efforts.**

**These are:**

- **facilitate economic development,**
- **encourage and support community connectivity and development, and**
- **good stewardship and development of assets.**

**We have made excellent progress in our focus areas in the 2019/20 year.**

**Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the ‘Service Performance’ section of the full Annual Report available at [www.waitomo.govt.nz/council/publications](http://www.waitomo.govt.nz/council/publications)**

# **INTRODUCTION**

## **KŌRERO WHAKATAKI**

## FROM THE MAYOR AND CHIEF EXECUTIVE

The past year was a challenge in ways many of us could never have imagined. When the COVID-19 global pandemic reached New Zealand shores none of us knew exactly what the impact would be. A nation-wide lock down and subsequent restrictions meant it has affected and changed almost every aspect of our operation. During Level Four, a national State of Emergency was declared, and we could only operate essential services. This reinforced the important role we play in our residents' day to day lives.

This year we welcomed two new elected members to council. Like any new team we have had to learn how to navigate together, but we have remained committed to our vision of creating a better future with vibrant communities and thriving businesses.

We've continued to invest in our district to provide safe, reliable and well managed infrastructure. As well as supporting our communities through grants. Our support continues for the Vibrant Safe Waitomo strategy, Te Waka Business Growth Advisory Services, Sport Waikato and Hamilton Waikato Tourism.

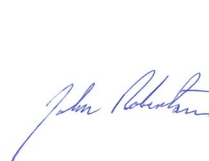
For the financial year we've reported a **net surplus of \$4.6 million**, compared to a forecast surplus of \$5.1 million. **Revenue was \$2.3 million** lower than forecast as a result of reduced NZTA subsidy on roads capital expenditure. The physical works programme was delayed due to the impact of COVID-19 lockdown and will now be completed in the 2020/2021 financial year. In turn, **expenditure was lower** at \$28.5 million (compared to the budget \$30.3 million).

This year has seen our **debt levels reduce** from \$40.3 million to \$37.3 million. There were a number of contributing factors including favourable interest rates and a lower opening debt position, delays in progressing capital works due to the impact of COVID-19 and the Game On Charitable Trust not requiring grant payment until 2020/2021.

This year was a year like no other. We saw events such as The Great New Zealand Muster cancelled, schools closed, jobs lost and uncertainty. But we also saw incredible strength and determination which the

Waitomo District is well known for. It's those characteristics that will help us recover from the impacts of COVID-19 and continue to make our District great.

As we look towards our 10 Year Plan (2021 – 2031) being prepared, financial prudence and strong governance will continue to be our focus as we move into the future.



John Robertson  
**Mayor**



Chris Ryan  
**Chief Executive**

## **YOUR COUNCIL**



**JOHN ROBERTSON**

**Mayor**

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**SUE SMITH**

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# IMPACT OF COVID-19 ON OUR SERVICES

In response to the global COVID-19 Pandemic, the New Zealand Government implemented a COVID-19 Alert System, which specifies the public health and social measures to be taken in the fight against COVID-19. A state of National Emergency was declared during alert levels 4 to 2.

As directed by the Government during alert levels 4 to 3, resulted in Waitomo District Council temporarily ceasing the provision of all non-essential services, the office closing and staff working remotely to continue non-essential services i.e. finance, governance, planning, etc. where practicable.

Council activities considered essential services were defined by the Government's 'COVID-19 Local Government Response Unit', comprising members of the Department of Internal Affairs, Local Government New Zealand (LGNZ), Society of Local Government Managers (SOLGM), the National Emergency Management Agency (NEMA) and other relevant government agencies.

While overall the organisation functioned relatively well, there were technology challenges, disruption to usual work practices, and disruption to the progression of a range of planned projects.

In addition, there was a significant amount of additional unplanned and un-resourced work to respond to the COVID-19 emergency, including a number of staff being required to work in the Civil Defence Emergency Management Emergency Operating Centre (EOC). Cumulatively, this meant that across the organisation some planned project delivery work, and normal non-essential operations had to be re-prioritised during lockdown.

## CUSTOMER SERVICES

The Customer Services Team remained operating, in various forms, throughout all alert levels.

For the period 26 March to 29 April 2020, the Customer Services Team responded to 2,163 phone calls, an average of 98 calls per workday to address increased demand relating to council services and EOC service queries during lockdown. Whilst the number of calls per day varies based on the time of the year, 98 calls per day is out of the ordinary, as March/April is generally a quieter period. On average, WDC receives approximately 60 calls per day during this time.

## WASTE MINIMISATION

Operation of the Waitomo District Landfill, Transfer Stations (TS), refuse collection and recycling services was challenging to manage during the lockdown period.

The Waitomo District Landfill (open only for commercial operators) and all Transfer Stations were closed during alert level 3 and 4.

Kerbside "refuse" collection (with the exception of Maniaiti /Benneydale) remained unchanged. An additional kerbside refuse collection was subsequently initiated for Maniaiti/Benneydale comprising a weekly blue bag only rubbish collection. This temporary change in level of service decision was made due to several factors including the transfer station closure, Maniaiti/Benneydale's location and community environmental health concerns.

All kerbside "recycling" services ceased at alert level 4 due to the closure of material recovery facilities (MRF) where all materials are sorted and processed.

Due to the continued alert level 4 lockdown and community feedback, the rural transfer stations were opened for the disposal of official blue bags on 8th, 9th and 10th April. All were opened for a three hour period, with strict control measures in place, such as a minimum of two staff at each location equipped with PPE and restricted vehicle movements. This exercise was repeated again two weeks later.

## WATER SERVICES (WATER, WASTEWATER AND STORMWATER)

The Water Services Team operated as an essential service and continued to operate the 3-waters networks/ treatment plants by having staff assigned to a specific treatment plant. This enabled the team to work in isolation and reduce movements across the District that would otherwise be part of normal duties. Local contractors continued to support maintenance activities.

## PROPERTY

The Property Team closed WDC facilities such as playgrounds, public toilets and holiday parks during the transition to alert level 4. Both team members were engaged in EOC duties throughout alert level 4.

## COMMUNITY DEVELOPMENT

Community Development services were delivered by establishing remote working procedures and protocols and community engagement was continued via video and audio conference calls.

During alert level 3 Waitomo District Library introduced click and collect service and managed library entry and exits with reduced operating hours and a temporary cancellation of library programmes and public computer access.

## STRATEGY AND ENVIRONMENT

Animal Control was considered an essential service only for responding to dog attacks and assisting the NZ Police. All other services were suspended during alert level 4 and 3. COVID-19 protocols were introduced for contractors across alert levels, should a response be required for a dog attack.

Health and liquor licensing was not considered an essential service. Staff worked remotely and used video or audio conferencing to assess liquor licensing if required. Site visits were suspended under alert level 4, and protocols for sites visits were developed and used for alert levels 2 and 4.

Building control was not considered an essential service, except for consents related to hospitals or dangerous buildings. Inspections were suspended under alert level 4; and protocols for inspections were developed and used for alert levels 2 and 3.

## INTERNAL SERVICES BUSINESS UNIT (ISBU)

WDC's ISBU performs mowing, gardening and interment duties. Most of these services were stood down during the alert level 4 lockdown as they were not considered essential services. However, burials recommenced as permitted. It is noted that there were three burials during alert level 4, one of which took place at an urupa.

## ROADING

The Roading Team worked remotely where possible during the alert levels 3 and 4 lockdown. Network maintenance activities were initially suspended however checks were carried out in alert level 3 on known hot spots and arterial routes, with only minor issues requiring following up. WDC's Road Maintenance Contractor responded to various incidents ranging from slips, fallen trees and overflowing litter bins. Fortunately, there were no extreme weather events impacting the network during the lockdown period. Remote working was enabled for Network Inspectors.

## CIVIL DEFENCE EMERGENCY MANAGEMENT

The Western Waikato EOC (WWEOC) was established at the Waipā District Council Chambers, with staff from across the three Councils (Waipā, Waitomo and Ōtorohanga) rostered to work at the WWEOC throughout the response.

During the COVID-19 alert period (the seven weeks comprising alert levels 4 and 3) the WWEOC was operating in formal response mode.

At the Group Controller's direction, on the 13th May 2020, the four Emergency Operating Centers (EOC) were merged into two EOCs, Southern and Northern. The WWEOC became part of the Southern EOC, with resourcing provided by staff from Waitomo, Waipā, Ōtorohanga, South Waikato and Taupō District Councils.

## FINANCIAL IMPACT

Whilst the impact of the COVID-19 pandemic containment measures were widely felt across the organisation, the overall financial performance of the council was not materially impacted despite disruption to some activities. For further detail refer to Note 40 on page 118.



# OUR IMPACT ON THE DISTRICT

Here's a sample of our performance and what we delivered last year across the district. For a comprehensive view, please see the Groups of Activities sections from page 21-57.



# OUR FINANCIAL PERFORMANCE

This section of the report provides an overview of our financial performance for the year ended 30 June 2020. This overview provides an explanation to our financial statements and notes on pages 59 to 119.

## OVERALL RESULTS

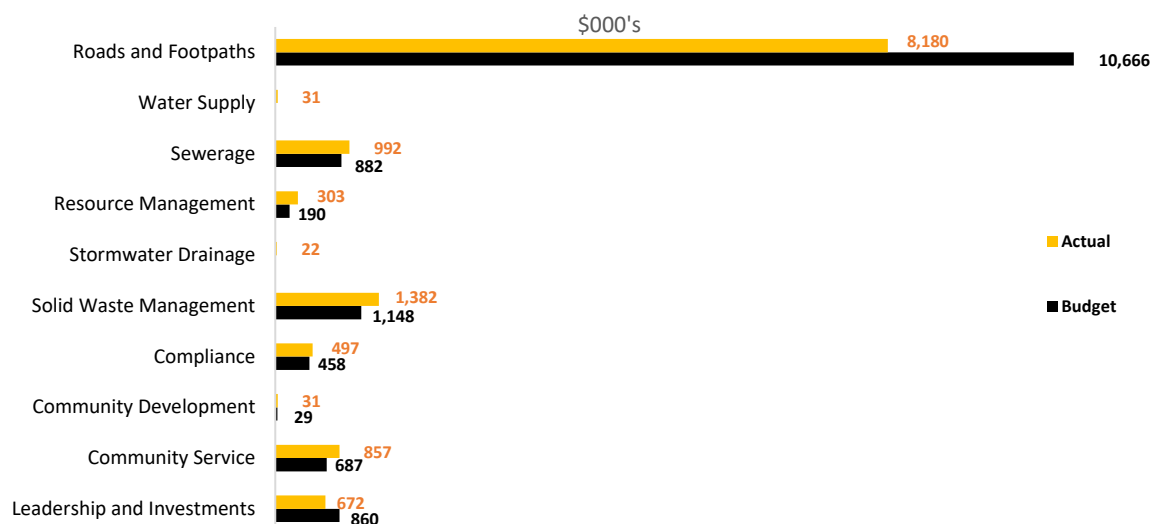
For the financial year WDC reported a net surplus of \$4.6 million compared to a budgeted surplus of \$5.1 million.

(\$000's)	2020 COUNCIL BUDGET	2020 COUNCIL ACTUAL	2019 COUNCIL ACTUAL
Total Revenue	35,458	33,150	33,491
Total Expenditure	30,333	28,533	28,567
<b>Net surplus/(deficit)</b>	<b>5,125</b>	<b>4,617</b>	<b>4,924</b>

## REVENUE

Total revenue for the year was \$33.2 million against a budget of \$35.5 million. Total revenue includes both rates revenue and operating revenue (such as fees and charges, grants and subsidies, other gains and losses and rates penalties) from each activity.

- **Rates revenue** was \$0.3 million less than budget as rates paid on council owned properties are excluded in calculating the actuals however are included in the budgets.
- The graph below shows for each activity how our forecast **operating revenue** compared to the actual revenue we received. The main reasons for the difference of \$2.0 million in operating revenue are detailed in the following pages.



- **Roads and Footpaths** activity revenue was \$2.5 million below budget as only 49% of the forecast physical works programme was completed. This meant the NZTA subsidy revenue was significantly reduced for the year. The completion of the capital expenditure programme was impacted by available internal capacity which initially delayed project delivery. Progress was further impacted by the COVID-19 pandemic response. The delayed projects will now be undertaken in the 2020/21 year and the associated subsidy will also be received in that year.
- Trade waste revenue and connection fees were the main drivers for the increased revenue within the **Sewerage** activity.
- **Resource management** revenue was above budget 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 of the costs associated with the District Plan Review.

- There was an increase in revenue in the **Solid Waste** activity from landfill users as higher volumes of refuse was disposed.
- During the year Council was the recipient of additional grant funding that was recognised within the **Community Service** activity. This funding was used for the renewal of the netball courts, to fund operational costs incurred over

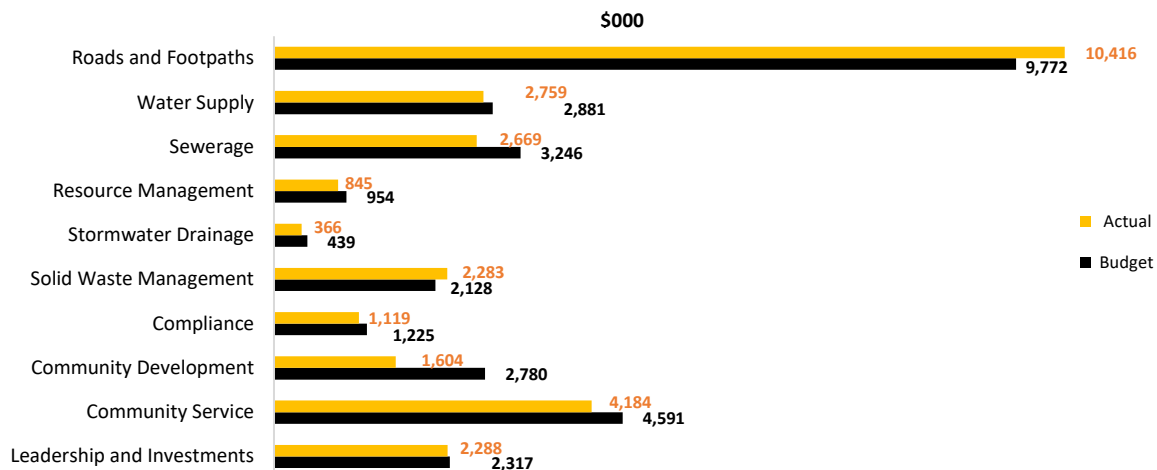
the peak season for some of our tourism facilities and construction of toilets at Kiritehere and Waikawau. A gain on the revaluation of investment property was also recognised within this activity.

- **Leadership and Investments** activity revenue was \$0.2 million below budget. The forecast dividend of \$0.3 million from Inframax Construction Ltd was not received due to the impact of COVID-19 on the subsidiary's revenue and increased business uncertainty. This reduction was partly offset by increased royalties from council owned quarries and a gain on the disposal of motor vehicles.

## OPERATING EXPENDITURE

Operating expenditure was \$28.5 million against a budget of \$30.3 million. Operating expenditures are the day to day costs that are necessary to deliver the level of services agreed with our community, such as the costs of maintaining our road network, parks and property repairs and maintenance, audit and compliance fees, insurance, energy costs, organisational resourcing, grants expenditure, landfill operations and the costs of maintaining our water and wastewater schemes.

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



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

- **Road and Footpaths** activity expenditure was above budget arising from unpredictable weather events. The resulting damage to the network required additional emergency reinstatement (first response) expenditure. Sealed pavement maintenance and environmental maintenance expenditure were also more than budget. These increases were partly offset by reduced unsealed pavement maintenance, structures maintenance and reduced finance costs arising from favourable loan interest rates and a lower debt position than forecast. Roads and footpaths depreciation expense was more than budget for the year.

- **Water Supply** activity expenditure was below budget due to reduced financing costs, depreciation expense and rates on council properties being excluded, the budget included rates on council properties.
- Overall operations and maintenance costs were below budget for all schemes within the **Sewerage** activity. In particular expenditures for electricity, sludge disposal, sampling and chemicals were less for Te Kuiti. Favourable loan interest rates and a lower debt position than forecast reduced finance costs within this activity and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.

- **Solid Waste** activity expenditure was above budget. Landfill operational costs were higher as greater volumes of refuse were received into the landfill and additional expenditure was incurred for waste minimisation initiatives. These initiatives are funded by the waste minimisation levy received from central government.
- **Community development** activity expenditure was below budget as the grant forecast for the Game On Charitable Trust's North King Country Indoor Sports and Recreation Centre was not spent at 30 June as at that time the Trust had not met all funding conditions. Subsequent to year end, Council agreed to provide the full \$1.5 million grant that was included in the 2018-28 10 Year Plan in the 2020/21 year subject to the signing of the funding agreement.
- **Community service** activity costs were below budget for the year. Repairs and maintenance costs were not fully spent during the year, electricity costs and emergency management costs were less. Favourable loan interest rates and a lower debt position than forecast reduced finance costs within this activity and rates on council properties were also excluded in calculating actual expenditure, the budget included rates on council properties.

## CAPITAL EXPENDITURE

The 2019/20 approved capital budget was \$12.4 million, the actual spend for the capital portfolio was \$6.1 million or 49% of our forecast programme.

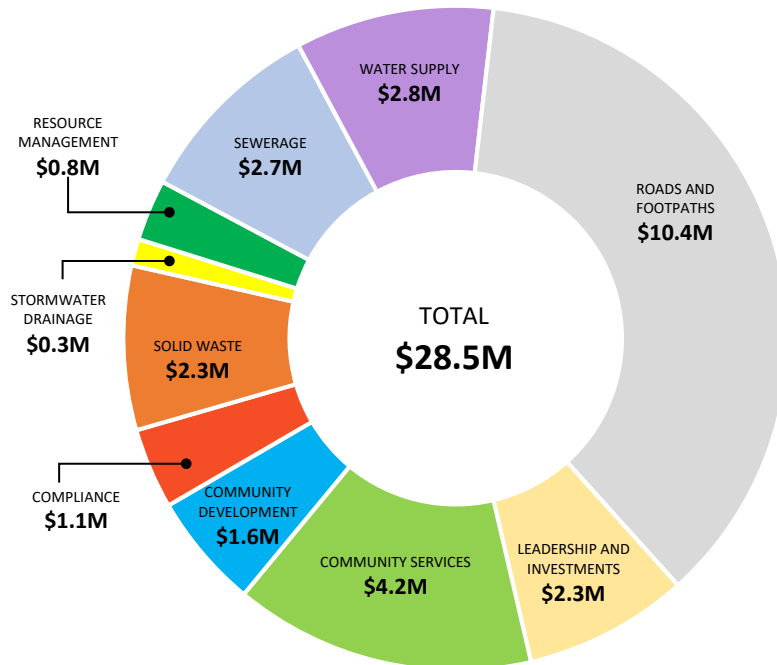
Projects were deferred due to the COVID-19 pandemic, which brought a halt to capital works and the related tenders during the lockdown and a sluggish restart in the final quarter of the year. These projects have now been deferred to the 2020/21 year. Project deferrals reduced the level of borrowings at 30 June 2020, however, this is largely only a timing impact as the expenditure will still be incurred, although later than originally planned.

Some key projects undertaken were:

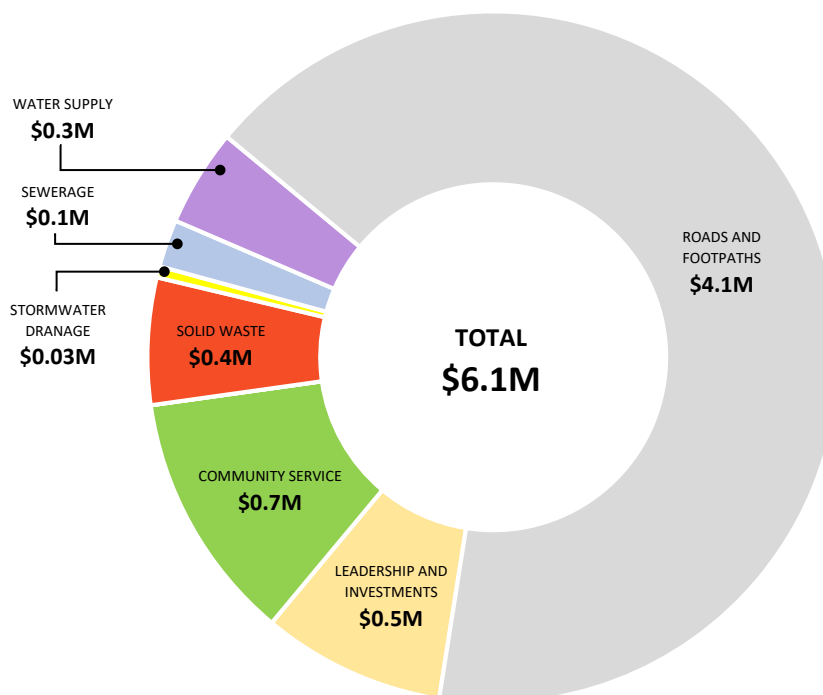
- The resource consent for the landfill volume expansion was granted during the year.
- The construction of the Kiritehere and Waikawau toilets were completed. This project was fully funded by a grant from the Tourism Infrastructure Fund.
- Aerodrome safety improvements were completed.
- Completed road pavement rehabilitation of a 1.4km long section of Totora Road.
- 0.3km of previously narrow footpaths were widened on Te Kumi Road.
- Resurfaced 25.7km of sealed roads
- Re-metalled 51km of unsealed roads
- Reactive and planned road maintenance of urban roads (50km sealed and 3km unsealed)
- Maintenance of 162 bridges
- Renewal of 1110 metres of drainage and culverts
- Maintained and/or replaced 323 signs/markers and 94 posts.
- Installed additional monitoring instruments at the Mokau and Piopio Water Treatment Plants.
- Improvement of SCADA across all Water Treatment Plants undertaken.
- Monitoring bore drilled at the Te Kuiti Domain to investigate alternative water supply.
- Improvements to council's website.
- Alpha One integration for building consent applications.
- Improvements to our cyber security and end point virus protection for Council's information systems.

# WHERE THE MONEY WENT

## OPERATING EXPENDITURE BY ACTIVITY 2019/20



## TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2019/20



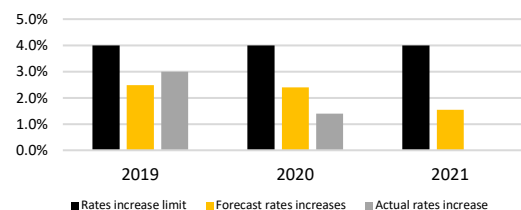
# OUR FINANCIAL STRATEGY

**Our 2018-28 10 Year Plan includes a financial strategy that sets out the important financial aspects of Council’s planned direction and how it intends to manage its financial performance. It also provides the financial parameters that will guide Council’s journey over the next 10 years. Council made a commitment through its financial strategy to reducing debt. The financial strategy’s guiding principles are:**

- Provide amenities, facilities and services to the District community that contribute to and align with Council’s Vision.
- Undertake good asset stewardship management.
- Maintain affordable rates increases.
- Ensure financial sustainability – by ensuring that our revenue is sufficient to cover an efficient operating expense base, all funding sources are being used optimally and financial management is prudent.

The Financial Strategy can be read in full in the 2018-28 10 Year Plan or on our website.

We have stayed well within these limits. The actual rates revenue increase for 2018/19 and 2019/20 were respectively 3.0% and 1.4%. The 2020/21 Annual Plan confirmed a rate revenue increase of 1.5%.



## RATES AFFORDABILITY

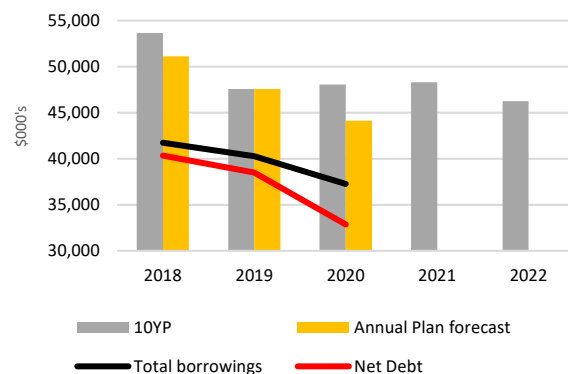
The 10 Year Plan sets the limits on rate revenue increases. Under the plan, rates revenue increases were limited to 4% from 2018/19 to 2024/25. And then 5% from 2025 onwards.

The actual rates revenue increase for the prior year was above forecast as more metered water revenue was received than expected. This reduced the percentage increase in actual rates revenue for the 2020 year resulting in a 1.4% actual rates revenue increase compared to a 2.4% forecast.

## DEBT

Council borrows externally to fund assets or services that will provide benefit well into the future.

We ended the financial year with an external debt position of **\$37.3 million**, which was significantly lower than the forecast target in the 2019/20 Annual Plan of \$44.1 million. Against the strategy, our external borrowing was \$6.8 million less than forecast.



Net debt at 30 June 2020 was **\$32.9 million**. We consider net debt as total borrowings less liquid financial assets (which are cash with no restrictions and LGFA borrower notes).

Debt has been reduced by:

- Favourable interest and borrowing conditions
- A lower opening debt position than forecast
- Delays in our physical works programme as a result of internal resourcing capacity, extended consultation for Te Ara Tiki pedestrian overbridge project and the impact of COVID-19 pandemic response on progressing some of the planned capital projects.
- Direct savings and unspent operational budgets have reduced the need to borrow externally
- The grant forecast to be paid to Game On Charitable Trust for the North King Country Indoor Sports and Recreation Centre was not paid during the year (this expenditure is loan funded).

## BORROWING LIMITS

Council remains committed to reducing external debt in order to reduce the debt servicing burden on the community. The following borrowing parameters are set in the Finance Strategy to ensure investment priorities are carefully managed and affordable to the community.

	LIMIT	2020 COUNCIL ACTUAL	2019 COUNCIL ACTUAL
Total borrowing cost/total revenue	<10%	4%	5%
Total borrowing/total assets	<20%	10%	11%
Net borrowings/total revenue	<170%	64%	56%
Net interest/total revenue	<20%	4%	5%
Net interest/annual rates	<20%	7%	8%

## GROUP PERFORMANCE

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd. The Group's overall performance for the year was an **after-tax surplus of \$4.9 million**.

Inframax Construction Ltd reported a net profit after tax of \$0.8 million for the year ended 30 June 2020. This was a positive result given a challenging year for the subsidiary which was impacted by a tragic workplace incident and the effect of the COVID-19 pandemic on revenue and business operations.

The subsidiary was eligible and received the initial wages subsidy which supported the subsidiary operations during ongoing uncertainty in the contracting environment. Due to the difficult operating conditions from the impact of the COVID-19 pandemic, revenue was below forecast and the directors made the decision to cancel the forecast dividend payment to the shareholder. Despite these challenging conditions, the equity position of the subsidiary improved with an increase in the equity ratio to 57% and an increase in total equity of the subsidiary to \$11.0 million.

At 30 June 2020, total equity for the Group was **\$337.7 million**, an increase of \$22.1 million from the prior year. This increase in equity reflects the following net asset increases:

- The Group's after tax surplus of \$4.9 million.
- Current assets increase of \$0.9 million arising from the increase in cash and cash equivalents at balance date offset partly by reduced receivables owing.
- Current liabilities increase of \$1.0 million. A portion of non current Council borrowings was reclassified as current borrowings, offset in part by the repayment of some debt by the Council and Group. There were also increases in employee entitlements owing at year end and derivative financials instruments.
- Non current assets increase of \$17.3 million arising mostly from the revaluation of roads and solid waste assets.
- Non current liabilities decrease of \$4.9 million due mainly to a portion of Council's borrowings reclassified to current borrowings.

# OUR COMMUNITY OUTCOMES

**Our Community Outcomes and Focus Areas describe what we aim to achieve for our community and what the community can expect us to work towards.**

**These outcomes and focus areas shaped the development of the 2018-28 10 Year Plan and this Annual Plan. All our activities contribute to the overall achievement of our community outcomes and our vision – *creating a better future with vibrant communities and thriving business.***

**Our outcomes are:**



## Vibrant Communities

- *A place where the multicultural values of all its people and, in particular, Māori heritage and culture is recognised and valued.*
- *A place where all age groups have the opportunity to enjoy social, cultural and sporting activities within our District.*
- *A place where young people have access to education, training and work opportunities.*
- *A place where young people feel valued and have opportunities for input into the decisions for the District.*
- *A place where we preserve the natural environment for future generations, ensuring that natural resources are used in a sustainable manner.*

## Thriving Business

- *A place that attracts more people who want to live, work and play, and raise a family.*
- *A place where wealth and employment are created through local businesses and tourism opportunities and facilities are developed, facilitated and encouraged.*

## Effective Leadership

- *A place where the development of partnerships for the delivery of programmes and services is encouraged and pursued.*
- *A place where the governance actively seeks to participate and take a leadership role in regional and national initiatives aimed at the development of the District.*

## Sustainable Infrastructure

- *A place that provides safe, reliable and well managed infrastructure which meets the District community needs and supports maintenance of public health, provision of good connectivity and development of the District.*



## OUR FOCUS AREAS



### Community Connectivity and Development

Since receiving the Safe Community accreditation for our Vibrant Safe Waitomo, we have adopted the **Vibrant Safe Waitomo Strategy and Action Plan**, which is led by the Regional Coalition to support a structure to review and implement the Action Plan.

The Waitomo District Council was invited to deliver a presentation on the Course of Life Safety Matrix and the development of Vibrant Safe Waitomo at the Safe Communities Foundation National Conference in Wellington.



Since the adoption of the Strategy, the Regional Coalition has agreed to a temporary change of focus to include COVID-19 recovery into the 2020/21 Action Plan.

Council looks to strengthen partnerships in order to assist communities through co-funding arrangements. \$47,000 was allocated through the Community Partnerships grant towards 8 projects. The total value of these projects was \$377,000 and Council considers its contribution of grant funding as an investment in the community.



### Economic Development

Our aim is to promote and support sustainable development in the Waitomo District.

We are continuing to work with Te Waka – the Waikato Regional Economic Development Agency on COVID-19 recovery initiatives. This work aims to support existing local businesses and potential future business opportunities within the District.



We will continue with District promotion and marketing initiatives and providing facilities and services that support industry.

### Good Asset Stewardship and Management

Maintaining and managing our core infrastructure well so it is available for use by future generations continues to form a vital part of Council's service delivery.

The completion of the upgrade for the Te Kuiti water treatment plant has meant that we now have improved compliance against the requirements of the drinking water standards and our environmental consents. We are continuing to improve the Supervisory Control and Data Acquisition (SCADA) system across the district.



We are continuing to investigate an alternative source of water supply in Te Kuiti.

We have been granted a new resource consent to enable the extension of the life of the Waitomo District Landfill.



# **SERVICE PERFORMANCE**

PAEARU MAHI RATONGA

# SUMMARY

This part of the Annual Report covers the services we provide. Here you can read about how we performed against our service commitments for 2019/20.

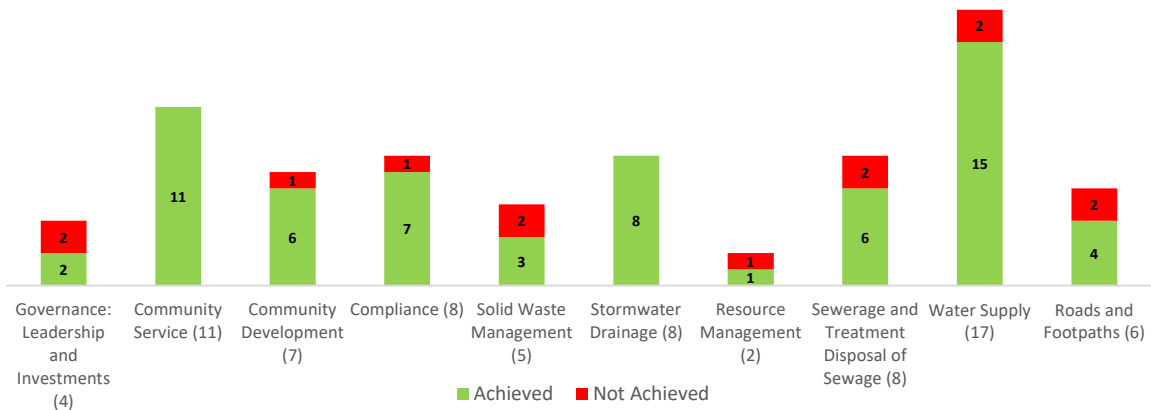
Our 2018-28 10 Year Plan divided the business into 10 activity groups that contribute to the delivery of our community outcomes. Each group has performance measures that show how well we are delivering our services to the community.

The performance measures and targets are from year two (2019/20) of our 2018-28 10 Year Plan,

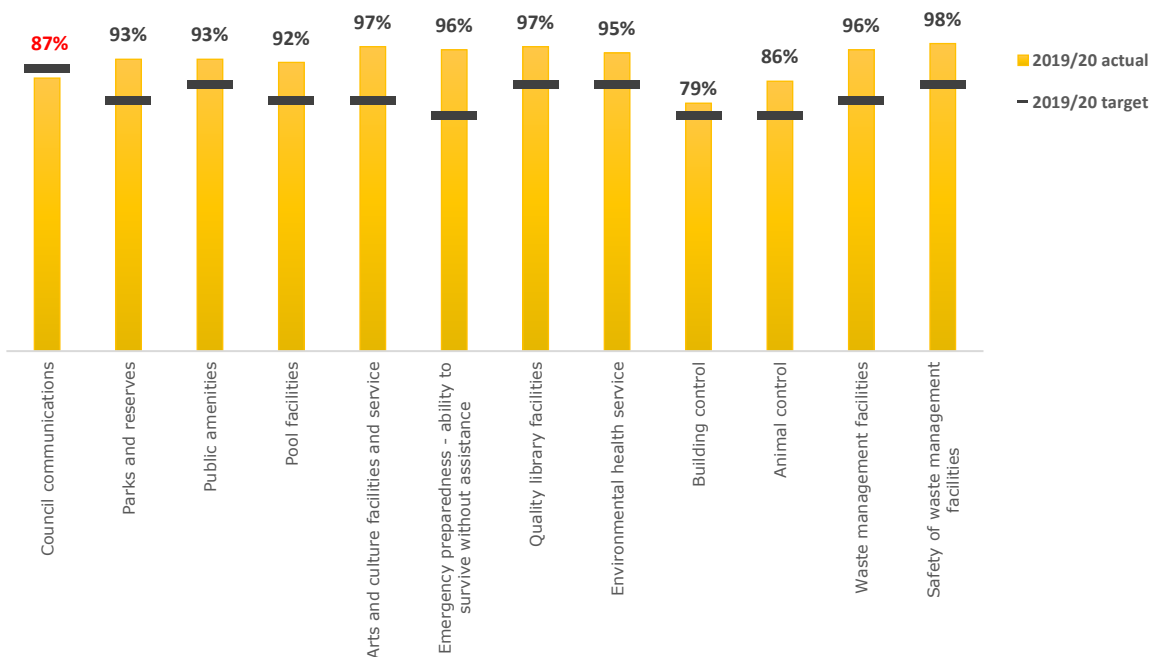
Of the 76 measures that we use to track performance, the summary graph below shows that:

- We have met the target for 63 measures (83%)
- We have not met the targets for 13 measures (17%)

## PERFORMANCE RESULTS SUMMARY BY GROUPS OF ACTIVITIES



## PERFORMANCE AGAINST RESIDENT SURVEY



The following sections provide more detail for each of these activity groups including an overview of the year that has been and a description of what sits behind the results.

## MEASURES NOT ACHIEVED DUE TO COVID-19 PANDEMIC

The following service performance measures have not been achieved due to the impact of the COVID-19 pandemic. There were nine other measures that were not achieved (not due to an impact from COVID-19)

### Community Development

Council provide support for major district events	<b>Target:</b> 2 per annum <b>Result:</b> 1
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The Great NZ Muster scheduled for 4 April 2020 was cancelled following the government directive regarding public gatherings and events in response to the COVID-19 Pandemic.

### Compliance

Percentage of Special Owner Status properties inspected per year.	<b>Target:</b> 100% <b>Result:</b> Not Achieved
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These inspections were scheduled to commence in March 2020; however, could not be undertaken due to the COVID-19 lockdown.

### Roads and Footpaths

Percentage of unsealed road metalled each year	<b>Target:</b> 10% (of total) <b>Result:</b> 9.34%
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This activity is seasonal and best completed in the wet winter months. Small percentages may be completed in the summer period. This year's programme to be undertaken during the summer months was not completed due to unseasonably dry weather between Jan – March 2020 and was not able to be continued in April during the COVID-19 lockdown.

Percentage of the sealed local road network that is resurfaced each year.	<b>Target:</b> 7% (of total) <b>Result:</b> 5.72%
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Sealing scheduled for completion in March 2020 was halted by the COVID 19 lockdown. The weather after lockdown has meant that the resealing programme cannot be completed.

## COMMUNITY OUTCOMES

In the following section of the Annual Report we present the identified effects of our activities on our community outcomes. Some of our activities contribute to all community outcomes, while others may only touch on one.

<p><i>Vibrant communities</i></p> 	<p><i>Thriving business</i></p> 	<p><i>Effective leadership</i></p> 	<p><i>Sustainable Infrastructure</i></p> 
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# GOVERNANCE – LEADERSHIP AND INVESTMENTS

## WHAT WE DO

This group comprises Representation, Planning and Policy and Monitoring, Investments and Treasury Management and Organisational Overhead activities and service groups.

- **Leadership** includes preparation of policies guiding strategic direction and strategic financial decisions.
- **Investments** includes investment in Waikato Local Authority Shared Services (WLASS), Inframax Construction Ltd (ICL), Council owned quarries and investment in Civic Financial Services Ltd.

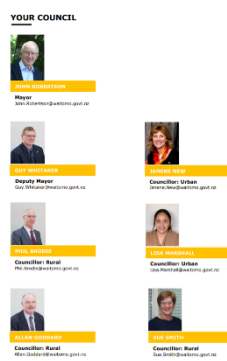
## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

During the year we completed a successful election process and where appropriate we provided information on the elections to help promote participation in local democracy.

We successfully developed and adopted our Annual Plan for 2020/21 prior to 30 June 2020, despite facing a country wide lockdown due to COVID-19 and have maintained a lower than forecast average rate increase for the District. We are currently working towards developing Council's 10 Year Plan for 2021-31.



## SERVICE PERFORMANCE MEASURES

### Key:




All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
<b>Leadership</b>			
Decision making in compliance with provisions of the Local Government Act 2002 (LGA).	Number of successful challenges to the decision-making process.	Target: 0 Result: 0	No challenges to the decision-making process under LGA.
Consultation is in accordance with the procedures outlined in LGA. 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.	Number of successful challenges to the decision-making process.	Target: 0 Result: 0	No challenges to the decision making in relation to the consultation process under LGA.
Effective communication with the community.	Percentage of residents satisfied with the	Target: 90% Result: 87%	We received 87% satisfaction, therefore did not meet the

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
	effectiveness and usefulness of Council communications.		target. This was partially due to a communications role vacancy.
<b>Investments</b>			
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.	<b>Target:</b> 2 reports per year  <b>Result:</b> 1	 <p>We did not achieve our target this year even though the Waikato Local Authority Shared Services and the Inframax Construction Ltd did submit their half year financial report in December 2019. Inframax withdrew their report to make some amendments, which meant that Council was unable to make this document available publicly prior to 30 June 2020 – a requirement to meet our target. Therefore only 1 report was made available to the public.</p> <p>We subsequently received the remedied report and it has now been published on our website.</p>

Our 2019/2020 residents survey showed residents continue to be satisfied with our performance. Thirteen of the 23 areas measured increased in satisfaction from the 2018/2019 year. Of the 12 key performance indicators, 11 met or exceed targets. Effective communication with the community was the only key performance measures not achieved as part of the survey. This can be put down to the role being vacant for the majority of the year. Effective communication remains a critical tool for us and as we work through our 10 Year Plan we will be focused on maximising community engagement.

## HOW WE DELIVERED AGAINST OUR BUDGET

GOVERNANCE: LEADERSHIP AND INVESTMENTS	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Representation	440	465	480
Investments	408	87	181
Treasury Management and Overhead Accounts	12	120	81
<b>Total Operating Income</b>	<b>860</b>	<b>672</b>	<b>742</b>
<b>Operating Expenditure</b>			
Representation	809	850	789
Planning and Policy and Monitoring	1,008	979	959
Investments	488	331	439
Treasury Management and Overhead Accounts	12	128	51
<b>Total Operating Expenditure</b>	<b>2,317</b>	<b>2,288</b>	<b>2,238</b>
<b>Net Operating Cost/(Surplus)</b>	<b>1,457</b>	<b>1,616</b>	<b>1,496</b>
<b>Capital Expenditure</b>			
Investments	41	0	0
Treasury Management and Overhead Accounts	877	524	397
<b>Total Capital Expenditure</b>	<b>918</b>	<b>524</b>	<b>397</b>
<b>Net Expenditure</b>	<b>2,375</b>	<b>2,140</b>	<b>1,893</b>
<b>Funded by</b>			
External Loan Repayments	(350)	0	0
Reserves	858	297	143
General Rates	1,181	1,170	992
UAGC	686	673	758
<b>Total Funding</b>	<b>2,375</b>	<b>2,140</b>	<b>1,893</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$188,000 less than budget. The forecast dividend revenue of \$350,000 from Inframax Construction Ltd was not received due to the impact of COVID-19 pandemic response on the subsidiary's revenue and increased business uncertainty. This was offset by additional revenue received in the Investment activity for quarry royalty revenue. Additional revenue was also recognised in Treasury Management and Overhead Accounts activity for a gain on the disposal of motor vehicles and a dividend received from Civic Financial Services Ltd.

### Operating Expenditure

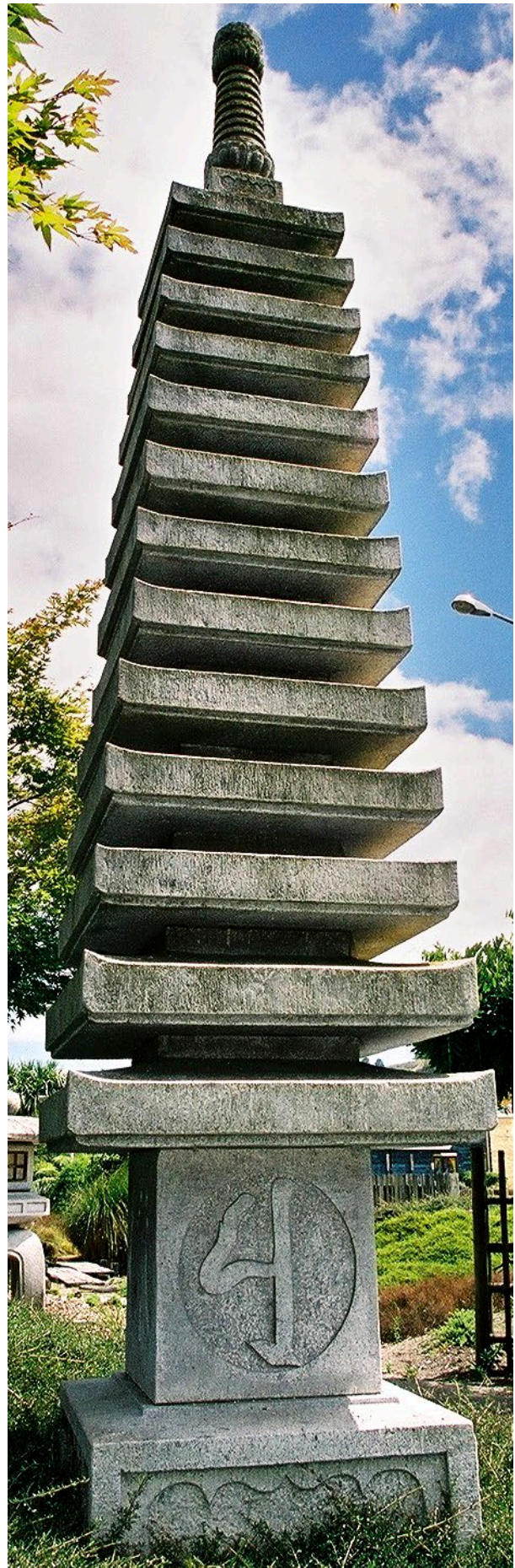
Expenditure was \$29,000 less than budget due to:

- a) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the exceptions Annual Plan (EAP) meant less interest costs were incurred.
- b) Rates paid on council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- c) The planned risk management expenditure was only partially spent with the remainder of the work programme to be completed in the next financial year.
- d) These decreases were offset partly by increased costs associated with the local government elections in October 2019. As there was no District Health Board (DHB) election, each council picked up the share of costs normally attributed to the DHB. Elected members remuneration was more due to changes in the Remuneration Authority Determination.

### Capital Expenditure

Capital expenditure was \$394,000 less than budget.

- a) The planned earthquake strengthening of the Queen Street administrative and civil defence building, which included the unspent budget from the 2018/19 year, was deferred to the next financial year while further investigation on the project is completed.
- b) Some of the planned information technology projects which included project budgets deferred from the 2018/19 year, were not fully spent during the year as progress on these projects were delayed by the COVID-19 pandemic response. Internal resourcing was redeployed to provide support to staff working remotely during the lockdown period.









# COMMUNITY SERVICES

## WHAT WE DO

This group comprises parks and reserves, housing and other properties, recreation and culture, public amenities and safety.

- **Parks and Reserves** involves the provision of parks and reserves for recreation, green places and landscapes that are restful and enhance the visual amenity of our communities.
- **Housing and other property** involves the provision of housing community facilities such as halls and housing.
- **Recreation and culture** involves the provision of recreation and cultural opportunities to support the health and well-being of the community.
- **Public amenities** involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.
- **Safety** involves the administration of the Civil Defence Emergency Management function; to coordinate a response to an emergency, and to manage recovery in the District.

## COMMUNITY OUTCOMES

<p><i>Vibrant communities</i></p> 	<p><i>Thriving business</i></p> 	<p><i>Effective leadership</i></p> 	<p><i>Sustainable Infrastructure</i></p> 
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## DELIVERING ON OUR 10 YEAR PLAN

In partnership with MBIE, seven temporary portaloos were provided in Mokau for a six-month period from Labour weekend through to Anzac weekend to assist with additional travellers through the peak season.



Designing the upgrade of the existing septic tank system in the Mokau toilet has commenced. The plan is to future proof the existing system and give an additional capacity to support the proposed new toilet block planned in the new financial year.



Health and safety concerns have now been addressed at the aerodrome. The upgrades have been received well by all stakeholders. The demolition of the two unsafe buildings are planned for in the new financial year.

The redesign of Redwood Park has been completed and is well used by visitors. The park is now more open, giving it a safer feel and a new climbing tower for children to play on. The repurposed slide and tower forms an attractive feature in the corner of the park with picnic tables for families to use.



The Senior Citizens Hall has been upgraded in the form of paint, heating and electrical and plumbing. Council has enabled the Te Kuiti chapter of Menzshed by way of an agreement to use the hall for community projects.

The domain building has had some upgrades in the form of paint, heating, plumbing and electrical. We have established an agreement with Te Aroha No.1 to enable this community group to utilise the building for community events and cooking. This project has been well received and membership numbers are very positive.

The Te Kuiti New Cemetery extension is progressing with the gifted land amalgamated with the cemetery block. Next year we will progress with the development and extension of the existing cemetery.

The Western Waikato Emergency Operating Centre was activated on the 26th March 2020 in response to the COVID-19 pandemic. This was a combined EOC for the Western Waikato Councils of Waitomo, Waipā and Ōtorohanga.



## SERVICE PERFORMANCE MEASURES

### Key:



Achieved

All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET	HOW WE PERFORMED
High quality Parks and Reserves will be provided.	Percentage of residents satisfied with the quality of Parks and Reserves.	<b>Target:</b> ≥ 80% <b>Result:</b> 93%	93% of residents are satisfied, this is a 3% increase compared with last year.
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.	<b>Target:</b> ≥ 80% <b>Result:</b> 96%	This year we received a 96% satisfaction result, an improvement on last year.
Quality public amenities will be provided.	Percentage of residents satisfied with the quality of public amenities (Public Toilets and Cemeteries).	<b>Target:</b> ≥ 85% <b>Result:</b> 93%	93% of residents are satisfied, this is on par with last year's results.
Provision of effective pool facilities for the community.	Percentage of residents satisfied with the quality of the pool facilities and service.	<b>Target:</b> ≥ 80% <b>Result:</b> 92%	92% of residents are satisfied that the pool facility is of good quality and meets the needs of residents.
Provision of effective Arts and Culture facilities for the community.	Percentage of residents satisfied with the quality of the Arts and Culture facilities and services.	<b>Target:</b> ≥ 80% <b>Result:</b> 97%	97% of residents are satisfied with the quality of the Les Munro Centre, an increase from last year.
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant of Fitness (BWF) for facilities with compliance schedules.	<b>Target:</b> ≥ 100% <b>Result:</b> 100%	BWF's have been assessed and issued by an Independent Qualified Person – all buildings comply.
Pool is safe for use of pool patrons at all times.	Pool accreditation in place.	<b>Target:</b> ≥ 100% <b>Result:</b> 100%	PoolSafe Accreditation was in place for the 2019/2020 season.
	Number of pool non-complying water quality readings per year.	<b>Target:</b> < 2 <b>Result:</b> 0	Water Testing is completed monthly by CLM (Contractor) and tests were completed from October 2019 through to February 2020. The data is exclusive of March readings due

YOU CAN EXPECT	MEASURE	TARGET	HOW WE PERFORMED
			to the COVID-19 lockdown. The pool is usually closed from April to October therefore no readings are undertaken for those months.
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.	<b>Target:</b> ≥ 75% <b>Result:</b> 96%	While 50% of residents have an emergency plan in place, the majority of residents are prepared to survive unaided (without outside assistance) in the event of a natural disaster for at least three days (96%).
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.	<b>Target:</b> One exercise per year  <b>Result:</b> (actual activation of EOC in response to COVID-19)	A joint Western Waikato Emergency Operating Centre (WWEOC) was activated on 26 March 2020 as directed by the Group Controller in response to the COVID-19 Pandemic. In lieu of an exercise (which was not feasible in this instance), the activation and operation of the WWEOC by Waitomo staff (along with Waipā and Ōtorohanga staff) is considered to have met this KPI, as the activation relates to a significant national Civil Defence Emergency Management.
Playground equipment is safe to use for parks and reserves playground users.	Number of accidents directly attributable to playground equipment failure.	<b>Target:</b> Nil Accidents <b>Result:</b> 0	No service requests or incident reports for incidents or injury were received this year.

## HOW WE DELIVERED AGAINST OUR BUDGET

COMMUNITY SERVICE	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Parks and Reserves	25	62	61
Housing and Other Property	307	384	640
Recreation and Culture	144	104	125
Public Amenities	211	307	148
<b>Total Operating Income</b>	<b>687</b>	<b>857</b>	<b>974</b>
<b>Operating Expenditure</b>			
Parks and Reserves	763	635	1,151
Housing and Other Property	1,205	1,131	973
Recreation and Culture	1,392	1,287	1,316
Public Amenities	1,021	947	1,161
Safety	210	184	122
<b>Total Operating Expenditure</b>	<b>4,591</b>	<b>4,184</b>	<b>4,723</b>
<b>Net Operating Cost/(Surplus)</b>	<b>3,904</b>	<b>3,327</b>	<b>3,749</b>
<b>Capital Expenditure</b>			
Parks and Reserves	192	154	63
Housing and Other Property	142	44	448
Recreation and Culture	207	365	192
Public Amenities	460	154	64
<b>Total Capital Expenditure</b>	<b>1,001</b>	<b>717</b>	<b>767</b>
<b>Net Expenditure</b>	<b>4,905</b>	<b>4,044</b>	<b>4,516</b>
<b>Funded by</b>			
Internal Loans	444	241	154
Reserves	655	186	903
General Rates	1,614	1,524	1,463
UAGC	1,920	1,823	1,719
Targeted Rate - Marokopa Hall	4	4	4
Targeted Services Rate - Rural	81	80	82
Targeted Services Rate - Urban	187	186	191
<b>Total Funding</b>	<b>4,905</b>	<b>4,044</b>	<b>4,516</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$170,000 more than budget due to:

- a) Additional grant revenue was received from Grassroots to fund the netball courts renewal.
- b) Within the Housing and Other Property activity, a gain on revaluation of investment property was recognised which was partly offset by a loss on the sale of the building on Queen Street.
- c) Recreation and Culture revenue was less than budget for the Aquatic Centre and Les Munro Centre.
- d) Additional grant revenue was recognised for Responsible Camping initiatives to fund the costs of operating and maintaining tourism facilities over the peak season. Further grant revenue was also recognised for Tourism Infrastructure Funding for the construction of Kiritehere and Waikawau toilets.

### Operating Expenditure

Expenditure was \$407,000 less than budget due to:

- a) Rates on council properties being excluded, the budget figure includes these rates.
- b) Repairs and maintenance expenditure budgets (some of which is on an "as required" basis) was not fully spent during the year.
- c) Electricity costs within the Recreation and Culture activity were less than budget.
- d) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.
- e) Safety costs were less for emergency management preparedness and training.

### Capital Expenditure

Total capital expenditure was \$284,000 less than budget due to:

- a) Budgets for the renewal of jetties and development of coastal reserves were not fully spent during the year. The Te Maika jetty safety remedial work was delayed due to finalising health and safety requirements with the contractor prior to commencing work. The construction of beach access structures was delayed due to contractor availability. Both projects are scheduled to be completed in the 2020/21 year.
- b) Within Housing and Other Property, the budget for flooring renewals at the Railway Station Building and campground improvement and renewals was not fully spent for the year. The flooring renewals project was delayed due to difficulties in sourcing the matai flooring. This work was subsequently completed in September 2020.
- c) Aerodrome safety improvements were completed during the year. The budget for this improvement work was included in the 2018/19 year.
- d) The budget for the construction of Waitomo Village toilet was not spent. This project was delayed due to the need to identify and secure a suitable location before the project could commence. This project will be reassessed and incorporated into the development of the 2021-31 10 Year Plan.
- e) The construction of the Kiritehere and Waikawau toilets was completed during the year. This project was fully funded by a grant from the Tourism Infrastructure Fund.
- f) The budgets for the improvement and renewals work at Te Kuiti cemetery was not fully spent due to delays in legal matters associated with the land.

# COMMUNITY DEVELOPMENT

## WHAT WE DO

This group of activities represents a range of collaborative and partnership approaches and initiatives involving many agencies and organisations. These activities involve a common theme of promoting a better quality of life within the District.

- **Community support** seeks to improve social outcomes within Waitomo District by working closely with community and sporting groups within the District community.
- **Tourism development and district promotion** is delivered through a partnership between central government, local government and the tourism industry.
- **District development** involves the facilitation and support of initiatives that will enhance the District's economic sustainability.
- **Te Kuiti i-SITE Visitor Information Centre** provides a free, friendly and objective information service to visitors and the local community.
- **Library services** provides connections to knowledge, ideas and works of the imagination, anytime, anywhere enabling individuals to then knowledge into value, participate as citizens and strengthen their communities.
- **Customer Services** involves service delivery and support to customers across three sites; Council's administration building, Waitomo District Library and Te Kuiti i-SITE.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

Our library has implemented a number of new technology innovations this year for library customers including upgrading our library management system (Kotui), providing the ability for customers to register online and the introduction of Chrome books.

We have made some service improvements including removing the library membership fee for our community and, waiving overdue fees on children's items. During the school holidays, we provided fun activities such as reading programmes, craft and activity programmes, visits by authors etc.

The library has also undergone a physical renovation which included installing new air-conditioning units, replacing the library roof and installing new automatic doors.

The Youth Council continued to deliver on their work programme in spite of the significant disruptions caused by the COVID-19 Pandemic. Our Youth Council represented the District in a Triangular meeting with both Tauranga and Matamata-Piako youth to present on significant



positive activities undertaken and was involved in the consultation process of the railway bridge 'Te Ara Tika' alongside Mana Whenua Roopu (Ngāti Rora).

Some of the highlights of the Youth Programme include:

- hosting a district wide Youth Leaders Dinner with over 100 young people.
- collaborating with the local Aquatic Centre, NZ Police and No 1 Aroha to provide a practical water safety workshop with young people that take part in river swimming.
- leading the 'Battle of the Valleys' three-day event with students from the District, in collaboration with Kokiri Trust.

The Vibrant Safe Waitomo Action Plan 2020/2021 is currently being implemented with 36 separate actions being provided from both regional and local groups.

Council has continued to support community groups and organisations via the Community Development Fund Policy.

Due to the COVID-19 pandemic the planned Muster could not go ahead, however we had our Christmas Parade in 2019 with 13 participating floats with Legendary Te Kuiti supporting the event with a market evening.



## SERVICE PERFORMANCE MEASURES

### Key:






Achieved





All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy.	<b>Target:</b> 100% Compliance <b>Result:</b> Achieved	 All funding rounds throughout the 2019/2020 year were advertised and administered as per the Community Development Fund Policy.
Support the positive development of youth within the District.	Support the positive development of youth within the District.	<b>Target:</b> 1 per annum <b>Result:</b> 1	 The Waitomo District Youth Council presented to Council at the 30 June 2020 Council meeting.
	Youth Council undertakes two youth related projects per year.	<b>Target:</b> 2 per annum <b>Result:</b> 3	 Waitomo District Youth Council hosted a Youth Leadership Dinner held on 23 August 2019.  Waitomo District Youth Council presented to the Matamata-Piako Volunteer Youth Ambassadors and the Tauranga Youth Advisory Group on 29 August 2019.  Waitomo District Youth Council hosted the Battle of the Valley's (Teams Challenge) in June 2020.

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Council will support major District events that build community pride and raise the District's profile.	Council provide support for major district events.	<b>Target:</b> 2 per annum <b>Result:</b> 1	 <p>Waitomo District Christmas Parade held on 13 December 2019.</p> <p>The Great NZ Muster was cancelled following government directive regarding public gatherings in response to the COVID-19 Pandemic.</p>
Provision of comprehensive library facilities for the community.	Percentage of residents satisfied with the quality of the library facilities and service.	<b>Target:</b> ≥ 85% <b>Result:</b> 97%	 <p>The majority of residents are satisfied with the quality of the library facilities and services at Waitomo District Library (97%).</p>
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.	<b>Target:</b> > 4 promotion opportunities taken up <b>Result:</b> 5	 <p>Hamilton Waikato Tourism presented their report to Council on 26 November 2019.</p> <p>Marketing initiatives undertaken include:</p> <ul style="list-style-type: none"> <li>▪ Explore your own Backyard Campaign</li> <li>▪ Short Escapes Campaign</li> <li>▪ 2019 Waikato Regional Visitor Guide</li> <li>▪ Annual Tour – North Island Campaign</li> <li>▪ Profiling through HWT's website and other social profiles.</li> </ul>
	Involvement in economic development initiatives alongside Waikato Means Business.	<b>Target:</b> 1 initiative per annum <b>Result:</b> 3	 <p>Development of the Sub Regional (Southern) Waikato Economic Development Action Plan has been completed.</p> <p>The Business Growth Advisor Services initiative is ongoing, held once per month.</p> <p>Te Waka partnered with WDC and Legendary Te Kuiti to distribute a local business sentiment survey in response to the impacts of COVID-19.</p>



## HOW WE DELIVERED AGAINST OUR BUDGET

COMMUNITY DEVELOPMENT	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Community Support	2	10	2
Community Development	27	21	46
<b>Total Operating Income</b>	<b>29</b>	<b>31</b>	<b>48</b>
<b>Operating Expenditure</b>			
Community Support	1,889	885	852
Community Development	891	719	742
<b>Total Operating Expenditure</b>	<b>2,780</b>	<b>1,604</b>	<b>1,594</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,751</b>	<b>1,573</b>	<b>1,546</b>
<b>Capital Expenditure</b>			
Community Development	2	0	9
<b>Total Capital Expenditure</b>	<b>2</b>	<b>0</b>	<b>9</b>
<b>Net Expenditure</b>	<b>2,753</b>	<b>1,573</b>	<b>1,555</b>
<b>Funded by</b>			
Internal Loans	1,000	0	0
Reserves	2	(181)	(156)
General Rates	954	956	931
UAGC	435	435	429
Targeted Rates - Piopio Retirement	16	16	15
Targeted Rates – District Development	346	347	336
<b>Total Funding</b>	<b>2,753</b>	<b>1,573</b>	<b>1,555</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Expenditure

Expenditure was \$1,176,000 less than budget.

- The grant expenditure for the Game On Charitable Trust's North King Country Indoor Sports and Recreation Centre was not spent at 30 June, as the Trust had not yet met all funding conditions including securing the remaining funding to complete the project. Subsequent to year end, Council agreed to provide the full \$1.5 million grant in the 2020/21 year subject to signing of the funding agreement.
- Event expenditure was less due to the cancellation of the Great New Zealand Muster 2020 arising from the COVID-19 pandemic response.
- The funding capacity allocated for the design and concept work for the amenities area adjoining the skate park and Te Ara Tika will be applied in the next financial year due to unavoidable project timing delays arising from extended community engagement.

# COMPLIANCE

## WHAT WE DO

This group includes the regulatory functions devolved to Council by legislation including administering the necessary policies and bylaws to ensure a safe and nuisance free environment for all the residents and visitors of the District.

- **Building control** covers the processing and monitoring of building consents, and the issuing of Code of Compliance certificates pursuant to the Building Act 2004. This activity also covers the monitoring and enforcement of residential pools and earthquake-prone buildings requirements.
- **Alcohol licensing** oversees the administration of the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee.
- **Environmental health** involves the provision of environmental health services. This includes general public health inspections, licensing and inspection of food premises and hairdressers; and responding to noise and public health complaints.
- **Bylaw administration** involves managing a range of bylaws that Council has in place.
- **Animal and dog control** involve the registration and impounding of dogs, owner education, and implementing and enforcing our Dog Control Bylaw and Policy. This activity also covers wandering stock.

## COMMUNITY OUTCOMES

<p>Vibrant communities</p> 	<p>Thriving business</p> 	<p>Effective leadership</p> 	<p>Sustainable Infrastructure</p> 
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## DELIVERING ON OUR 10 YEAR PLAN

Consents are closely monitored to ensure statutory timeframes are adhered to. Building Processes are monitored biannually with an audit undertaken by IANZ (International Accreditation New Zealand). The 2020 audit saw WDC continue to achieve excellent results, with accreditation achieved.

Feedback from our customers is one form used to ensure these activities are being delivered to a high standard and will continue to be used as a key indicator.



## SERVICE PERFORMANCE MEASURES

### Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
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.	<b>Target:</b> 100% <b>Compliance</b> <b>Result:</b> 100%	100% compliance achieved.
Provision of an effective environmental health service for the community.	Percentage of residents satisfied with the provision of the Environmental Health Service.	<b>Target:</b> > 85% <b>Result:</b> 95%	95% of residents who used a Council provided Environmental Health Services are satisfied, which is an increase from last year.
Building consents and project information memoranda (PIMs) processed within 20 working days.	Building consents and project information memoranda (PIMs) processed within 20 working days.	<b>Target:</b> 100% <b>Result:</b> 100%	100% of consents were processed within 20 working days for this period.
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.	<b>Target:</b> BCA Accreditation achieved <b>Result:</b> Achieved	Accreditation achieved.
Provision of an effective building control service to the community.	Percentage of users satisfied with the provision of the Building Control Service.	<b>Target:</b> > 75% <b>Result:</b> 79%	Of those residents who used Building Control Services, 79% said they were satisfied.
Council meets its obligations under the Dog Control Act 1996.	Percentage of Special Owner Status properties (SOPs) inspected per year.	<b>Target:</b> 100% <b>Result:</b> Not achieved	Existing SOP's inspections were scheduled to commence in March. However due to the COVID-19 lockdown, the inspections did not commence and therefore this was not completed prior to the end of the year.
Provision of an effective Animal Control Service.	Percentage of residents satisfied with the provision of the Animal Control Service.	<b>Target:</b> ≥ 75% <b>Result:</b> 86%	Eighty-six per cent of residents are satisfied with the provision of an effective Animal Control Service for the community, a significant increase from last year.
Dog Owners are well informed of their responsibilities and WDC Support.	Number of Dog/Owner Education initiatives.	<b>Target:</b> ≥ 2 <b>Result:</b> 5	Dog owners continue to be well informed via our communication of the Waitomo Way and Facebook page. 3 Facebook Posts and 2 Waitomo Way Articles.

## HOW WE DELIVERED AGAINST OUR BUDGET

COMPLIANCE	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Compliance	458	497	514
<b>Total Operating Income</b>	<b>458</b>	<b>497</b>	<b>514</b>
<b>Operating Expenditure</b>			
Compliance	1,225	1,119	964
<b>Total Operating Expenditure</b>	<b>1,225</b>	<b>1,119</b>	<b>964</b>
<b>Net Operating Cost/(Surplus)</b>	<b>767</b>	<b>622</b>	<b>450</b>
<b>Capital Expenditure</b>			
Compliance	0	0	5
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Net Expenditure</b>	<b>767</b>	<b>622</b>	<b>455</b>
<b>Funded by</b>			
Reserves	(137)	(282)	(108)
General Rates	708	709	446
UAGC	196	195	117
<b>Total Funding</b>	<b>767</b>	<b>622</b>	<b>455</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Operating income was \$39,000 more than budget due to more revenue received for building control services. This increase in revenue was partly offset by a reduction in alcohol licencing revenue due to the effects of the COVID-19 lockdown period, with no special licences being processed and normal timing variations of licence renewals.

### Operating Expenditure

Expenditure was \$106,000 less than budget. Building control services budgets for legal expenses and earthquake prone buildings were not fully spent. Freedom camping monitoring budgets were also unspent for the year.

# SOLID WASTE MANAGEMENT

## WHAT WE DO

This group provides for the environmentally safe reduction, diversion, collection and disposal of the district's solid waste.

- **Waste minimisation** focuses on the reduction and diversion (reuse, recycling and recovery) of solid waste.
- **Kerbside recyclables and refuse collection** is provided for the residents of Te Kuiti, Piopio, Awakino, Mokau, Waitomo Village and some surrounding rural roads.
- **Waste transfer** stations are provided for the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku and Awakino and a fully consented landfill is located at Te Kuiti.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

One of the key highlights for Solid Waste this year has been the granting of a new resource consent in September 2019, valid for 35 years, which will enable the extension of the life of the Waitomo District Landfill.

Waste minimisation has been a focus for this year and three workshops were held to educate and inspire residents to reduce their household waste.

A kerbside waste audit was conducted in July 2020, the results of which will shape this year's waste minimisation programmes.

## SERVICE PERFORMANCE MEASURES

### Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
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.	<b>Target:</b> ≥ 85 <b>Result:</b> 98%	The majority of residents (98%) are satisfied with the safety of the facilities at the landfill and district transfer stations.
Provision of effective solid waste management services for the community.	Average number of complaints received per month regarding solid waste activities.	<b>Target:</b> ≤ 10 <b>Result:</b> 4.08	A total of 49 complaints were received for this year (an average of 4.08 complaints per month).
	Percentage of users satisfied with the provision of waste management facilities (Landfill and rural transfer stations).	<b>Target:</b> 80% <b>Result:</b> 96%	96% of residents are satisfied with the provision of waste management facilities, an improvement from last year.
To work towards a waste minimisation outcome.	Percentage reduction per annum in quantity of recyclables (like paper and	<b>Target:</b> 1.0% reduction <b>Result:</b> 0.6% increase	There was a 0.6% increase in recyclables found in kerbside rubbish bags compared to the

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
	plastics) in bag collection that goes to landfill.		2018 waste audit. This may be due to lack of access, education or promotion around recycling.
	Percentage reduction per annum in quantity of organic waste (like food scraps) in bag collection that goes to landfill.	<b>Target:</b> 1.0% reduction <b>Result:</b> 4.7% increase	There was a 4.7% increase in food/organic waste found in kerbside rubbish bags compared to the 2018 waste audit. Increasing amounts of food waste going to landfill is a national problem. Education and funding of initiatives will continue to address this issue.

## HOW WE DELIVERED AGAINST OUR BUDGET

SOLID WASTE MANAGEMENT	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Collection	140	135	136
Management	1,008	1,247	1,335
<b>Total Operating Income</b>	<b>1,148</b>	<b>1,382</b>	<b>1,471</b>
<b>Operating Expenditure</b>			
Collection	337	316	321
Management	1,791	1,967	1,769
<b>Total Operating Expenditure</b>	<b>2,128</b>	<b>2,283</b>	<b>2,090</b>
<b>Net Operating Cost/(Surplus)</b>	<b>980</b>	<b>901</b>	<b>619</b>
<b>Capital Expenditure</b>			
Management	1,046	363	241
<b>Total Capital Expenditure</b>	<b>1,046</b>	<b>363</b>	<b>241</b>
<b>Net Expenditure</b>	<b>2,026</b>	<b>1,264</b>	<b>860</b>
<b>Funded by</b>			
Internal Loans	776	115	233
Reserves	171	84	(354)
General Rate	8	7	8
UAGC	8	7	8
Targeted Rate Collection - Mokau	37	37	37
Targeted Rate Collection - Piopio	27	27	27
Targeted Rate Collection - Te Kuiti	103	104	104
Targeted Rate Collection - Waitomo	38	38	38
Targeted Rate - Solid Waste Management	858	845	759
<b>Total Funding</b>	<b>2,026</b>	<b>1,264</b>	<b>860</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$234,000 more than budget with an increase in general refuse charges, special waste, green waste and recovered materials which reflects that usage of the facility has increased.

### Operating Expenditure

Expenditure was \$155,000 more than budget due to:

- a) Landfill costs were more than budget as greater volumes of refuse being received into the landfill.
- b) Within the Landfill Management activity, expenditure for waste minimisation initiatives were more than budget. This expenditure included a minimisation audit for kerbside collections and e-waste collections. These costs are funded by waste minimisation levy revenue received from the Ministry of the Environment.
- c) Rates on council properties being excluded, the budget figure includes these rates.

### Capital Expenditure

Total capital expenditure was \$683,000 less than budget. The budget for the cell development was not spent, with this project deferred to the 2020/21 year. The resource consent for the landfill volume expansion was granted during the year with additional conditions. Additional expenditure was incurred to meet these additional conditions, including the installation of monitoring equipment and assessment of the stability of the toe of the landfill bund. The cell development construction will be staged over 2-3 years.



# STORMWATER DRAINAGE

## WHAT WE DO

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. This group provides for collection, diversion, and disposal of urban surface water runoff following rainfall.

The main activities of this group are:

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

## COMMUNITY OUTCOMES

<p><i>Vibrant communities</i></p> 	<p><i>Thriving business</i></p> 	<p><i>Effective leadership</i></p> 	<p><i>Sustainable Infrastructure</i></p> 
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## DELIVERING ON OUR 10 YEAR PLAN

No flooding events were recorded. However there was an issue with ponding at the bottom of Mangarino Road which was resolved by clearing the manhole and removing the tree roots from downstream stormwater pipe.

The Asset Criticality Assessment has been completed for Te Kuiti. The assessment relates to identifying how important or critical an asset is to retain services. This assessment enables Council to prioritise its asset maintenance and renewed.





## SERVICE PERFORMANCE MEASURES

### Key:



All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Stormwater drainage system is adequate and is sufficiently maintained.	The number of flooding events* that occur in the district in a financial year.	<b>Target:</b> 0 <b>Result:</b> 0	There have been no flooding events in this year of 2019/2020.
	For each flooding event* the number of habitable floors affected in a financial year.	<b>Target:</b> ≤ 1 per 1000 properties <b>Result:</b> 0	There have been no flooding events in this year of 2019/2020.
Compliance with resource consent conditions for discharge from the Council's 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	<b>Target:</b> 0 <b>Result:</b> 0	There have been no flooding events in this year of 2019/2020.
	infringement notices	<b>Target:</b> ≤ 2 <b>Result:</b> 0	There have been no flooding events in this year of 2019/2020.
	enforcement orders	<b>Target:</b> 0 <b>Result:</b> 0	There have been no flooding events in this year of 2019/2020.
	successful prosecutions	<b>Target:</b> 0 <b>Result:</b> 0	There have been no flooding events in this year of 2019/2020.
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).	<b>Target:</b> ≤ 180 minutes (3hrs) <b>Result:</b> 0	There have been no flooding events in this year of 2019/2020.
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.	<b>Target:</b> ≤ 4 complaints per 1,000 properties (2,056 connections) <b>Result:</b> 1.95 per 1000 connections	Three complaints (1.95 per 1000 properties) were received about the performance of the Council's urban stormwater system between July 2019 and June 2020.

\* 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.

## HOW WE DELIVERED AGAINST OUR BUDGET

STORMWATER DRAINAGE	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Urban	0	22	8
<b>Total Operating Income</b>	<b>0</b>	<b>22</b>	<b>8</b>
<b>Operating Expenditure</b>			
Urban	392	322	368
Rural	47	44	40
<b>Total Operating Expenditure</b>	<b>439</b>	<b>366</b>	<b>408</b>
<b>Net Operating Cost/(Surplus)</b>	<b>439</b>	<b>344</b>	<b>400</b>
<b>Capital Expenditure</b>			
Urban	137	32	392
Rural	5	0	0
<b>Total Capital Expenditure</b>	<b>142</b>	<b>32</b>	<b>392</b>
<b>Net Expenditure</b>	<b>581</b>	<b>376</b>	<b>792</b>
<b>Funded by</b>			
Internal Loans	0	0	359
Reserves	126	(47)	58
Targeted Rate - Stormwater (Urban)	408	376	338
Targeted Rate - Stormwater (Rural)	47	47	37
<b>Total Funding</b>	<b>581</b>	<b>376</b>	<b>792</b>

## WHAT'S BEHIND THE VARIATIONS

### Revenue

Revenue was \$22,000 more than budget for connection fees.

### Operating Expenditure

Expenditure was \$73,000 less than budget. Operational and maintenance costs and resource consent compliance costs were less than budget. Rates on council properties were also excluded, the budget figure includes these rates.

### Capital Expenditure

Total capital expenditure was \$110,000 less than budget for the year. Expenditure for stormwater rehabilitation renewals and piping open drains were not spent. These projects will be reassessed and incorporated into the development of the 2021-31 10 Year Plan.

# RESOURCE MANAGEMENT

## WHAT WE DO

This group involves the administration, application and enforcement of the Operative Waitomo District Plan and District Planning.

- **District Plan Administration** covers the planning functions under the Resource Management Act 1991, including the processing, issuing and monitoring of resource consents, designations and other application types. It also includes monitoring compliance with the Waitomo District Plan.
- **District Planning** involves setting the direction, form and shape of our urban and rural communities to ensure development is sustainably managed, while protecting our cultural and historic heritage, outstanding landscapes and significant natural features. District Plan reviews and structure planning are included in this activity.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

Work has continued to progress on the District Plan Review, in preparation for formal notification of a Proposed District Plan.

## SERVICE PERFORMANCE MEASURES



### Key:



All components of the performance measure have been met.



Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
Resource consents are processed consistently, efficiently and to a high standard.	The percentage of resource consent applications which are processed within statutory timeframes.	<b>Target:</b> 100% <b>Result:</b> 100%	 All resource consents have been processed within statutory timeframes for the year end.
Landuse consents are monitored to ensure they comply with the conditions of consent.	All land use consents that require monitoring are monitored.	<b>Target:</b> 100% <b>Result:</b> Not Achieved	 Some land use consents which require monitoring have been monitored for the year end 30 June 2020. Monitoring has been limited to reactive and urgent monitoring due to capacity constraints.

## HOW WE DELIVERED AGAINST OUR BUDGET

RESOURCE MANAGEMENT	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
District Plan Administration	190	267	139
District Planning	0	36	64
<b>Total Operating Income</b>	<b>190</b>	<b>303</b>	<b>203</b>
<b>Operating Expenditure</b>			
District Plan Administration	372	330	290
District Planning	582	515	607
<b>Total Operating Expenditure</b>	<b>954</b>	<b>845</b>	<b>897</b>
<b>Net Operating Cost/(Surplus)</b>	<b>764</b>	<b>542</b>	<b>694</b>
<b>Funded by</b>			
Internal Loans	542	454	527
Reserves	(36)	(171)	(107)
General Rates	129	130	137
UAGC	129	129	137
<b>Total Funding</b>	<b>764</b>	<b>542</b>	<b>694</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$113,000 more than budget due to an increase in revenue for planning consultant 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 work stream, flood hazard modelling report and land stability modelling reports which are prepared as part of the District Plan Review.

### Operating Expenditure

Expenditure was \$109,000 less than budget as the budgets for the District Plan Review were not fully spent. Due to the size and complexity of the project, the District Plan Review was budgeted to be completed over the number of years and will continue in the next financial year.

# SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE

## WHAT WE DO

The Sewerage Group provides for the environmentally safe collection, treatment and disposal of the District's sewage waste in Te Kuiti, Te Waitere, Maniaiti/Benneydale and Piopio.

There are three activities under this Group, namely:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES

<p><i>Vibrant communities</i></p> 	<p><i>Thriving business</i></p> 	<p><i>Effective leadership</i></p> 	<p><i>Sustainable Infrastructure</i></p> 
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## DELIVERING ON OUR 10 YEAR PLAN

All wastewater treatment plants are performing within their environmental discharge consents. We initiated an assessment of the Te Waitere soakage field which was delayed due to major rainfall events and COVID-19 pandemic related lockdown.

The bulk lime silo replacement programme and the improvement to Bayne St sewer was delayed due to the COVID-19 pandemic related lockdown. However, an additional flowmeter monitoring discharge has been installed.



## SERVICE PERFORMANCE MEASURES

### Key:











All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
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.	<b>Target:</b> Total complaints per 1,000 connections ≤35 <i>(Total number of connections 1,966)</i>  <b>Result:</b> 71.72 per 1000 connections	 <p>Between July 2019 and June 2020, a total of 141 complaints were received for odour, system faults, blockages and council's response to issues with the sewerage system.</p> <p><i>Note: some complaints were counted for multiple categories.</i></p> <p>Council receives a disproportionately high numbers of complaints related to the Piopio sewerage system which has known issues and includes individual septic tanks on properties.</p>
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	<b>Target:</b> 0 <b>Result:</b> 0	 No notices received.
	infringement notices	<b>Target:</b> 0 <b>Result:</b> 0	 No notices received.
	enforcement orders	<b>Target:</b> 0 <b>Result:</b> 0	 No notices received.
Timely response and resolution for sewage overflows.	convictions received	<b>Target:</b> 0 <b>Result:</b> 0	 No notices received.
	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.	<b>Target:</b> ≤180 minutes (3hrs) <b>Result:</b> 167 minutes (2.29 hrs)	 All Service Requests related to sewage system overflows and blockages were attended to with a median response time of 2:29 hours.
	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.	<b>Target:</b> ≤ 540 minutes (9hrs) <b>Result:</b> 847 minutes (14:07 hours)	 The median response time target was not achieved mainly due to resolution of the Piopio sewerage system issues. The septic tank is located on private property and access can be difficult, several components can be responsible for the faults. We had several incidents that required both electrical and mechanical maintenance services. This causes delay as separate contractors are involved.
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.	<b>Target:</b> Total complaints per 1,000 connections ≤15 <i>(Total number of connections 1,966)</i>  <b>Result:</b> 6.61 per 1000 connections	 From July 2019 to June 2020, a total of 13 dry weather overflows occurred.

## HOW WE DELIVERED AGAINST OUR BUDGET

SEWERAGE AND TREATMENT AND DISPOSAL OF SEWAGE	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Te Kuiti Sewerage	873	976	835
Te Waitere Sewerage	0	4	0
Maniaiti/Benneydale Sewerage	1	1	1
Piopio Sewerage	8	11	28
<b>Total Operating Income</b>	<b>882</b>	<b>992</b>	<b>864</b>
<b>Operating Expenditure</b>			
Waitomo Sewerage	5	0	0
Te Kuiti Sewerage	2,707	2,202	2,499
Te Waitere Sewerage	54	45	26
Maniaiti/Benneydale Sewerage	177	143	121
Piopio Sewerage	303	279	255
<b>Total Operating Expenditure</b>	<b>3,246</b>	<b>2,669</b>	<b>2,901</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,364</b>	<b>1,677</b>	<b>2,037</b>
<b>Capital Expenditure</b>			
Te Kuiti Sewerage	338	95	508
Te Waitere Sewerage	15	4	5
Maniaiti/Benneydale Sewerage	54	11	0
Piopio Sewerage	30	26	25
<b>Total Capital Expenditure</b>	<b>437</b>	<b>136</b>	<b>538</b>
<b>Net Expenditure</b>	<b>2,801</b>	<b>1,813</b>	<b>2,575</b>
<b>Funded by</b>			
Internal Loans	216	95	122
Reserves	100	(708)	4
Targeted Rate - Te Kuiti	1,974	1,952	1,975
Targeted Rate - Trade Waste Contribution	165	165	164
Targeted Rate - Te Waitere	17	15	15
Targeted Rate - Maniaiti/Benneydale	113	98	99
Targeted Rate - Piopio	216	196	196
<b>Total Funding</b>	<b>2,801</b>	<b>1,813</b>	<b>2,575</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$110,000 more than budget due to additional revenue received from connection fees for all schemes. Trade waste revenue in Te Kuiti, Maniaiti/Benneydale and Piopio was more than budget.

### Operating Expenditure

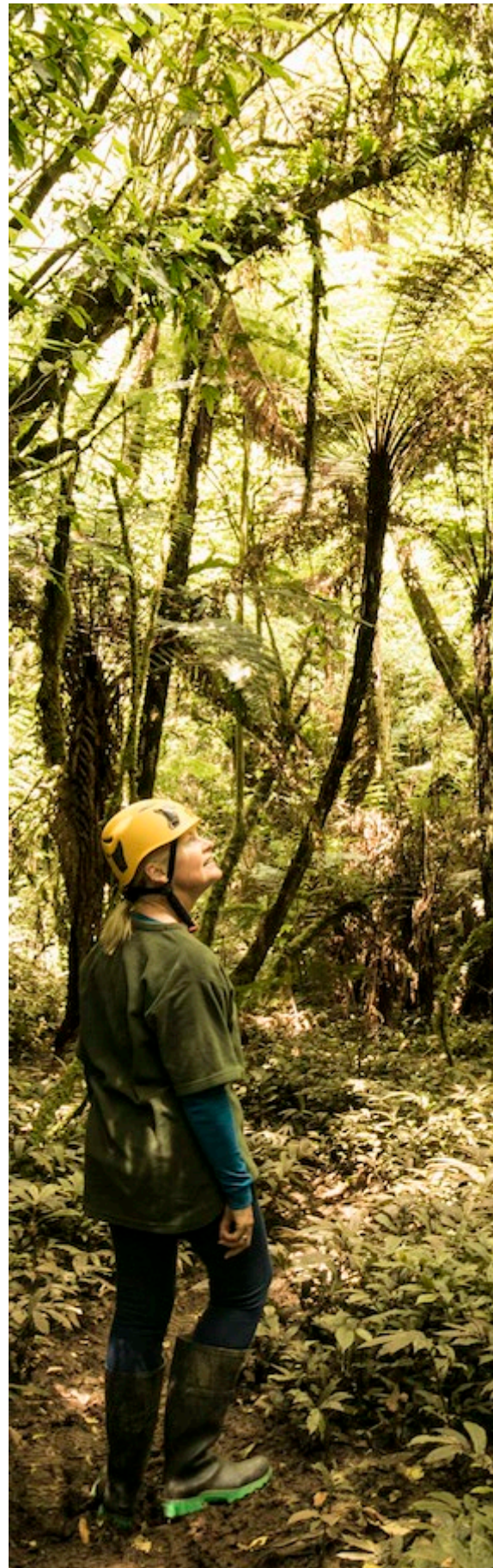
Expenditure was \$577,000 less than budget due to:

- a) Overall operations and maintenance costs were less for all schemes. Expenditure for electricity, sludge disposal costs, sampling costs and chemicals were less for Te Kuiti. Legal fees for Piopio and routine maintenance costs for Maniaiti/Benneydale were less than forecast.
- b) Rates paid on Council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- c) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.

### Capital Expenditure

Total capital expenditure was \$301,000 less than budget:

- a) The budget for Te Kuiti resource consent vegetation planting, sewer and aeration renewals were not fully spent and were deferred to the next financial year. The progress of these projects were impacted by the COVID-19 pandemic response.
- b) The planned project for the bulk lime silo construction, which was deferred from the previous year, was revised to include the installation of a self bunded tank for bulk load liquid chemical. The progress of the project was further impacted by the COVID-19 pandemic response and was only partly completed at 30 June, with the remainder of the project to be completed in the 2020/21 year.
- c) The investigation into renewing and extending the soakage field at Te Waitere was not fully spent. The project was delayed to allow for a full investigation to be completed. The findings will inform the preferred solution which will be progressed in the 2020/21 year if there is sufficient budget to complete the work.
- d) Maniaiti/Benneydale plant and reticulation renewals were not fully spent during the year. The outflow installation was completed in July 2020. Planting of the wetland area was also delayed due to the COVID-19 pandemic response.





# WATER SUPPLY

## WHAT WE DO

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.

There are three aspects of operations under this group:

- Maintenance
- Renewals and replacements
- Improvements

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

The completion of the upgrade for the Te Kuiti water treatment plant has meant that we now have improved compliance against the requirements of the drinking water standards and our environmental consents. We continue to improve the Supervisory and Data Acquisition (SCADA) System across all treatment plants to reflect NZ Drinking Water Standards (NZDWS) compliance.



We have continued to install backflow preventers when we replace old tobies and meters.

We have installed additional monitoring instruments in the Mokau and Piopio water treatment plants which will enable us to provide compliance data which will be assessed against the NZ drinking water standards. We also replaced the old filter media which was a contributing factor to the water issues at Mokau over summer and replaced the inlet pump in Piopio. The filter media was cleaned, and granulated carbon has been added to the water treatment plant in Maniaiti / Benneydale to address the taste and odour issues.



The watermain replacement project in Te Kuiti (Broadfoot PI) was delayed due to the COVID-19 pandemic lockdown.

We are continuing to investigate an alternative source of water supply in Te Kuiti.

## SERVICE PERFORMANCE MEASURES

### Key:



Achieved











All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
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).	<p><b>Target:</b> 100%</p> <p><b>Result:</b> 100%</p>	<p>Compliance survey has been completed and target met.</p>

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
	The extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2005 (revised 2008) (protozoal compliance criteria).	<b>Target:</b> 100%  <b>Result:</b> Not Achieved	 <p>Failed compliance in annual survey due to failing the July 2019 compliance due to the protozoa requirements being not met for Maniaiti / Benneydale, Mokau, Piopio and Te Kuiti. The requirements were not met due incomplete data &amp; reporting.</p> <p>WDC Action plan</p> <ul style="list-style-type: none"> <li>• Fit another turbidity meter at the Te Kuiti plant.</li> <li>• Manual UVT will be carried out when online meter is out of range.</li> <li>• At the smaller sites, pipework will be attended to allow water to recirculate as the UV lamp warms up to the correct intensity.</li> </ul>
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	<b>Target:</b> ≤ 25% <b>Result:</b> 16.14%	 <p>Water loss in Te Kuiti is spread over the following:</p> <ul style="list-style-type: none"> <li>• Mangarino water loss 6.28%</li> <li>• Blackmans water loss 40.72%</li> <li>• Hetet water loss 18.83%</li> <li>• Hospital water loss 5.72%</li> </ul> <p>The average Te Kuiti water loss is 16.14%</p>
	Mokau	<b>Target:</b> ≤ 25% <b>Result:</b> 1.76%	 <p>Target has been met.</p>
	Piopio	<b>Target:</b> ≤ 25% <b>Result:</b> .34%	 <p>Target has been met.</p>
	Maniaiti / Benneydale	<b>Target:</b> ≤ 15% <b>Result:</b> 5.72%	 <p>Target has been met.</p>
Timely response and resolution of service requests.	The median response times for attendance for urgent call-outs in a financial year**	<b>Target:</b> ≤ 180 minutes (3hrs)  <b>Result:</b> 1:50 hrs	 <p>We received 31 urgent call-outs, and the median response time was 1:50 hours.</p>
	The median resolution time of urgent call-outs in a financial year***	<b>Target:</b> ≤ 540 minutes (9 hrs) <b>Result:</b> 6:30 hrs	 <p>We received 31 urgent call-outs, and the median response time was 6:30 hours.</p>
	The median response times for attendance for non-urgent call outs in a financial year**	<b>Target:</b> ≤ 660 minutes (11 hrs) <b>Result:</b> 5:46 hrs	 <p>We received 213 non-urgent call-outs, and the median response time was 5:46 hours.</p>
	The median resolution time of non-urgent call-outs in a financial year***	<b>Target:</b> ≤ 96 hours (4 days) <b>Result:</b> 1d/4:20hrs	 <p>We received 213 non-urgent call-outs and the median resolution time was 1 day and 4:20 hours.</p>
<p><i>*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</i></p> <p><i>** measured from the time that the local authority received notification to the time that service personnel reach the site.</i></p> <p><i>*** measured from the time that the local authority received notification to the time that service personnel confirm resolution of the fault or interruption</i></p>			
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 (2623))</i>		
	Drinking water clarity	<b>Target:</b> ≤ 5 per 1000 connections  <b>Result:</b> 11.06 per 1000	 <p>29 service complaints were received for clarity (15 complaints from Mokau and 14 Complaints from Te Kuiti).</p> <p>This is 11.06 complaints per 1,000</p>

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
		connections	<p>connections.</p> <p>The presence of Iron and Manganese in the raw water, which is oxidised by addition of chlorine and precipitates out in the reticulation causing discolouration. This is an ongoing issue.</p> <p>The raw water can be pre-treated to remove the Iron and Manganese, however this leads to formation of disinfection by-products which pose more health risks.</p> <p>A lot of the complaints from Te Kuiti arise when the flushing program in place is conducted, re-distributing sediment into the water column.</p> <p>Mokau: Council became aware of the issue when the raw water was tested in the holiday period.</p>
	Drinking water taste	<p><b>Target:</b> ≤ 5 per 1000 connections</p> <p><b>Result:</b> 1.52 per 1000 connections</p>	<p>4 service complaints were received for taste: 1 solely for taste, 2 for taste/clarity, and 1 taste/clarity/odour.</p> <p>This equates to 1.52 complaints per 1,000 connections.</p>
	Drinking water odour	<p><b>Target:</b> ≤ 5 per 1000 connections</p> <p><b>Result:</b> 0.76 per 1000 connections</p>	<p>Target has been met.</p>
	Drinking water pressure flow	<p><b>Target:</b> ≤ 30 per 1000 connections</p> <p><b>Result:</b> 0.38 per 1000 connections</p>	<p>Target has been met.</p>
	Continuity of supply	<p><b>Target:</b> ≤30 per 1000 connections</p> <p><b>Result:</b> 13.34 per 1000 connections</p>	<p>35 service complaints were received for Continuity of supply: 34 solely for Continuity and one for Continuity/Clarity This is 13.34 complaints per 1,000 connections.</p>
	Median response time to any of these issues within a year.	<p><b>Target:</b> ≤ 540 minutes (9hrs)</p> <p><b>Result:</b> 1.52</p>	<p>The median response time to the 64 service requests containing complaints regarding clarity, taste, odour, pressure flow and continuity of supply was 1:52 hours.</p>
Efficient management of demand for water for the community.	Average consumption of drinking water per day per resident within the district.	<p><b>Target:</b> ≤ 400 litres per person per day</p> <p><b>Result:</b> 385.75L</p>	<p>Average consumption was lower than target.</p>

## HOW WE DELIVERED AGAINST OUR BUDGET

WATER SUPPLY	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Te Kuiti Water	0	23	15
Mokau Water	0	4	1
Piopio Water	0	2	5
Maniaiti/Benneydale Water	0	2	2
<b>Total Operating Income</b>	<b>0</b>	<b>31</b>	<b>23</b>
<b>Operating Expenditure</b>			
Te Kuiti Water	1,914	1,898	1,956
Mokau Water	388	393	326
Piopio Water	391	302	314
Maniaiti/Benneydale Water	183	156	170
Waitomo Water	5	10	0
<b>Total Operating Expenditure</b>	<b>2,881</b>	<b>2,759</b>	<b>2,766</b>
<b>Net Operating Cost/(Surplus)</b>	<b>2,881</b>	<b>2,728</b>	<b>2,743</b>
<b>Capital Expenditure</b>			
Te Kuiti Water	380	129	1,546
Mokau Water	76	92	333
Piopio Water	216	37	448
Maniaiti/Benneydale Water	4	19	25
<b>Total Capital Expenditure</b>	<b>676</b>	<b>277</b>	<b>2,352</b>
<b>Net Expenditure</b>	<b>3,557</b>	<b>3,005</b>	<b>5,095</b>
<b>Funded by</b>			
Internal Loans	594	199	2,328
Reserves	278	171	22
Targeted Rate - Te Kuiti	1,162	1,200	1,234
Targeted Rate - Mokau	241	198	239
Targeted Rate - Piopio	271	230	285
Targeted Rate - Maniaiti/Benneydale	130	111	133
Metered Water Rates	881	896	854
<b>Total Funding</b>	<b>3,557</b>	<b>3,005</b>	<b>5,095</b>

## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$31,000 more than budget for new water connections and sundry water charges.

### Operating Expenditure

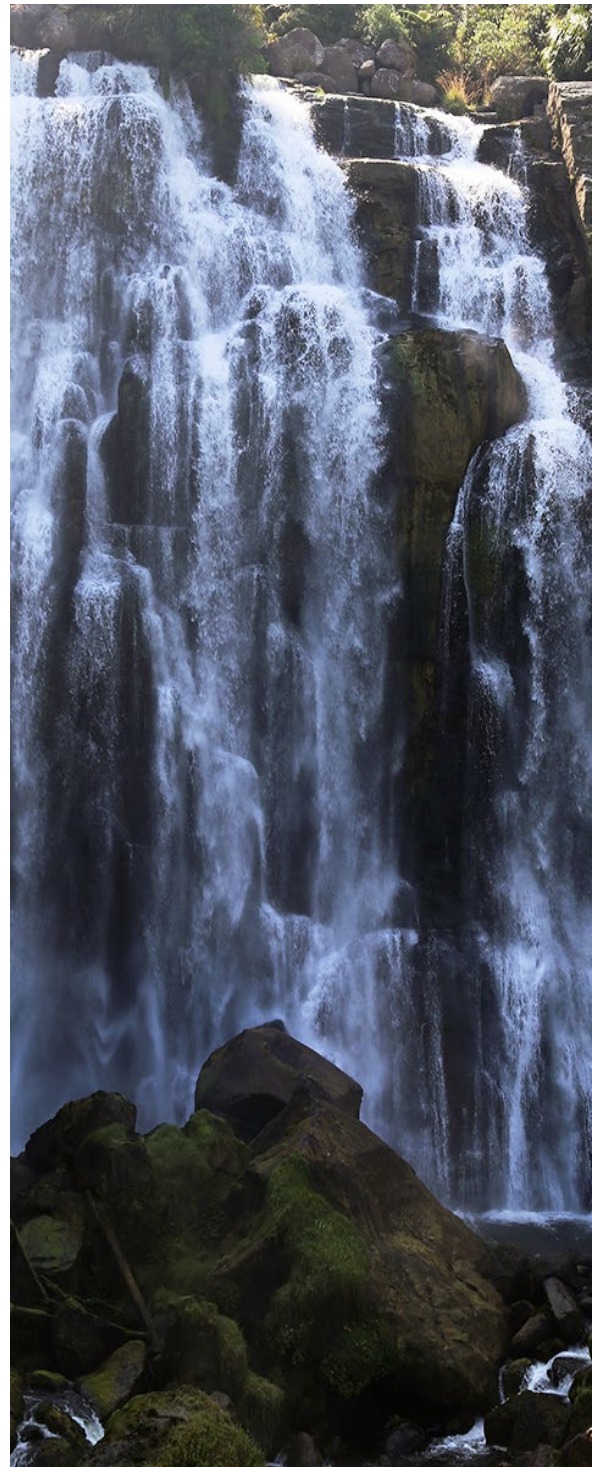
Expenditure was \$122,000 less than budget due to:

- a) Rates paid on Council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- b) 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 EAP meant less interest costs were incurred.
- d) These reductions in expenditure were offset in part by increased operation and maintenance costs for Te Kuiti and Mokau.

### Capital Expenditure

Total capital expenditure was \$399,000 less than budget due to:

- a) Planned renewal of the gantry beam at Rata Street pump station and reticulation renewals for Broadfoot Place were delayed and will be completed in the 2020/21 year. The gantry beam renewal was more complex than the initial plan and the progress on the reticulation renewals project was delayed due to the COVID-19 pandemic response.
- b) Algae present in the filter media and residual components in the contact tank resulted in a boil water notice being issued to the Mokau village community during the summer period. This required additional expenditure on the pipework at Mokau to resolve the problem encountered with the turbidity meter.
- c) Planned works for Piopio included a detailed design of the trunk main line to the new reservoir which was not spent during the year. This project will be reassessed and incorporated into the 2021-31 10 Year Plan.



# ROADS AND FOOTPATHS

## WHAT WE DO

The Roads and Footpaths activity provides a safe and reliable transport infrastructure network to facilitate the movement of people and goods, which includes the provision of roads (excluding state highways), footpaths, bridges, traffic services, streetlights, carparks and traffic safety programmes.

- **Road Network:** We manage and maintain a network of 461km of sealed roads and 553km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road network, footpaths and ancillary systems such as streetlights, signs and road markings.
- **Subsidised roading:** New Zealand Transport Agency (NZTA), provides a subsidy for works that meet their criteria via Waikato Regional Council's Land Transport Programme.
- **Unsubsidised roading:** These activities are carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by NZTA.

## COMMUNITY OUTCOMES



## DELIVERING ON OUR 10 YEAR PLAN

As part of our annual work programme we were able to complete:

- The road pavement rehabilitation programme of a 1.4km long section of Totoro Road
- 300m of previously narrow footpaths were widened on Te Kumi Road
- Resurfacing 25.7km sealed roads
- Re-metalling 51km of unsealed roads



As part of our annual work programme we completed:

- Reactive and planned road maintenance of urban roads (50km sealed and 3km unsealed)
- Renewal of 1.11km of drainage and culverts
- Maintenance of 162 bridges
- Maintained and or replaced 323 signs/markers and 94 posts



## SERVICE PERFORMANCE MEASURES

### Key:









All components of the performance measure have been met.



Not achieved

Some or all components were not achieved as per schedule or target

YOU CAN EXPECT	MEASURE	TARGET/ RESULT	HOW WE PERFORMED
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.	<b>Target:</b> 1 (or maintain at 0)  <b>Result:</b> 0  Change in serious injury crashes: 0  Change in fatal crashes: 0	 <p>Change in serious injury crashes from the current year (8) to previous year (8) = 0</p> <p>Change in fatal injury crashes from the current year (1) to previous year (1) = 0</p>
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.  <i>(Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.)</i>	<b>Target:</b> 90% (of total) <b>Result:</b> 91.2%	 <p>This is measured every three years and was re-measured in December 2019.</p> <p>The latest NAASRA roughness count from 2019 was 91.92%.</p>
Maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metalled each year.	<b>Target:</b> 10% (of total) <b>Result:</b> 9.34%	 <p>This activity is seasonal and best completed in the wet winter months. Small percentages may be completed in the summer period. However, this year none was completed due to unseasonably dry weather during Jan - March, nor was work undertaken during the COVID-19 lockdown in April.</p>
Maintain the overall condition of sealed roads to a specified adequate standard.	Percentage of the sealed local road network that is resurfaced each year.	<b>Target:</b> 7% (of total) <b>Result:</b> 5.72%	 <p>Sealing scheduled for completion in March was interrupted by COVID 19 lockdown. Cold weather after lockdown meant the resealing programme was halted for the year.</p>
Maintain the overall condition of footpaths to a specified adequate standard.	The percentage of footpath network that falls within a condition rating of 3.	<b>Target:</b> 90% <b>Result:</b> 94.35%	 <p>This relates to the 2018 RAMM Footpath Condition Rating Report 2019 result (report dated 2019).</p> <p>The footpaths condition rating report is completed every three years, with the next one due in 2021.</p>
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.	<b>Target:</b> 80% <b>Result:</b> 84%	 <p>A total of 557 WDC requests were received in 2019/2020. 467 were closed within 10 days, 90 were closed in more than 10 days. The result being 84% the target has been met.</p>

## HOW WE DELIVERED AGAINST OUR BUDGET

ROADS AND FOOTPATHS	2020 BUDGET \$000's	2020 ACTUAL \$000's	2019 ACTUAL \$000's
<b>Operating Income</b>			
Subsidised Roads	10,569	8,078	8,635
Unsubsidised Roads	97	102	104
<b>Total Operating Income</b>	<b>10,666</b>	<b>8,180</b>	<b>8,739</b>
<b>Operating Expenditure</b>			
Subsidised Roads	9,546	10,326	9,855
Unsubsidised Roads	226	90	131
<b>Total Operating Expenditure</b>	<b>9,772</b>	<b>10,416</b>	<b>9,986</b>
<b>Net Operating Cost/(Surplus)</b>	<b>(894)</b>	<b>2,236</b>	<b>1,247</b>
<b>Capital Expenditure</b>			
Subsidised Roads	7,995	4,009	5,204
Unsubsidised Roads	166	60	197
<b>Total Capital Expenditure</b>	<b>8,161</b>	<b>4,069</b>	<b>5,401</b>
<b>Net Expenditure for Activity</b>	<b>7,267</b>	<b>6,305</b>	<b>6,648</b>
<b>Funded by</b>			
Internal Loans	746	188	283
External Loan Repayments	(649)	(503)	(782)
Reserves	1,922	1,363	1,549
UAGC	90	90	95
Targeted Services Rate - Rural	12	12	8
Targeted Services Rate - Urban	98	97	67
Targeted Rate - District Roading Rate	5,048	5,058	5,428
<b>Total Funding</b>	<b>7,267</b>	<b>6,305</b>	<b>6,648</b>



## WHAT'S BEHIND THE VARIATIONS

### Operating Income

Revenue was \$2,486,000 less than budget as the capital expenditure programme was not fully spent and therefore the associated NZTA subsidy revenue was not received.

### Operating Expenditure

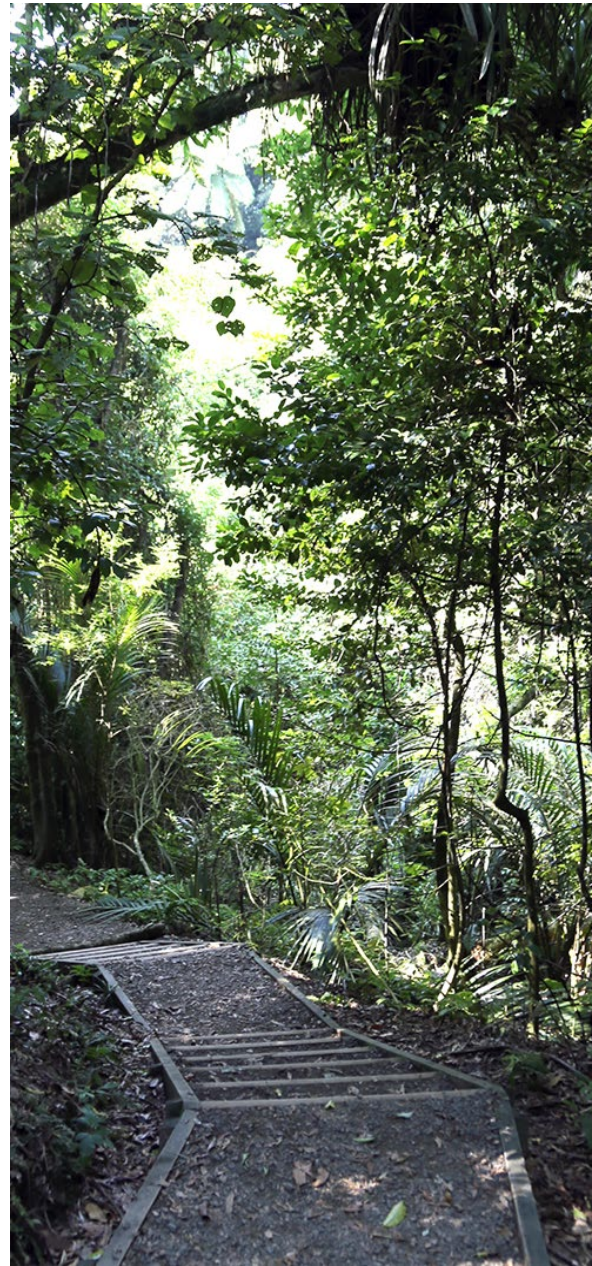
Expenditure was \$644,000 more than budget due to:

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

### Capital Expenditure

Total capital expenditure was \$4,092,000 less than budget. The completion of the capital expenditure programme was impacted by available internal capacity which delayed project delivery and progress was further compounded by the COVID-19 pandemic response.

- (a) The budgets for footpath improvements and renewals, pavement rehabilitation, minor improvements, sealed road surfacing and structures components renewals were not fully spent for the year. The unspent portion of the budgets totalling \$4,254,000 has been deferred to the 2020/21 year.
- (b) Expenditure for the construction of Te Ara Tika (pedestrian overbridge) was delayed to enable further community consultation and is now scheduled for completion in the 2020/21 year.





**FINANCES**  
**PŪTEA**

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2020

These financial statements should be read in conjunction with the notes to the financial statements on pages 62 to 119.

	COUNCIL				GROUP	
	NOTE	2020 BUDGET \$000	2020 ACTUAL \$000	2019 ACTUAL \$000	2020 ACTUAL \$000	2019 ACTUAL \$000
<b>Revenue</b>						
Rates revenue	1	20,087	19,740	19,517	19,731	19,509
Metered water rates	2	881	896	854	896	854
Subsidies and grants	3	10,577	8,290	8,766	9,330	8,766
Investment Income		350	14	0	14	0
Interest revenue		14	14	26	14	31
Fees, charges and income from construction	4	3,355	3,859	3,839	26,154	34,070
Other revenue including gains/(losses)	5	194	337	489	333	489
<b>Total Revenue and Gains/ (Losses)</b>		<b>35,458</b>	<b>33,150</b>	<b>33,491</b>	<b>56,472</b>	<b>63,719</b>
<b>Expenses</b>						
Employee benefit expenses	6	5,690	5,797	5,663	16,168	15,769
Depreciation and amortisation expense	7,21, 22	5,956	6,020	5,930	7,235	6,899
Finance costs	8	2,035	1,435	1,707	1,648	1,967
Other expenses	9	16,652	15,281	15,267	26,762	33,167
<b>Total Expenses</b>		<b>30,333</b>	<b>28,533</b>	<b>28,567</b>	<b>51,813</b>	<b>57,802</b>
<b>Surplus/ (Deficit) Before Tax</b>		<b>5,125</b>	<b>4,617</b>	<b>4,924</b>	<b>4,659</b>	<b>5,917</b>
Income tax expense/(revenue)	10	0	0	0	(233)	487
<b>Surplus/ (Deficit)</b>		<b>5,125</b>	<b>4,617</b>	<b>4,924</b>	<b>4,892</b>	<b>5,430</b>
<b>Other Comprehensive Revenue and Expense</b>						
Revaluation of property, plant and equipment and quarry assets	11	6,004	16,004	0	17,600	83
Gains/(losses) from cash flow hedges		0	(420)	(727)	(420)	(727)
Revaluation of available for sale assets	11,13	0	(2,610)	(365)	0	0
Income tax relating to components of other comprehensive revenue and expense	10	0	0	0	0	(23)
<b>Total Other Comprehensive Revenue and Expense</b>		<b>6,004</b>	<b>12,974</b>	<b>(1,092)</b>	<b>17,180</b>	<b>(667)</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>11,129</b>	<b>17,591</b>	<b>3,832</b>	<b>22,072</b>	<b>4,763</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

These financial statements should be read in conjunction with the notes to the financial statements on pages 62 to 119.

	COUNCIL			GROUP	
	NOTE	2020 ACTUAL \$000	2019 ACTUAL \$000	2020 ACTUAL \$000	2019 ACTUAL \$000
<b>Total Equity</b>					
Balance at 1 July		317,920	314,088	315,649	310,886
Total Comprehensive Revenue and Expense for the year		17,591	3,832	22,072	4,763
<b>Balance at 30 June</b>		<b>335,511</b>	<b>317,920</b>	<b>337,721</b>	<b>315,649</b>

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

These financial statements should be read in conjunction with the notes to the financial statements on pages **62 to 119**.

	COUNCIL			GROUP		
	NOTE	2020 BUDGET \$000	2020 ACTUAL \$000	2019 ACTUAL \$000	2020 ACTUAL \$000	2019 ACTUAL \$000
<b>Equity</b>						
Accumulated Funds	11	220,986	216,303	214,394	221,911	219,727
Other Reserves	11	24,797	26,036	26,326	17,211	14,891
Revaluation Reserve	11	83,559	93,172	77,200	98,599	81,031
<b>Total Equity</b>	11	<b>329,342</b>	<b>335,511</b>	<b>317,920</b>	<b>337,721</b>	<b>315,649</b>
<b>Current Assets</b>						
Cash and Cash Equivalents	12	537	4,243	1,819	5,015	2,154
Other Financial Assets	13	3	87	3	87	3
Inventory	14	84	73	93	1,831	1,539
Receivables under Exchange Transactions	15	531	271	157	2,239	3,519
Receivables under Non Exchange Transactions	15	4,801	3,867	4,940	3,856	4,893
Assets Held for Sale	24	0	60	100	60	100
<b>Total Current Assets</b>		<b>5,956</b>	<b>8,601</b>	<b>7,112</b>	<b>13,088</b>	<b>12,208</b>
<b>Current Liabilities</b>						
Payables and Deferred Revenue under Exchange Transactions	17	3,718	2,823	3,178	3,710	4,789
Payables and Deferred Revenue under Non Exchange Transactions	17	878	645	750	2,376	1,276
Current Portion of Borrowings	18	24,140	12,210	10,261	12,599	12,061
Provisions	19	3	3	3	3	3
Employee Entitlements	20	616	792	623	1,581	1,397
Derivative Financial Instruments	16	605	895	677	895	677
<b>Total Current Liabilities</b>		<b>29,960</b>	<b>17,368</b>	<b>15,492</b>	<b>21,164</b>	<b>20,203</b>
<b>Net Working Capital</b>		<b>(24,004)</b>	<b>(8,767)</b>	<b>(8,380)</b>	<b>(8,076)</b>	<b>(7,995)</b>
<b>Non Current Assets</b>						
Property, Plant and Equipment	21	361,134	361,202	345,528	372,415	355,612
Intangible Assets	22	1,076	421	223	859	703
Investment Property	23	788	1,014	897	1,014	897
Capitalised Quarry Development Asset	25	0	0	0	758	771
Receivables under Exchange Transactions	15	0	0	0	51	0
Other Financial Assets	13	410	423	503	423	503
Investment in CCO and Civic Financial Services Ltd	13	11,820	8,845	11,455	20	20
Deferred Tax Asset	10	0	0	0	1,052	819
<b>Total Non Current Assets</b>		<b>375,228</b>	<b>371,905</b>	<b>358,606</b>	<b>376,592</b>	<b>359,325</b>
<b>Non Current Liabilities</b>						
Borrowings	18	20,000	25,050	30,000	28,218	33,375
Provisions	19	750	531	461	531	461
Derivative Financial Instruments	16	1,132	2,046	1,845	2,046	1,845
<b>Total Non Current Liabilities</b>		<b>21,882</b>	<b>27,627</b>	<b>32,306</b>	<b>30,795</b>	<b>35,681</b>
<b>Net Assets</b>		<b>329,342</b>	<b>335,511</b>	<b>317,920</b>	<b>337,721</b>	<b>315,649</b>

## CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

These financial statements should be read in conjunction with the notes to the financial statements on pages **62 to 119**.

	COUNCIL			GROUP		
	NOTE	2020 BUDGET \$000	2020 ACTUAL \$000	2019 ACTUAL \$000	2020 ACTUAL \$000	2019 ACTUAL \$000
<b>Cash flows from Operating Activities</b>						
<b>Cash was provided from:</b>						
Rates Revenue (including penalties)		20,968	20,733	20,400	20,724	20,387
Subsidies and Grants		10,577	8,839	8,816	9,880	8,816
Property Rentals		503	404	483	436	622
Petroleum Tax		125	131	136	131	136
Interest Revenue		14	14	22	14	27
Investment Income		350	14	0	14	0
Receipts from Other Revenue and Construction Contracts		2,921	3,869	3,734	27,505	34,744
		<b>35,458</b>	<b>34,004</b>	<b>33,591</b>	<b>58,704</b>	<b>64,732</b>
<b>Cash was applied to:</b>						
Payments to Suppliers and Employees		22,063	20,149	20,743	41,727	48,445
Elected Members		280	293	240	393	360
Interest Paid on Borrowings		2,035	1,483	1,639	1,696	1,899
		<b>24,378</b>	<b>21,925</b>	<b>22,622</b>	<b>43,816</b>	<b>50,704</b>
<b>Net Cash Inflow from Operating Activities</b>	28	<b>11,080</b>	<b>12,079</b>	<b>10,969</b>	<b>14,888</b>	<b>14,028</b>
<b>Cash was provided from:</b>						
Proceeds from Sale of Property, Plant and Equipment		0	67	60	218	278
Repayment of Advance from CCO		0	0	375	0	0
Repayment of Advance from Community Groups		4	3	3	3	3
		<b>4</b>	<b>70</b>	<b>438</b>	<b>221</b>	<b>281</b>
<b>Cash was applied to:</b>						
Purchase and Development of Property, Plant and Equipment		12,100	6,307	9,761	7,060	12,226
Purchase of Intangible Assets		283	403	31	483	453
Renewals of Investment Properties		0	11	3	11	3
Purchase of Financial Assets		0	0	80	0	80
		<b>12,383</b>	<b>6,721</b>	<b>9,875</b>	<b>7,554</b>	<b>12,762</b>
<b>Net Cash flows from Investing Activities</b>		<b>(12,379)</b>	<b>(6,651)</b>	<b>(9,437)</b>	<b>(7,333)</b>	<b>(12,481)</b>
<b>Cash was provided from:</b>						
Cash was provided from Borrowings		21,299	17,000	35,000	17,000	35,000
		<b>21,299</b>	<b>17,000</b>	<b>35,000</b>	<b>17,000</b>	<b>35,000</b>
<b>Cash was applied to:</b>						
Repayment of Borrowings		20,000	20,000	36,475	21,675	36,107
Repayment of Lease Liabilities		0	4	0	18	0
		<b>20,000</b>	<b>20,004</b>	<b>36,475</b>	<b>21,693</b>	<b>36,107</b>
<b>Net Cash Inflow/(outflow) from Financing Activities</b>		<b>1,299</b>	<b>(3,004)</b>	<b>(1,475)</b>	<b>(4,693)</b>	<b>(1,107)</b>
Net increase/(decrease) in cash and cash equivalents		0	2,424	57	2,862	440
Cash and cash equivalents at the beginning of the year		537	1,819	1,762	2,153	1,714
<b>Cash and cash equivalents at the end of the year</b>		<b>537</b>	<b>4,243</b>	<b>1,819</b>	<b>5,015</b>	<b>2,154</b>
<b>Balance at end of year represented by:</b>						
Cash at Bank and In Hand		<b>537</b>	<b>4,243</b>	<b>1,819</b>	<b>5,015</b>	<b>2,154</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Statement of Accounting Policies for the year ended 30 June 2020

### 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.

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 2020. The financial statements were authorised for issue by Council on 27 October 2020.

### 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
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
PBE Interest Rate Benchmark Reform	1 January 2020	30 June 2021
Going Concern Disclosures (Amendments to PBE IPSAS 1)	30 September 2020	30 June 2021
PBE IFRS 9 Financial Instruments	1 January 2020	30 June 2021
2018 Omnibus Amendments to PBE Standards	1 January 2021	30 June 2022
PBE IPSAS 40 PBE combinations	1 January 2021	30 June 2022
PBE FRS 48 Service Reporting	1 January 2022	30 June 2023
PBE IPSAS 41 Financial Instruments	1 January 2022	30 June 2023
PBE IFRS 17 Insurance Contracts	1 January 2023	30 June 2024

## 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 statements 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*

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

Last year Council's subsidiary Inframax Construction Limited 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.

Where the Council and Group are not in possession of or issued a valid tax invoice at balance date, the GST portion is not accounted for in either Receivables or Payables.

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, land under roads, work in progress and those assets in the tables below that are not depreciated, 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:

Operational 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	No depreciated

#### *Restricted Assets*

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

Restricted Buildings	5 – 100 years
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#### *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 depreciation
Formation and running course	Not depreciation
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, hydrants, valves, meters	5-120 years
Pump stations, reservoirs	25-100 years

### Sewerage Reticulation

Pipes and manholes	50-120 years
Pump stations	15-100 years
Treatment plants	10-100 years

### Stormwater 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 channeling	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 for each component. The residual value and useful life on 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 – 5 years
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## **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 assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's 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 EAP 2019/20. 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 depreciated 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 2020 resulting in a loss on revaluation of \$2.6 million. The valuation report indicated a valuation range of \$7.7 million (lower) and \$9.9 million (higher) for the investment. Council recognised the investment at the mid point of \$8.8 million. After consideration of the subsidiary's financial statements and financial forecasts, Council considers the mid point of \$8.8 million (2019: \$11.8 million) to fair value at 30 June 2020.

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 2020/21 financial forecast.

In deriving the valuation of the investment, the valuers noted that it was not possible to assess with any certainty the implications of COVID-19 on the subsidiary's financial performance or the economy as a whole, both generally in terms of how long the current crisis may last and more specifically in terms of its impact on the subsidiary or the wider economy. The valuers advice is subject to significant caveats and caution due to the uncertainty that exists for businesses including (amongst other matters) access to capital, supply chain disruption, the demand for products or services and the extent and duration of the measures implemented by various governments and authorities to contain and/or prevent spread of COVID-19.

#### *Deferred Tax Asset Recognition and recoverability*

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.

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 2020/21 and the expectation of continued profitability for future years.

#### **Changes in accounting policies**

There have been no changes in accounting policies during the year.



## Note 1: Rates Revenue

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
General Rate	4,604	4,082	4,601	4,080
Uniform Annual General Charge	3,460	3,367	3,459	3,366
Targeted Rates - Sewerage	2,484	2,507	2,484	2,506
Targeted Rates - Water	1,795	1,953	1,794	1,952
Targeted Rates - Solid Waste	1,067	981	1,066	981
Targeted Rates - Roads and Footpaths	5,166	5,503	5,164	5,501
Targeted Rates - Other	1,089	1,040	1,088	1,039
Rates Penalties	454	466	454	466
<b>Sub Total</b>	<b>20,119</b>	<b>19,899</b>	<b>20,110</b>	<b>19,891</b>
Less Rates paid on Council properties	(379)	(382)	(379)	(382)
<b>Total Rates Revenue</b>	<b>19,740</b>	<b>19,517</b>	<b>19,731</b>	<b>19,509</b>
Rates Revenue from non exchange transactions	19,740	19,517	19,731	19,509

## Note 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)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Metered Water Rates	896	854	896	854

## Note 3: Subsidies and Grants

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
NZTA Rooding Subsidy	7,944	8,486	7,944	8,486
Other Grants	346	280	1,386	280
<b>Total Subsidies and Grants</b>	<b>8,290</b>	<b>8,766</b>	<b>9,330</b>	<b>8,766</b>
Subsidies and grants revenue from non exchange transactions	8,290	8,766	9,330	8,766

### Group

During the COVID-19 lockdown period, most of the subsidiary, Inframax Construction Limited's operations were temporarily ceased leading to a significant reduction in revenue and direct contract expenditure. The subsidiary was eligible for the Ministry of Social Development wages subsidy scheme and received a grant of \$1,040,000. The subsidiary also applied and received the wages subsidy extension of \$662,000 which covers the eight week period from 1 July 2020. This amount has been recognised in as Deferred Revenue in note 17.

#### Note 4: Fees and Charges

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Revenue from exchange transactions</b>				
Income from Construction Contracts	0	0	21,497	28,627
Resource Consent Revenue	116	56	116	56
Property Rentals	0	0	33	135
Sale of Goods	268	212	1,120	1,855
<b>Total</b>	<b>384</b>	<b>268</b>	<b>22,766</b>	<b>30,673</b>
<b>Revenue from non exchange transactions</b>				
Compliance Revenue	485	492	485	492
Property Rentals	405	461	405	461
Rental Revenue from Investment Property	24	29	24	29
Trade Waste Charges	960	822	960	822
Solid Waste Disposal Charges	1,115	1,243	1,109	1,241
Swimming Pool Revenue	39	40	39	40
Resource Consent Revenue	118	49	118	49
Quarry Royalties	80	172	0	0
Other Fees and Charges	249	263	248	263
<b>Total</b>	<b>3,475</b>	<b>3,571</b>	<b>3,388</b>	<b>3,397</b>
<b>Total Fees, Charges and Income from Construction</b>	<b>3,859</b>	<b>3,839</b>	<b>26,154</b>	<b>34,070</b>

#### Note 5: Other Revenue Including Gains and Losses

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Other Revenue	83	192	83	192
Donations Received	0	1	0	1
Petrol Tax	121	133	121	133
<b>Total Other Revenue from non exchange transactions</b>	<b>204</b>	<b>326</b>	<b>204</b>	<b>326</b>
Gain/(Loss) in Change in Fair Value of Investment Property	106	106	106	106
Gain/(Loss) in Change in Fair Value of Assets held for Sale	0	(3)	0	(3)
Gain/(Loss) in Sale of Assets held for Sale	(40)	0	(40)	0
Gain/(Loss) on Sale of Property, Plant and Equipment	67	60	63	60
<b>Total Other Gains/(Losses)</b>	<b>133</b>	<b>163</b>	<b>129</b>	<b>163</b>
<b>Total Other Revenue including Gains/(Losses)</b>	<b>337</b>	<b>489</b>	<b>333</b>	<b>489</b>

## Note 6: Employee Benefit Expenses

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Salaries and Wages	5,538	5,572	15,665	15,403
Defined Contribution Plan Employer Contributions	90	85	318	284
Increase/(Decrease) in Employee Benefit Liabilities	169	6	185	82
<b>Total Employee Benefit Expenses</b>	<b>5,797</b>	<b>5,663</b>	<b>16,168</b>	<b>15,769</b>

## Note 7: Depreciation and Amortisation Expense

(\$000's)	COUNCIL			GROUP	
	2020 BUDGET	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Leadership and Investments	493	502	489	502	489
Community Service	948	926	908	926	908
Community Development	11	13	13	13	13
Compliance	6	7	6	7	6
Solid Waste Management	97	86	75	86	75
Stormwater Drainage	198	192	189	192	189
Sewerage	830	822	812	822	812
Water Supply	602	566	502	566	502
Roads and Footpaths	2,771	2,906	2,936	2,906	2,936
Other Activities	0	0	0	1,215	969
<b>Total Depreciation and Amortisation Expense</b>	<b>5,956</b>	<b>6,020</b>	<b>5,930</b>	<b>7,235</b>	<b>6,899</b>

## Note 8: Finance Costs

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Interest on Bank Borrowings	1,419	1,638	1,630	1,898
Interest on Finance Leases	2	0	4	0
Discount Unwinding on Provision (refer note 19)	14	12	14	12
<b>Interest derivatives (presented net):</b>				
Ineffectiveness on cash flow hedges	0	57	0	57
<b>Total Finance Costs</b>	<b>1,435</b>	<b>1,707</b>	<b>1,648</b>	<b>1,967</b>

## Note 9: Other Expenses

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Audit Fees for Financial Statement Audit	154	138	236	211
Audit Fees for Assurance Related Services	5	5	5	5
Bad Debts Written Off	288	314	288	314
Directors Fees	0	0	100	120
Grants Expenditure	104	90	104	90
Insurance Premiums	273	289	500	520
Inventory Consumption	0	0	1,702	3,100
Impairment of Property, Plant and Equipment	118	0	118	0
(Gain)/Loss on Property, Plant and Equipment	31	885	75	832
Operating Lease Expenses	5	0	179	102
Impairment of Receivables	116	(42)	116	(62)
Remuneration of Elected Members	301	250	301	250
Subscriptions	120	102	157	149
Road Maintenance	5,731	5,388	5,731	5,388
Other Maintenance Expenditure	5,240	5,257	7,314	7,434
Direct Contract Expenses	0	0	5,543	9,703
Other Expenditure	2,404	2,242	3,902	4,662
Investment Property Expenditure	21	0	21	0
Rates and Penalties Remissions	370	349	370	349
<b>Total Other Expenditure</b>	<b>15,281</b>	<b>15,267</b>	<b>26,762</b>	<b>33,167</b>

### Council

The Operating lease expense relates to various items of office equipment. The lease can be renewed at the Council and Group'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. The Group does not have option to purchase the asset at the end of the lease term for leases held by the subsidiary. There are no restrictions placed on Council or Group by any of the finance leasing arrangements.

## Note 10: Tax

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Income tax recognised in Profit or Loss</b>				
Deferred tax on temporary differences	0	0	(233)	487
	<b>0</b>	<b>0</b>	<b>(233)</b>	<b>487</b>
<b>Reconciliation of Accounting Profit/(Loss) before tax and income tax expense</b>				
Surplus before Taxation	4,617	4,924	4,659	5,917
Prima facie taxation at 28% (2019: 28%)	1,293	1,379	1,305	1,657
Taxation effect of non-deductible expenditure	(1,311)	(1,402)	(882)	(1,214)
Non-taxable income	0	0	(291)	0
Non-recognition of benefit of Tax Losses	18	23	18	23
Re-recognition of temporary differences	0	0	(380)	0
Under/(Over) provided in prior periods	0	0	(3)	21
<b>Taxation Expense/(Revenue)</b>	<b>0</b>	<b>0</b>	<b>(233)</b>	<b>487</b>

(\$000's)	Depreciation and Amortisation	Employee Entitlements	Other	Tax Losses Carried Forward	Total Deferred Tax Asset/ (Liability)
<b>Deferred tax balances</b>					
<b>Council</b>					
Council has not recognised any deferred tax assets or liabilities.					
<b>Group 2019</b>					
<b>Opening Balance</b>	<b>(792)</b>	<b>134</b>	<b>(143)</b>	<b>2,131</b>	<b>1,330</b>
(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)
<b>Closing Balance</b>	<b>(837)</b>	<b>145</b>	<b>(171)</b>	<b>1,682</b>	<b>819</b>
<b>Group 2020</b>					
(Charged)/credited to Profit or Loss	214	(7)	90	(52)	245
Under/(over) provided in prior periods	0	0	0	(12)	(12)
<b>Closing Balance</b>	<b>(623)</b>	<b>138</b>	<b>(81)</b>	<b>1,618</b>	<b>1,052</b>

#### Council

Council has accumulated tax losses of \$2,762,000 (2019: \$2,696,000) to 30 June 2020. 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.

#### Group

The Group has accumulated tax losses of \$8,523,000 (2019: \$8,696,000) to 30 June 2020. 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)

	<b>COUNCIL</b>	<b>GROUP</b>
	<b>2020 ACTUAL</b>	<b>2019 ACTUAL</b>
Balance 1 July	3,416	3,416
<b>Closing Balance 30 June</b>	<b>3,416</b>	<b>3,416</b>

## Note 11: Equity

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Accumulated Funds</b>				
Balance at 1 July	214,394	210,859	219,727	215,686
Surplus/(Deficit) for the year	4,617	4,924	4,892	5,430
Transfer from Revaluation Reserve on Asset Disposal	32	804	32	804
Transfer to Council Created Reserves	(2,740)	(2,193)	(2,740)	(2,193)
<b>Balance at 30 June</b>	<b>216,303</b>	<b>214,394</b>	<b>221,911</b>	<b>219,727</b>
<b>Other Reserves</b>				
<b>Council Created Reserves</b>				
Balance at 1 July	17,230	15,037	17,230	15,037
Transfers from Retained Earnings	2,740	2,193	2,740	2,193
<b>Balance at 30 June</b>	<b>19,970</b>	<b>17,230</b>	<b>19,970</b>	<b>17,230</b>
<b>Available for Sale Reserves</b>				
Balance at 1 July	11,439	11,804	4	4
Valuation Gains/(Losses)	(2,610)	(365)	0	0
<b>Balance at 30 June</b>	<b>8,829</b>	<b>11,439</b>	<b>4</b>	<b>4</b>
<b>Hedging Reserve</b>				
Balance at 1 July	(2,343)	(1,616)	(2,343)	(1,616)
Gains/(Losses) from Cash Flow Hedges	(420)	(727)	(420)	(727)
<b>Balance at 30 June</b>	<b>(2,763)</b>	<b>(2,343)</b>	<b>(2,763)</b>	<b>(2,343)</b>
<b>Total Other Reserves at 30 June</b>	<b>26,036</b>	<b>26,326</b>	<b>17,211</b>	<b>14,891</b>
<b>Revaluation Reserves</b>				
Balance at 1 July	77,200	78,004	81,031	81,775
Revaluation Gains/(Losses)	16,004	0	17,600	83
Income tax expense relating to other comprehensive income	0	0	0	(23)
Transfer from Retained Earnings on Asset Disposal	(32)	(804)	(32)	(804)
<b>Balance at 30 June</b>	<b>93,172</b>	<b>77,200</b>	<b>98,599</b>	<b>81,031</b>
This is made up of:				
Operational Land	4,766	4,766	5,439	5,439
Operational Buildings	5,394	5,394	5,748	5,748
Library Books	4	4	4	4
Restricted Land	5,360	5,360	5,360	5,360
Restricted Buildings	1,751	1,751	1,751	1,751
Infrastructural Land	757	757	757	757
Roading Assets	54,880	39,036	58,763	41,323
Water Reticulation Assets	4,662	4,662	4,662	4,662
Sewerage Reticulation Assets	7,655	7,655	7,655	7,655
Stormwater Reticulation Assets	6,827	6,827	6,827	6,827
Refuse System Assets	1,116	988	1,116	988
Quarry Plant Assets	0	0	517	517
<b>Total Revaluation Reserves</b>	<b>93,172</b>	<b>77,200</b>	<b>98,599</b>	<b>81,031</b>
<b>Total Equity</b>	<b>335,511</b>	<b>317,920</b>	<b>337,721</b>	<b>315,649</b>

<b>WAITOMO DISTRICT COUNCIL</b>				
<b>(\$000's)</b>	<b>OPENING BALANCE 1 JULY 2019</b>	<b>TOTAL DEPOSITS</b>	<b>TOTAL WITHDRAWALS</b>	<b>CLOSING BALANCE 30 JUNE 2020</b>
<b>Operational Reserves</b>				
<b>Leadership and Investments</b>				
Leadership	51	160	(143)	68
Investments	769	220	(10)	979
	<b>820</b>	<b>380</b>	<b>(153)</b>	<b>1,047</b>
<b>Community Service</b>				
Parks and Reserves	702	69	(4)	767
Housing and Other Property	1,046	47	(35)	1,058
Recreation and Culture - Library	(182)	37	0	(145)
Recreation and Culture - Aquatic Centre	(116)	35	0	(81)
Recreation and Culture - Arts and Culture	259	2	0	261
Recreation and Culture - Aerodrome	121	11	0	132
Public Amenities	307	236	0	543
Safety	421	26	0	447
	<b>2,558</b>	<b>463</b>	<b>(39)</b>	<b>2,982</b>
<b>Community Development</b>				
Community Development	355	199	(16)	538
	<b>355</b>	<b>199</b>	<b>(16)</b>	<b>538</b>
<b>Compliance</b>				
Compliance	(129)	291	(8)	154
	<b>(129)</b>	<b>291</b>	<b>(8)</b>	<b>154</b>
<b>Solid Waste Management</b>				
Collection	132	24	0	156
Management - Landfill and Transfer Stations	751	124	(33)	842
Management - Waste Minimisation	(40)	1	0	(39)
	<b>843</b>	<b>149</b>	<b>(33)</b>	<b>959</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	(132)	71	0	(61)
Rural Stormwater	182	2	0	184
	<b>50</b>	<b>73</b>	<b>0</b>	<b>123</b>
<b>Resource Management</b>				
District Plan Administration	165	118	(1)	282
	<b>165</b>	<b>118</b>	<b>(1)</b>	<b>282</b>
<b>Sewerage</b>				
Waitomo Sewerage	(15)	0	0	(15)
Te Kuiti Sewerage	3,753	881	0	4,634
Te Waitere Sewerage	59	0	(26)	33
Maniaiti/Benneydale Sewerage	(255)	0	(42)	(297)
Piopio Sewerage	341	0	(71)	270
	<b>3,883</b>	<b>881</b>	<b>(139)</b>	<b>4,625</b>
<b>Water Supply</b>				
Te Kuiti Water	(963)	260	0	(703)
Mokau Water	(668)	0	(189)	(857)
Piopio Water	(588)	0	(22)	(610)
Maniaiti/Benneydale Water	(66)	0	(36)	(102)
Waitomo Water	(26)	0	(10)	(36)
	<b>(2,311)</b>	<b>260</b>	<b>(257)</b>	<b>(2,308)</b>
<b>Roads and Footpaths</b>	(1,107)	372	(140)	(875)
Subsidised Roads	564	62	0	626
Unsubsidised Roads	<b>(543)</b>	<b>434</b>	<b>(140)</b>	<b>(249)</b>
<b>Business Support</b>	71	0	0	71

(\$000's)	WAITOMO DISTRICT COUNCIL			
	OPENING BALANCE 1 JULY 2019	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2020
Gratuities	25	0	0	25
Long Service Leave	426	0	0	426
Natural Disaster	<b>522</b>	<b>0</b>	<b>0</b>	<b>522</b>
<b>Total Operational Reserves</b>	<b>6,213</b>	<b>3,248</b>	<b>(786)</b>	<b>8,675</b>
<b>Depreciation Reserves</b>				
<b>Leadership and Investments</b>				
Investments	(2)	1	0	(1)
	<b>(2)</b>	<b>1</b>	<b>0</b>	<b>(1)</b>
<b>Community Service</b>				
Parks and Reserves	(97)	68	(36)	(65)
Housing and Other Property - Housing	225	17	(10)	232
Housing and Other Property - Community Halls	805	3	0	808
Housing and Other Property - Other Land and Buildings	213	119	(76)	256
Housing and Other Property - Railway Station Buildings	(16)	12	(58)	(62)
Recreation and Culture - Library	535	98	(63)	570
Recreation and Culture - Aquatic Centre	(59)	30	(22)	(51)
Recreation and Culture - Arts and Culture	70	194	(49)	215
Recreation and Culture - Aerodrome	114	33	(136)	11
Public Amenities	179	120	(112)	187
	<b>1,969</b>	<b>694</b>	<b>(562)</b>	<b>2,101</b>
<b>Community Development</b>	40	11	(5)	46
I-site	<b>40</b>	<b>11</b>	<b>(5)</b>	<b>46</b>
<b>Compliance</b>	(50)	6	(1)	(45)
Animal Control	<b>(50)</b>	<b>6</b>	<b>(1)</b>	<b>(45)</b>
<b>Solid Waste Management</b>	(623)	97	(273)	(799)
Management - Landfill and Transfer Stations	<b>(623)</b>	<b>97</b>	<b>(273)</b>	<b>(799)</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	717	188	(53)	852
Rural Stormwater	30	8	(1)	37
	<b>747</b>	<b>196</b>	<b>(54)</b>	<b>889</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	14	670	(473)	211
Te Waitere Sewerage	(2)	2	(4)	(4)
Maniaiti/Benneydale Sewerage	191	44	(26)	209
Piopio Sewerage	98	113	(86)	125
	<b>301</b>	<b>829</b>	<b>(589)</b>	<b>541</b>
<b>Water Supply</b>				
Te Kuiti Water	437	280	(321)	396
Mokau Water	(135)	80	(97)	(152)
Piopio Water	146	72	(32)	186
Maniaiti/Benneydale Water	157	40	(39)	158
	<b>605</b>	<b>472</b>	<b>(489)</b>	<b>588</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	6,748	2,713	(2,417)	7,044
Unsubsidised Roads	151	58	(28)	181
	<b>6,899</b>	<b>2,771</b>	<b>(2,445)</b>	<b>7,225</b>



<b>WAITOMO DISTRICT COUNCIL</b>				
<b>(\$000's)</b>	<b>OPENING BALANCE 1 JULY 2019</b>	<b>TOTAL DEPOSITS</b>	<b>TOTAL WITHDRAWALS</b>	<b>CLOSING BALANCE 30 JUNE 2020</b>
<b>Business Support</b>				
Business Support	481	285	(306)	460
Plant	117	216	(218)	115
	<b>598</b>	<b>501</b>	<b>(524)</b>	<b>575</b>
<b>Total Depreciation Reserves</b>	<b>10,484</b>	<b>5,578</b>	<b>(4,942)</b>	<b>11,120</b>
<b>Investment Revaluation Reserves</b>				
<b>Community Service</b>				
Housing and Other Property - Other Land and Buildings	288	0	(288)	0
	<b>288</b>	<b>0</b>	<b>(288)</b>	<b>0</b>
<b>Available for Sale Reserves</b>				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	11,435	0	(2,610)	8,825
	<b>11,439</b>	<b>0</b>	<b>(2,610)</b>	<b>8,829</b>
<b>Total Investment Revaluation Reserves</b>	<b>11,727</b>	<b>0</b>	<b>(2,610)</b>	<b>8,829</b>
<b>Special Purpose Reserves</b>				
<b>Community Development</b>				
District Development	16	0	0	16
	<b>16</b>	<b>0</b>	<b>0</b>	<b>16</b>
<b>Hedging Reserve</b>				
Cashflow Hedging Reserve	(2,343)	0	(420)	(2,763)
	<b>(2,343)</b>	<b>0</b>	<b>(420)</b>	<b>(2,763)</b>
<b>Solid Waste Management</b>				
Carbon Credits Reserve	149	398	(467)	80
Waste Minimisation Reserve	79	35	(35)	79
	<b>228</b>	<b>433</b>	<b>(502)</b>	<b>159</b>
<b>Total Special Purpose Reserves</b>	<b>(2,099)</b>	<b>433</b>	<b>(922)</b>	<b>(2,588)</b>
<b>Total Other Reserves</b>	<b>26,326</b>	<b>9,259</b>	<b>(9,548)</b>	<b>26,036</b>

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

## Note 12: Cash and Cash Equivalents

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Cash and Cash Equivalents</b>				
Cash at Bank and In Hand	4,243	1,819	5,015	2,154
<b>Total Cash and Cash Equivalents</b>	<b>4,243</b>	<b>1,819</b>	<b>5,015</b>	<b>2,154</b>

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 \$346,333 (2019: \$538,798) 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. The Group holds unspent funds of \$1,008,029 (2019: \$538,798) which includes the unspent funds of Council and unspent wages subsidy extension received by the subsidiary that is restricted for payment to their employees.

## Note 13: Other Financial Assets

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Current</b>				
Loans and Advances	3	3	3	3
NZLGFA Borrower Notes	84	0	84	0
<b>Total</b>	<b>87</b>	<b>3</b>	<b>87</b>	<b>3</b>
<b>Non Current</b>				
Loans and Advances	4	7	4	7
NZLGFA Borrower Notes	419	496	419	496
<b>Total</b>	<b>423</b>	<b>503</b>	<b>423</b>	<b>503</b>
<b>Total Other Financial Assets</b>	<b>510</b>	<b>506</b>	<b>510</b>	<b>506</b>

### 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 to provide liquidity to the agency.

### Investment in CCO and Civic Financial Services Ltd

Council has 100% shareholding in Inframax Construction Ltd (2019:100%). The principal activity of the subsidiary is roading. The balance date of the subsidiary is 30 June.

As 30 June 2020 Council revalued its investment in Inframax Construction Ltd which resulted in a decrease of \$2,610,000. The valuation was undertaken by Nick McVerry from PricewaterhouseCoopers (PWC). 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 2020.

#### Shares in Companies

Council is a shareholder in Waikato Local Authority Shared Services Ltd (WCLASS). WCLASS 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 (2019: 16,940). The investment is recorded at cost because fair value cannot be measured reliably.

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Shares in Subsidiary	8,825	11,435	0	0
Shares in Companies	20	20	20	20
<b>Total Investments in CCO and Civic Financial Services Ltd</b>	<b>8,845</b>	<b>11,455</b>	<b>20</b>	<b>20</b>

#### Note 14: Inventory

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Metal Stockpiles and Landfill Stock	19	14	1,584	1,201
Fuels, Spares and Consumables	54	79	247	338
<b>Total Inventory</b>	<b>73</b>	<b>93</b>	<b>1,831</b>	<b>1,539</b>

#### Note 15: Receivables

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Receivables under Exchange Transactions</b>				
Related Party Receivables	0	0	0	0
General Debtors	133	10	625	1,507
Amounts due from Customers for Contract Work	0	0	779	886
Retentions Receivable	0	0	625	887
Prepayments	138	147	261	239
<b>Receivables prior to Impairment</b>	<b>271</b>	<b>157</b>	<b>2,290</b>	<b>3,519</b>
Less Provision for Doubtful Debts	0	0	0	0
<b>Total Receivables under Exchange Transactions</b>	<b>271</b>	<b>157</b>	<b>2,290</b>	<b>3,519</b>
<b>Receivables under Non Exchange Transactions</b>				
Rates Receivables *	3,811	3,760	3,811	3,760
Related Party Receivables	11	47	0	0
General Debtors	1,984	2,956	1,984	2,956
<b>Receivables prior to Impairment</b>	<b>5,806</b>	<b>6,763</b>	<b>5,795</b>	<b>6,716</b>
Less Provision for Doubtful Debts	(1,939)	(1,823)	(1,939)	(1,823)
<b>Total Receivables Under Non Exchange Transactions</b>	<b>3,867</b>	<b>4,940</b>	<b>3,856</b>	<b>4,893</b>
<b>Total Receivables</b>	<b>4,138</b>	<b>5,097</b>	<b>6,146</b>	<b>8,412</b>

\* Included in the Rates Receivable figure is an amount of \$1,497,735 (2019: \$1,478,260) relating to rate penalties.

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Current</b>				
Receivables under Exchange Transactions	271	157	2,239	3,519
Receivables under Non Exchange Transactions	3,867	4,940	3,856	4,893
<b>Total Current Receivables</b>	<b>4,138</b>	<b>5,097</b>	<b>6,095</b>	<b>8,412</b>
<b>Non Current</b>				
Receivables under Exchange Transactions	0	0	51	0
<b>Total Non Current Receivables</b>	<b>0</b>	<b>0</b>	<b>51</b>	<b>0</b>

Aging and Impairment of Receivables (\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Gross Receivables</b>				
Not past due	3,262	4,102	5,113	7,200
Past due 1-30 days	8	15	8	15
Past due 31-60 days	11	24	45	127
Past due 61-90 days	3	3	3	10
Past due > 90 days	2,655	2,629	2,655	2,644
<b>Total Gross Receivables</b>	<b>5,939</b>	<b>6,773</b>	<b>7,824</b>	<b>9,996</b>
<b>Impairment of Receivables</b>				
Not past due	(496)	(495)	(496)	(495)
Past due 1-30 days	(1)	0	(1)	0
Past due 31-60 days	0	(1)	0	(1)
Past due 61-90 days	(1)	(3)	(1)	(3)
Past due > 90 days	(1,441)	(1,324)	(1,441)	(1,324)
<b>Total Impairment of Receivables</b>	<b>(1,939)</b>	<b>(1,823)</b>	<b>(1,939)</b>	<b>(1,823)</b>
<b>Net Receivables</b>				
Current	2,766	3,607	4,617	6,705
Past due 1-30 days	7	15	7	15
Past due 31-60 days	11	23	45	126
Past due 61-90 days	2	0	2	7
Past due > 90 days	1,214	1,305	1,214	1,320
<b>Total Net Receivables</b>	<b>4,000</b>	<b>4,950</b>	<b>5,885</b>	<b>8,173</b>
Plus Prepayments	138	147	261	239
<b>Total Receivables</b>	<b>4,138</b>	<b>5,097</b>	<b>6,146</b>	<b>8,412</b>
Individual Impairment	1,939	1,823	1,939	1,823
Collective Impairment	0	0	0	0
<b>Total Provision for Impairment</b>	<b>1,939</b>	<b>1,823</b>	<b>1,939</b>	<b>1,823</b>
Current	496	495	496	495
Past due 1-30 days	1	0	1	0
Past due 31-60 days	0	1	0	1
Past due 61-90 days	1	3	1	3
Past due > 90 days	1,441	1,324	1,441	1,324
<b>Total Individual Impairment</b>	<b>1,939</b>	<b>1,823</b>	<b>1,939</b>	<b>1,823</b>
<b>Balance at 1 July</b>	<b>(1,823)</b>	<b>(1,865)</b>	<b>(1,823)</b>	<b>(1,885)</b>
Additional provisions made during the year	(404)	(272)	(404)	(252)
Receivables written off during the period	288	314	288	314
<b>Balance at 30 June</b>	<b>(1,939)</b>	<b>(1,823)</b>	<b>(1,939)</b>	<b>(1,823)</b>

## Note 16: Derivative Financial Instruments

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	895	677	895	677
<b>Non Current Liability Portion</b>				
Interest rate swaps - cash flow hedges	2,046	1,845	2,046	1,845
<b>Total Derivative Financial Instrument Liability</b>	<b>2,941</b>	<b>2,522</b>	<b>2,941</b>	<b>2,522</b>

### 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 \$29,000,000 (2019 \$39,000,000) of which \$24,000,000 (2019: \$29,000,000) were effective at balance date and \$5,000,000 (2019: \$10,000,000) had a forward start date. At 30 June 2020 the fixed interest rates applicable the swap contracts ranged from 2.89% to 4.90% (2019: 2.89% to 4.90%)

The Council and Group have no fair value hedges.

## Note 17: Payables and Deferred Revenue

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Payables and Deferred Revenue under Exchange Transactions</b>				
Trade Payables and Accrued Expenses	1,719	1,773	3,599	4,544
Related Party Payables	1,002	1,168	0	0
Retention Monies	89	231	89	231
Elected Members and Directors Fees Payable	13	6	22	14
<b>Total</b>	<b>2,823</b>	<b>3,178</b>	<b>3,710</b>	<b>4,789</b>
<b>Payables and Deferred Revenue under Non Exchange Transactions</b>				
GST Payable	0	154	1,069	680
Deposits and Bonds	115	108	115	108
Deferred Revenue	530	488	1,192	488
<b>Total</b>	<b>645</b>	<b>750</b>	<b>2,376</b>	<b>1,276</b>
<b>Total Payables and Deferred Revenue</b>	<b>3,468</b>	<b>3,928</b>	<b>6,086</b>	<b>6,065</b>

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

## Note 18: Borrowings

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Current</b>				
Secured Loans	12,199	10,261	12,575	12,061
Lease Liabilities	11	0	24	0
<b>Total Current</b>	<b>12,210</b>	<b>10,261</b>	<b>12,599</b>	<b>12,061</b>
<b>Non Current</b>				
Secured Loans	25,000	30,000	28,124	33,375
Lease liabilities	50	0	94	0
<b>Total Non Current</b>	<b>25,050</b>	<b>30,000</b>	<b>28,218</b>	<b>33,375</b>
<b>Total Borrowings</b>	<b>37,260</b>	<b>40,261</b>	<b>40,817</b>	<b>45,436</b>

### Council

Councils borrowings consisted of \$29,000,000 (2019: \$29,000,000) Floating Rate Notes with a range of applicable interest rates of 0.73% to 1.03% (2019: 2.25% to 2.44%), a Fixed Rate Bond of \$1,000,000 (2019: \$1,000,000) with applicable interest rate of 3.68% (2019: \$3.68%), Commercial Paper of \$7,000,000 (2019: \$10,000,000) with applicable interest rates of 0.67% to 1.48% (2019: 1.90% to 2.16%). The Westpac Call Advance was not drawn at 30 June 2020 (2019: Nil) with applicable interest rate of 1.45% when drawn (2019: 2.70%).

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 3.55% (2019: 4.12%).

The maturity date for the Westpac Call Advances facility is 1 July 2021 (2019: 1 July 2020) and a range of maturity dates apply for the Floating Rate Notes of September 2020 to April 2024. (2019: September 2020 to April 2024). The Commercial Paper (CP) has maturity dates of July 2020 to November 2020 (2019: July 2019 to November 2019). CP was issued for a further six months to part fund the maturing CP on July 2020 and it is anticipated the maturing CP in November 2020 will be funded in a similar way. The maturity date for the Fixed Rate Bond is April 2025 (2019: April 2025).

### (\$000's)

(\$000's)	COUNCIL	
	2020 ACTUAL	2019 ACTUAL
Debenture Stock	37,035	40,101
Security Stock	45,000	45,000
<b>Total Stock Issued</b>	<b>82,035</b>	<b>85,101</b>

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 (2019: Nil). The total borrowings outstanding are less than the security held by the bank

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of \$10,000,000 (2019: \$10,000,000) of which \$10,000,000 (2019: \$10,000,000) was available as at 30 June 2020.

### Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$500,000 (2019: \$500,000) of which \$500,000 (2019: \$500,000) was undrawn, a Revolving Credit Facility of \$3,300,000 (2019: \$3,300,000) of which \$3,300,000 (2019: \$2,000,000) was undrawn, drawn loans of \$3,500,000 (2019: \$3,875,000) and a Standby letter of credit of \$500,000 (2019: \$1,989,225). It also has Performance Guarantees of \$531,945 (2019: \$55,696).

Inframax undertook to achieve specified gearing, debt servicing and equity ratios each quarter. In December 2019, the debt servicing covenant was not met and in March 2020, the debt servicing and gearing covenants were not met. In June 2020, all covenants were met taking into consideration the COVID-19 impact adjustment as allowed in covenant calculation definitions. ASB Bank has provided waivers for the periods the covenants were not met.

### Stock Issued under Debenture Trust Deed

At 30 June 2020 the total amount of Stock issued and outstanding under the Debenture Trust Deed was:

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 68 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 dated 27 February 2019 and a Senior Facility Agreement is held by the ASB Bank Limited dated 27 February 2019.

### 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)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Total Minimum Lease Payments Payable</b>				
Not later than one year	11	0	24	6
Later than one year and not later than five years	50	0	94	0
<b>Present Value of Minimum Lease Payments</b>	<b>61</b>	<b>0</b>	<b>118</b>	<b>6</b>

The finance leases are 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 Group's option. There is an option to purchase the assets at the end of the lease term and there are no restrictions placed on Group 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 2019	LOAN REPAYMENTS	LOANS RAISED	CLOSING BALANCE 30 JUNE 2020	INTERNAL INTEREST PAID
<b>Activity Loans</b>					
Leadership and Investments	2,487	0	0	2,487	57
Community Service	4,488	(235)	241	4,494	102
Community Development	10	(4)	0	6	0
Compliance	10	(1)	0	9	0
Solid Waste Management	6,127	(265)	115	5,977	140
Stormwater Drainage	438	(22)	0	416	10
Resource Management	1,098	(53)	454	1,499	25
Sewerage	12,219	(549)	95	11,765	278
Water Supply	14,011	(411)	199	13,799	319
Roads and Footpaths	19,690	(1,420)	188	18,458	452
<b>Total</b>	<b>60,578</b>	<b>(2,960)</b>	<b>1,292</b>	<b>58,910</b>	<b>1,383</b>

## Note 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 two 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 gained a resource consent for additional capacity for the Waitomo District Landfill and this forms the basis for the provision assumptions. The new consent provides consented capacity of 467,000 m<sup>3</sup>, whereas the old consent was for 268,000 m<sup>3</sup> and an estimated remaining life of 23 years (2019: 24 years) based on current fill volumes. The estimate in final capping costs to close the landfill was increased from \$550,000 to \$637,000 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% (2019: 4.30%) and inflation rate of 1.53% (2019: 1.73%). 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)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Provision for Landfill Aftercare</b>				
<b>Balance at 1 July</b>	464	753	464	753
Unused Provision Reversed	59	(297)	59	(297)
Amounts used during the year	(3)	(3)	(3)	(3)
Discount unwinding	14	11	14	11
<b>Balance at 30 June</b>	<b>534</b>	<b>464</b>	<b>534</b>	<b>464</b>
<b>Total Provisions</b>	<b>534</b>	<b>464</b>	<b>534</b>	<b>464</b>
<b>This is made up of:</b>				
Current	3	3	3	3
Non Current	531	461	531	461
<b>Total Provisions</b>	<b>534</b>	<b>464</b>	<b>534</b>	<b>464</b>

## Note 20: Employee Entitlements

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Accrued Pay	150	101	387	301
Annual, Long Service and Sick Leave	642	522	1,134	1,096
Termination Benefits	0	0	60	0
<b>Total Employee Entitlements</b>	<b>792</b>	<b>623</b>	<b>1,581</b>	<b>1,397</b>
<b>This is made up of:</b>				
Current entitlements	792	623	1,581	1,397
<b>Total Employee Entitlements</b>	<b>792</b>	<b>623</b>	<b>1,581</b>	<b>1,397</b>



## Note 21: Property, Plant and Equipment

Council 2020 \$000's	Cost/ Revaluation 30.06.19	Acc Depn & Impairment Charges 30.06.19	Carrying Value 30.06.19	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20
<b>Operational Assets</b>											
Land	5,909	0	5,909	2	0	0	0	(103)	5,911	103	5,808
Buildings	8,828	619	8,209	414	0	0	631	(13)	9,242	1,263	7,979
Plant and equipment	652	324	328	31	0	0	41	0	683	365	318
Motor Vehicles	2,320	1,685	635	232	60	0	207	0	2,492	1,892	600
Furniture and fittings	1,585	1,229	356	37	0	0	49	0	1,622	1,278	344
Computers	2,022	1,858	164	97	0	0	63	0	2,119	1,921	198
Library Books	1,191	1,031	160	54	3	0	45	0	1,242	1,076	166
Finance leases – office equipment	0	0	0	66	0	0	6	0	66	6	60
<b>Total Operational Assets</b>	<b>22,507</b>	<b>6,746</b>	<b>15,761</b>	<b>933</b>	<b>63</b>	<b>0</b>	<b>1,042</b>	<b>(116)</b>	<b>23,377</b>	<b>7,904</b>	<b>15,473</b>
<b>Restricted Assets</b>											
Land	6,506	0	6,506	2	0	0	0	(2)	6,508	2	6,506
Buildings	7,500	336	7,164	110	0	0	337	0	7,610	673	6,937
<b>Total Restricted Assets</b>	<b>14,006</b>	<b>336</b>	<b>13,670</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>337</b>	<b>(2)</b>	<b>14,118</b>	<b>675</b>	<b>13,443</b>
<b>Infrastructural Assets</b>											
Land	1,344	0	1,344	0	0	0	0	0	1,344	0	1,344
Roads	243,090	5,808	237,282	3,692	0	0	2,907	15,844	253,911	0	253,911
Water Reticulation	23,559	502	23,057	281	0	0	565	0	23,840	1,067	22,773
Sewerage Reticulation	30,491	812	29,679	91	0	0	822	0	30,582	1,634	28,948
Stormwater Systems	10,132	189	9,943	32	0	0	192	0	10,164	381	9,783
Refuse Systems	4,619	159	4,460	365	29	0	83	160	4,873	0	4,873
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>323,118</b>	<b>7,470</b>	<b>315,648</b>	<b>4,461</b>	<b>29</b>	<b>0</b>	<b>4,569</b>	<b>16,004</b>	<b>334,597</b>	<b>3,082</b>	<b>331,515</b>
Contract Work in Progress	449	0	449	605	283	0	0	0	771	0	771
<b>Total Council Assets</b>	<b>360,080</b>	<b>14,552</b>	<b>345,528</b>	<b>6,111</b>	<b>375</b>	<b>0</b>	<b>5,948</b>	<b>15,886</b>	<b>372,863</b>	<b>11,661</b>	<b>361,202</b>

Council 2019 \$000's	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) & Impairment Charges	Cost/ Revaluation 30.06.19	Acc Depn & Impairment Charges 30.06.19	Carrying Value 30.06.19
<b>Operational Assets</b>											
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
<b>Total Operational Assets</b>	<b>22,195</b>	<b>6,436</b>	<b>15,759</b>	<b>1,126</b>	<b>96</b>	<b>0</b>	<b>1,028</b>	<b>0</b>	<b>22,507</b>	<b>6,746</b>	<b>15,761</b>
<b>Restricted Assets</b>											
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
<b>Total Restricted Assets</b>	<b>14,523</b>	<b>0</b>	<b>14,523</b>	<b>57</b>	<b>574</b>	<b>0</b>	<b>336</b>	<b>0</b>	<b>14,006</b>	<b>336</b>	<b>13,670</b>
<b>Infrastructural Assets</b>											
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
<b>Total Infrastructural Assets</b>	<b>312,383</b>	<b>2,958</b>	<b>309,425</b>	<b>11,299</b>	<b>501</b>	<b>(63)</b>	<b>4,512</b>	<b>0</b>	<b>323,118</b>	<b>7,470</b>	<b>315,648</b>
Contract Work in Progress	2,885	0	2,885	344	2,780	0	0	0	449	0	449
<b>Total Council Assets</b>	<b>351,986</b>	<b>9,394</b>	<b>342,592</b>	<b>12,826</b>	<b>3,951</b>	<b>(63)</b>	<b>5,876</b>	<b>0</b>	<b>360,080</b>	<b>14,552</b>	<b>345,528</b>

Group 2020 \$000's	Cost/ Revaluation 30.06.19	Acc Depn & Impairment Charges 30.06.19	Carrying Value 30.06.19	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss) & Impairment Charges	Cost/ Revaluation 30.06.20	Acc Depn & Impairment Charges 30.06.20	Carrying Value 30.06.20
<b>Operational Assets</b>											
Land	6,699	0	6,699	2	0	0	0	(103)	6,701	103	6,598
Buildings	11,052	1,054	9,998	759	0	0	702	(13)	11,811	1,769	10,042
Plant and equipment	652	324	328	31	0	0	41	0	683	365	318
Motor Vehicles	20,542	11,834	8,708	1,043	256	0	1,069	0	21,329	12,903	8,426
Quarry Production Equipment	516	183	333	9	0	0	70	0	525	253	272
Furniture and fittings	2,625	2,059	566	120	0	0	126	0	2,745	2,185	560
Computers	2,022	1,858	164	97	0	0	63	0	2,119	1,921	198
Library Books	1,191	1,031	160	54	3	0	45	0	1,242	1,076	166
Finance leases - office equipment	0	0	0	137	0	0	20	0	137	20	117
<b>Total Operational Assets</b>	<b>45,299</b>	<b>18,343</b>	<b>26,956</b>	<b>2,252</b>	<b>259</b>	<b>0</b>	<b>2,136</b>	<b>(116)</b>	<b>47,292</b>	<b>20,595</b>	<b>26,697</b>
<b>Restricted Assets</b>											
Land	6,506	0	6,506	2	0	0	0	(2)	6,508	2	6,506
Buildings	7,500	336	7,164	110	0	0	337	0	7,610	673	6,937
<b>Total Restricted Assets</b>	<b>14,006</b>	<b>336</b>	<b>13,670</b>	<b>112</b>	<b>0</b>	<b>0</b>	<b>337</b>	<b>(2)</b>	<b>14,118</b>	<b>675</b>	<b>13,443</b>
<b>Infrastructural Assets</b>											
Land	1,344	0	1,344	0	0	0	0	0	1,344	0	1,344
Roads	241,979	5,808	236,171	3,196	0	0	2,907	17,440	253,900	0	253,900
Water Reticulation	23,559	502	23,057	281	0	0	565	0	23,840	1,067	22,773
Sewerage Reticulation	30,491	812	29,679	91	0	0	822	0	30,582	1,634	28,948
Stormwater Systems	10,132	189	9,943	32	0	0	192	0	10,164	381	9,783
Refuse Systems	4,619	159	4,460	365	29	0	83	160	4,873	0	4,873
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
<b>Total Infrastructural Assets</b>	<b>322,007</b>	<b>7,470</b>	<b>314,537</b>	<b>3,965</b>	<b>29</b>	<b>0</b>	<b>4,569</b>	<b>17,600</b>	<b>334,586</b>	<b>3,082</b>	<b>331,504</b>
Contract Work in Progress	449	0	449	605	283	0	0	0	771	0	771
<b>Total Council Assets</b>	<b>381,761</b>	<b>26,149</b>	<b>355,612</b>	<b>6,934</b>	<b>571</b>	<b>0</b>	<b>7,042</b>	<b>17,482</b>	<b>396,767</b>	<b>24,352</b>	<b>372,415</b>

Group 2019 \$000's	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) & Impairment Charges	Cost/ Revaluation 30.06.19	Acc Depn & Impairment Charges 30.06.19	Carrying Value 30.06.19
<b>Operational Assets</b>											
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
<b>Total Operational Assets</b>	<b>42,249</b>	<b>17,471</b>	<b>24,778</b>	<b>4,308</b>	<b>258</b>	<b>0</b>	<b>1,956</b>	<b>84</b>	<b>45,299</b>	<b>18,343</b>	<b>26,956</b>
<b>Restricted Assets</b>											
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
<b>Total Restricted Assets</b>	<b>14,523</b>	<b>0</b>	<b>14,523</b>	<b>57</b>	<b>574</b>	<b>0</b>	<b>336</b>	<b>0</b>	<b>14,006</b>	<b>336</b>	<b>13,670</b>
<b>Infrastructural Assets</b>											
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
<b>Total Infrastructural Assets</b>	<b>311,937</b>	<b>2,958</b>	<b>308,979</b>	<b>10,634</b>	<b>501</b>	<b>(63)</b>	<b>4,512</b>	<b>0</b>	<b>322,007</b>	<b>7,470</b>	<b>314,537</b>
Contract Work in Progress	2,885	0	2,885	344	2,780	0	0	0	449	0	449
<b>Total Council Assets</b>	<b>371,594</b>	<b>20,429</b>	<b>351,165</b>	<b>15,343</b>	<b>4,113</b>	<b>(63)</b>	<b>6,804</b>	<b>84</b>	<b>381,761</b>	<b>26,149</b>	<b>355,612</b>

## Valuation

### *Land (operational, restricted, and infrastructural)*

The valuations were performed by an independent registered valuer. Andrew Jaques from Quotable Value Limited performed Council's valuation and Guy Hoban, from Doyle Valuations Limited performed Inframax Construction Limited valuation. 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.

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, Miles Wyatt an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2020.

Sewerage, water, stormwater, refuse 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 2020	\$253,911,000
Refuse Systems	30 June 2020	\$4,873,000
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	\$337,000

#### 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 the year Council disposed the old landfill Resource Consents.

(2019: Council disposed reserve land and other structures at the Mangaokewa 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).

#### Work in progress

The total amount of property, plant, and equipment in the course of construction is \$771,000 (2019: \$449,000).

#### Leasing

The net carrying amount of plant and equipment held by Council under finance leases is \$60,000 (2019: nil) and \$117,000 (2019: Nil) for the Group.

#### Reconciliation of Additions to Property, plant and equipment to Capital Expenditure in Note 29

The following assets were added to Property, plant and equipment, which are included in the capital expenditure from Council significant activities.

Asset Class	Total Value
<b>Capital Expenditure for the year included as Property, plant and equipment (Note 29)</b>	<b>\$5,705,000</b>
Finance Lease Added	\$66,000
Landfill Aftercare Asset Added	\$57,000
Prior Years Work in Progress added	\$283,000
<b>Total Additions to Property, plant and equipment</b>	<b>\$6,111,000</b>

## Note 22: Intangible Assets

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Software</b>				
<b>Cost</b>				
Balance at 1 July	1,165	1,134	2,194	1,741
Additions	163	31	246	453
Disposals	0	0	(449)	0
<b>Balance at 30 June</b>	<b>1,328</b>	<b>1,165</b>	<b>1,991</b>	<b>2,194</b>
<b>Accumulated Amortisation</b>				
Balance at 1 July	942	890	1,491	1,398
Amortisation expense for the year	72	52	193	93
Disposals	0	0	(445)	0
<b>Balance at 30 June</b>	<b>1,014</b>	<b>942</b>	<b>1,239</b>	<b>1,491</b>
<b>Net Book Value at 30 June</b>	<b>314</b>	<b>223</b>	<b>752</b>	<b>703</b>
<b>Emission Trading Units</b>				
Balance at 1 July	0	70	0	70
Additions	240	0	240	0
Amounts surrendered during the year	(133)	(70)	(133)	(70)
<b>Balance at 30 June</b>	<b>107</b>	<b>0</b>	<b>107</b>	<b>0</b>
<b>Net Book Value at 30 June</b>	<b>421</b>	<b>223</b>	<b>859</b>	<b>703</b>

## Note 23: Investment Property

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Balance at 1 July	897	788	897	788
Additions	11	3	11	3
Gains/(Losses) due to change in Fair Value	106	106	106	106
<b>Balance at 30 June</b>	<b>1,014</b>	<b>897</b>	<b>1,014</b>	<b>897</b>

The valuation of investment property was performed by Maria McHugh, an independent valuer from Quotable Value Limited. Maria McHugh 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.

The valuation was effective as at 30 June 2020.

## Note 24: Assets held for Sale

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Balance at 1 July</b>	<b>100</b>	<b>40</b>	<b>100</b>	<b>40</b>
Transfer from Property, Plant and Equipment	0	63	0	63
Disposals	(40)	(3)	(40)	(30)
<b>Balance at 30 June</b>	<b>60</b>	<b>100</b>	<b>60</b>	<b>100</b>
This is made up of:				
Current	60	100	60	100
	<b>60</b>	<b>100</b>	<b>60</b>	<b>100</b>

The Historic Building located in Queen Street, Te Kuiti was disposed of during the year for one dollar, due to its dilapidated state.

The vacant section in Mokau that was to be used a site for a water supply reservoir was found to be surplus to requirements remains available for immediate sale, but still remains unsold at balance date.

## Note 25: Capitalised Quarry Development Costs

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Balance at 1 July	0	0	771	612
Stripping costs capitalised during the year	0	0	291	267
Stripping costs amortised during the year	0	0	(304)	(108)
<b>Balance at 30 June</b>	<b>0</b>	<b>0</b>	<b>758</b>	<b>771</b>
<b>This is made up of:</b>				
Current	0	0	0	0
Non Current	0	0	758	771
<b>Total Capitalised Quarry Development Costs</b>	<b>0</b>	<b>0</b>	<b>758</b>	<b>771</b>

## Note 26: Capital Commitments and Operating Leases

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Commitments for capital contracted by not provided for:</b>				
Water assets	63	63	63	63
Sewerage assets	0	0	0	0
Road assets	1,062	1,830	1,062	1,830
Intangible assets	0	0	0	0
Restricted buildings	0	0	0	0
Operational buildings	8	20	8	20
Computers	0	0	0	0
<b>Total Capital Commitments</b>	<b>1,133</b>	<b>1,913</b>	<b>1,133</b>	<b>1,913</b>
<b>Non Cancellable Operating Leases as Lessee</b>				
Not later than one year	0	0	0	0
Later than one year but not later than five years	0	0	0	0
Later than five years	0	0	0	0
<b>Total Non Cancellable Operating Leases</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operational Commitments</b>				
Not later than one year	4,541	4,796	4,628	4,965
Later than one year but not later than five years	1,504	2,780	1,715	2,967
Later than five years	0	0	0	0
<b>Total Operational Commitments</b>	<b>6,045</b>	<b>7,576</b>	<b>6,343</b>	<b>7,932</b>
<b>Total Commitments</b>	<b>7,178</b>	<b>9,489</b>	<b>7,476</b>	<b>9,845</b>



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.

## Note 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 (2019: \$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 (2019: \$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 were not resolved during the year.

At 30 June there was still insufficient information to conclude on potential liability and claim quantum, if any.

Subsequent to year end a formal notice was received in September 2020 advising that the CHH litigation has been discontinued.

#### 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 54 (2019: 52) 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 2020, the LGFA floating nominal amount for security stock certificates totalled to \$12,438 million (2019: \$9,840 million), while the total borrowings to the local authorities are \$11,908 million (2019: \$9,531 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 \$531,945 exists at 30 June 2020 (2019: \$55,696) being performance bonds guaranteed by ASB Bank Limited and will be payable if the Group cannot fulfil its contractual obligations.

A contingent liability of \$1,709,255 also existed at 30 June 2019 being bonds guaranteed by Westpac New Zealand Ltd and were payable if the Group could not fulfil its contractual obligations. As at 30 June 2020 no obligation to Westpac New Zealand Ltd remained.

As at 30 June 2020, there was a contingent liability outstanding in relation to a workplace accident that occurred in October 2019. It is not possible to quantify what if any liability will arise from the very distressing event. Worksafe have advised that they intend to pursue formal proceedings against Inframax Construction Limited. The subsidiary is seeking legal advice regarding this matter.

## Note 28: Operating Cashflow Reconciliation

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Net Surplus/(Deficit) After Tax</b>	<b>4,617</b>	<b>4,924</b>	<b>4,892</b>	<b>5,430</b>
<b>Add/(Less) Non Cash Items</b>				
Depreciation and Amortisation	6,021	5,929	7,235	6,899
(Gain)/Loss in change of fair value of Investment Property	(106)	(106)	(106)	(106)
Loss/(Gain) on Disposal of Assets Held for Sale	40	0	40	3
Loss/(Gain) on Disposal of Assets or Impairment of Assets	150	885	198	832
Unused Provision Amounts Reversed	4	19	4	19
Change in Unrealised Derivative Financial Instrument	0	57	0	57
Change in Deferred Taxation Asset/Liability	0	0	(233)	487
<b>Add/(Less) Movements in Working Capital Items</b>				
Increase in Trade and Other Payables	(461)	(673)	21	(941)
Decrease/(Increase) in Trade and Other Receivables	951	228	2,259	1,190
Increase in Inventories	20	(9)	(292)	528
Increase in Employee Entitlements	170	6	184	83
Increase/(Decrease) in Provisions	0	(3)	0	(3)
Capitalised Quarry Development Asset	0	0	13	(159)
Add Items Classified as Investing or Financing Activities	673	(288)	673	(291)
<b>Net Cash Flows from Operating Activities</b>	<b>12,079</b>	<b>10,969</b>	<b>14,888</b>	<b>14,028</b>

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.

## Note 29: Capital Expenditure

(\$000's)	COUNCIL			
	NOTE	2020 BUDGET	2020 ACTUAL	2019 ACTUAL
<b>Capital by Significant Activity</b>				
Leadership and Investments		918	524	397
Community Service		1,001	717	767
Community Development		2	0	9
Compliance		0	0	5
Solid Waste Management		1,046	363	241
Stormwater Drainage		142	32	392
Sewerage		437	136	538
Water Supply		676	278	2,352
Roads and Footpaths		8,161	4,069	5,401
<b>Total Capital Expenditure</b>		<b>12,383</b>	<b>6,119</b>	<b>10,102</b>
<b>Shown as Additions to</b>				
Property, plant and equipment	21	12,100	5,705	10,064
Intangible assets	22	283	403	35
Investment Property		0	11	3
<b>Total Capital Expenditure</b>		<b>12,383</b>	<b>6,119</b>	<b>10,102</b>
<b>Funded by</b>				
Internal Loans		2,776	838	4,006
Subsidy Revenue		5,391	2,556	4,032
Reserves		4,216	2,725	2,064
<b>Total</b>		<b>12,383</b>	<b>6,119</b>	<b>10,102</b>

## 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
<b>Leadership</b> (Total spend \$524)	Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs	653	0	15	460
	Building Strengthening for Earthquake resistance	265	0	49	0
<b>Community Service</b> (Total spend \$717)	Te Kuiti Camp Ground development	50	0	5	0
	Playground and sports grounds drainage improvements at Centennial Park	31	0	50	0
	Cultural & Arts Centre improvements to enhance appeal to user groups	31	0	0	34
	Library book stock renewal to maintain the standard of books available at the District library	60	0	5	55
	Camp ground renewals	-	0	9	0
	New toilets at Waitomo Village for use by the community and travellers	326	0	0	0
	Unspecified improvements	45	0	0	5
	Miscellaneous renewals for Elderly Persons Housing, camping grounds, public toilets, parks and reserves, plant & equipment, Council-owned buildings	458	0	134	420
<b>Community Development</b> (Total spend \$0)	Miscellaneous renewals	2	0	0	0
<b>Compliance</b> (Total spend \$0)	Miscellaneous renewals	-	0	0	0
<b>Solid Waste</b> (Total spend \$363)	Resource Consent renewal - volume expansion	-	0	0	104
	Cell Development	776	0	0	0
	Unspecified Transfer Station Improvements, including safety improvements	20	0	0	19
	Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill	250	0	0	240
<b>Stormwater</b> (Total spend \$32)	Te Kuiti Stormwater Minor Renewals	55	0	0	32
	Rural Stormwater Renewals	5	0	0	0
	Stormwater Rehabilitation and Other Renewals	82	0	0	0
<b>Sewerage</b> (Total spend \$136)	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.	338	0	0	95
	Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants	99	0	0	41
<b>Water</b> (Total spend \$278)	Upgrade of water treatment plant in Te Kuiti to meet new drinking water standards	380	0	8	121
	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply	76	0	31	62
	Unspecified improvements including additional reservoir for Piopio	216	0	3	34
	Various pipe and plant renewals to maintain the reticulation network	4	0	0	19
<b>Roads</b> (Total spend \$4,069)	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.	1,395	0	0	914
	LED Street light upgrade to provide public lighting at a lower overall cost.	-	0	0	0
	Pavement rehabilitation carried out to reduce future road maintenance costs.	2,058	0	0	843
	Unsealed road metalling to renew structural support to unsealed roads district-wide	613	0	0	909
	Emergency reinstatement work to repair damage to roads as a result of bad weather events	716	0	0	19
	Drainage renewals to renew culverts in roading network	256	0	0	248
	Structures components replacement, including bridge and abutment maintenance throughout the District	409	0	0	45

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
	Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights	153	0	0	55
	Minor safety improvements, including guard rails and re- alignment of roads to improve road safety	664	0	0	297
	Te Kuiti Railway Overbridge	1,200	0	0	209
	Footpath Renewals	531	0	25	444
	Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy	166	0	34	27
<b>(Total spend \$6,119)</b>		<b>12,383</b>	<b>0</b>	<b>368</b>	<b>5,751</b>

### Note 30: Financial Instruments

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Financial Instrument Categories</b>				
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	4,243	1,819	5,015	2,154
Receivables Under Exchange and Non Exchange Transactions	5,939	6,773	7,824	9,996
Loans and Advances - Current	87	3	87	3
Loans and Advance - Non Current	423	503	423	503
<b>Total Loans and Receivables</b>	<b>10,692</b>	<b>9,098</b>	<b>13,349</b>	<b>12,656</b>
<b>Available for Sale</b>				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	8,825	11,435	0	0
<b>Total Available for Sale</b>	<b>8,845</b>	<b>11,455</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities</b>				
<b>Fair Value through Profit and Loss - held for trading</b>				
Derivative Financial Instrument Liabilities	2,941	2,522	2,941	2,522
<b>Financial Liabilities at Amortised Cost</b>				
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	3,353	3,820	5,971	5,957
Secured Loans - Current	12,199	10,261	12,574	12,061
Secured Loans - Non Current	25,000	30,000	28,125	33,375
Lease Liabilities - Current	11	0	24	0
Lease Liabilities - Non Current	50	0	94	0
<b>Total Financial Liabilities at Amortised Cost</b>	<b>40,613</b>	<b>44,081</b>	<b>46,788</b>	<b>51,393</b>

#### 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)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Cash and Cash Equivalents	4,243	1,819	5,015	2,154
Receivables Under Exchange and Non Exchange Transactions	5,939	6,773	7,824	9,996
Loans and Advances	510	506	510	506
<b>Total Credit Risk</b>	<b>10,692</b>	<b>9,098</b>	<b>13,349</b>	<b>12,656</b>

## 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)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Counter-parties with Credit Ratings:</b>				
<b>Cash and Cash Equivalents</b>				
AA-	4,243	1,819	5,015	2,154
<b>Other Financial Assets - Loans and Advances</b>				
AA+	480	480	480	480
<b>Counter-parties without Credit Ratings:</b>				
<b>Other Financial Assets - Loans and Advances</b>				
Existing counter-party with no defaults in the past	7	10	7	10

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
<b>Council 2020</b>							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	3,353	3,353	3,353	0	0	0
Finance Leases	7.50%	61	54	15	15	15	9
Secured Loans - Current	0.90%	12,199	12,199	12,199	0	0	0
Secured Loans - Non-current	0.88%	25,000	25,676	256	11,215	14,205	0
Derivative Financial Instruments	0.00%	2,941	2,960	896	623	1,311	130
<b>Total</b>		<b>43,554</b>	<b>44,242</b>	<b>16,719</b>	<b>11,853</b>	<b>15,531</b>	<b>139</b>
<b>Council 2019</b>							
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
<b>Total</b>		<b>46,603</b>	<b>48,861</b>	<b>15,481</b>	<b>6,271</b>	<b>25,869</b>	<b>1,240</b>
<b>Group 2020</b>							
Trade and other payables (Current)	0.00%	5,971	5,971	5,971	0	0	0
Lease Liabilities	5.23%	118	112	29	44	30	9
Secured Loans - Current	0.95%	12,574	12,669	12,669	0	0	0
Secured Loans - Non-current	1.11%	28,375	28,986	256	11,796	16,934	0
Derivative Financial Instruments	0.00%	2,941	2,960	896	623	1,311	130
<b>Total</b>		<b>49,979</b>	<b>50,698</b>	<b>19,821</b>	<b>12,463</b>	<b>18,275</b>	<b>139</b>
<b>Group 2019</b>							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - 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
<b>Total</b>		<b>53,915</b>	<b>56,711</b>	<b>19,572</b>	<b>6,904</b>	<b>28,995</b>	<b>1,240</b>

### 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)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Interest Rate Risk</b>				
Market Interest Rates increase by 50bps	(60)	(50)	(78)	(76)
Market Interest Rates decrease by 50bps	60	50	78	76

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 \$12,000,000 (2019: \$10,000,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$60,000 (2019: \$50,000). 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 \$15,500,000 (2019: \$15,175,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$78,000 (2019: \$76,000). 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 \$25,508,000 (2019: \$30,680,000) and for the Group \$28,633,000 (2019: \$35,855,000).

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
<b>Council 2020</b>				
<b>Available-for-sale financial assets</b>				
Shares in Subsidiaries	0	0	8,825	<b>8,825</b>
Shares in Companies	0	0	20	<b>20</b>
	<b>0</b>	<b>0</b>	<b>8,845</b>	<b>8,845</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	2,941	0	2,941
	<b>0</b>	<b>2,941</b>	<b>0</b>	<b>2,941</b>
<b>Group 2020</b>				
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	<b>20</b>
	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	2,941	0	<b>2,941</b>
	<b>0</b>	<b>2,941</b>	<b>0</b>	<b>2,941</b>
<b>Council 2019</b>				
<b>Available-for-sale financial assets</b>				
Shares in Subsidiaries	0	0	11,435	<b>11,435</b>
Shares in Companies	0	0	20	<b>20</b>
	<b>0</b>	<b>0</b>	<b>11,455</b>	<b>11,455</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	2,522	0	<b>2,522</b>
	<b>0</b>	<b>2,522</b>	<b>0</b>	<b>2,522</b>
<b>Group 2019</b>				
<b>Available-for-sale financial assets</b>				
Shares in Companies	0	0	20	<b>20</b>
	<b>0</b>	<b>0</b>	<b>20</b>	<b>20</b>
<b>Financial Liabilities at FVTPL</b>				
Derivative Financial Instrument Liabilities	0	2,522	0	<b>2,522</b>
	<b>0</b>	<b>2,522</b>	<b>0</b>	<b>2,522</b>

#### Recognition of Level 3 fair value measurements of financial assets

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Balance at 1 July	11,455	11,820	20	20
Gain/(Loss) on revaluation recognised in Other Comprehensive Income	(2,630)	(365)	0	0
<b>Balance at 30 June</b>	<b>8,825</b>	<b>11,455</b>	<b>20</b>	<b>20</b>



## Note 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)	COUNCIL	
	2020 ACTUAL	2019 ACTUAL
<b>Transactions with Inframax Construction Ltd</b>		
Road construction and maintenance expenditure	8,150	9,677
Other expenditure	0	21
Fees and charges and Income from Construction	97	182
<b>Balances Outstanding with Inframax Construction Ltd</b>		
Payables	1,002	1,168
Receivables	11	47

### Inframax Construction Limited

The subsidiary paid plant hire fees of \$19,950 (2019: \$46,312) to R & M Simpson Contracting, a business owned by R & M Simpson, employees of the subsidiary. There was nil owing at year end (2019: \$6,512). The subsidiary also paid for services totalling \$10,927 from CJ & HK Hayward during the year that were recognised as work in progress at 30 June 2020. There was nil owing at year end (2019: nil).

### Remuneration of the Chief Executive (Council)

In the 2019/20 financial year the total remuneration paid to the Council's Chief Executive was \$271,466 (2019: \$263,997)

Elected Representatives and Directors (\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
Mayor Brian Hanna	26	79	26	79
Mayor John Robertson	69	0	69	0
Deputy Mayor Whitaker	45	34	45	34
Councillor Goddard	35	29	35	29
Councillor Brodie	36	30	36	30
Councillor Davey	0	23	0	23
Councillor Smith	35	30	35	30
Councillor New	32	25	32	25
Councillor Marshall	23	0	23	0
Directors Fees	0	0	100	120
<b>Total Elected Members Remuneration and Directors Fees</b>	<b>301</b>	<b>250</b>	<b>401</b>	<b>370</b>

Key Management Personnel (\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Elected Members and Directors</b>				
Remuneration	301	250	401	370
Number of elected members and directors	7	6	10	9
<b>Key Management Personnel</b>				
Remuneration excluding contribution to a defined contribution plan	922	882	1,274	1,312
Contributions to defined contribution plan	21	17	30	27
Total Remuneration	943	899	1,304	1,339
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.

There were no other related party transactions during the year (2019: Nil).

<b>Council Employees</b>	<b>COUNCIL</b>
(\$000's)	2020 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	36
\$60,000 - \$79,999	21
\$80,000 - \$119,999	13
\$120,000 - \$279,999	9
<b>Total Employees</b>	<b>79</b>

<b>Council Employees</b>	<b>COUNCIL</b>
(\$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
<b>Total Employees</b>	<b>81</b>

The number of full time equivalent employees at 30 June 2020 was 71(2019: 70).

### **Note 32: Severance payments**

#### **Council**

There were no severance payments made during the year (2019: nil).

#### **Group**

There was a severance payment made during the year of \$24,700 (2019: nil).

### Note 33: 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 2018 to 2020 for whole of Council (\$000's)	LTP 2018/19	ACTUAL 2018/19	EAP 2019/20	ACTUAL 2019/20
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	7,822	7,915	8,488	8,518
Targeted rates	12,654	12,839	12,480	12,498
Subsidies and grants for operating purposes	4,510	4,682	4,581	5,049
Fees and charges	3,199	3,937	3,299	3,846
Interest and Dividends from Investments	35	26	364	14
Local authorities fuel tax, fines, infringement fees and other receipts	186	232	209	230
<b>Total operating funding (A)</b>	<b>28,406</b>	<b>29,631</b>	<b>29,421</b>	<b>30,155</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	21,480	20,593	22,430	21,331
Finance costs	2,597	1,706	2,035	1,435
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>24,077</b>	<b>22,299</b>	<b>24,465</b>	<b>22,766</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,329</b>	<b>7,332</b>	<b>4,956</b>	<b>7,389</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,754	4,080	5,996	3,242
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,934	4,005	4,318	1,239
Gross proceeds from sale of assets	0	60	0	70
Lump sum contributions	0	0	41	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>8,688</b>	<b>8,145</b>	<b>10,355</b>	<b>4,551</b>
<b>Applications of capital funding</b>				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	1,012	2,491	1,339	368
Capital expenditure - to replace existing assets	9,242	7,611	11,044	5,751
Increase (decrease) in reserves	2,763	5,375	2,928	5,821
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>13,017</b>	<b>15,477</b>	<b>15,311</b>	<b>11,940</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4,329)</b>	<b>(7,332)</b>	<b>(4,956)</b>	<b>(7,389)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Governance: Leadership and Investments (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,183	2,197	2,323
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	26
Fees and charges	65	26	96
Internal charges and overheads recovered	19,372	19,902	16,487
Local authorities fuel tax, fines, infringement fees and other receipts	35	364	28
<b>Total operating funding (A)</b>	<b>21,655</b>	<b>22,489</b>	<b>18,781</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,618	8,759	9,005
Finance costs	2,572	2,613	1,421
Internal charges and overheads applied	9,975	10,232	7,876
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>21,165</b>	<b>21,604</b>	<b>18,123</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>490</b>	<b>885</b>	<b>658</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	41	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	70
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>41</b>	<b>70</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	245	297	64
Capital expenditure - to replace existing assets	615	661	460
Increase (decrease) in reserves	(370)	32	204
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>490</b>	<b>926</b>	<b>728</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>490</b>	<b>885</b>	<b>658</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Community Service (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	3,344	3,454	3,535
Targeted rates	274	274	270
Subsidies and grants for operating purposes	1	1	0
Fees and charges	526	537	480
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	3
<b>Total operating funding (A)</b>	<b>4,145</b>	<b>4,266</b>	<b>4,288</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,599	1,661	1,527
Finance costs	0	0	0
Internal charges and overheads applied	1,899	1,925	1,798
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,498</b>	<b>3,586</b>	<b>3,325</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>647</b>	<b>680</b>	<b>963</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	160	163	258
Development and financial contributions	0	0	50
Increase (decrease) in debt	402	463	241
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>562</b>	<b>626</b>	<b>549</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	172	87	203
Capital expenditure - to replace existing assets	797	851	514
Increase (decrease) in reserves	240	368	795
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,209</b>	<b>1,306</b>	<b>1,512</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(647)</b>	<b>(680)</b>	<b>(963)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Community Development (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,351	1,481	1,391
Targeted rates	346	357	363
Subsidies and grants for operating purposes	0	0	10
Fees and charges	42	42	21
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	2	0
<b>Total operating funding (A)</b>	<b>1,741</b>	<b>1,882</b>	<b>1,785</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,968	1,524	836
Finance costs	0	815	755
Internal charges and overheads applied	755	0	0
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,723</b>	<b>2,339</b>	<b>1,591</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(982)</b>	<b>(457)</b>	<b>194</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,000	500	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1,000</b>	<b>500</b>	<b>0</b>
<b>Applications of capital funding</b>			
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	2	0
Increase (decrease) in reserves	18	41	194
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>18</b>	<b>43</b>	<b>194</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>982</b>	<b>457</b>	<b>(194)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Compliance (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	561	596	906
Targeted rates	0	0	0
Subsidies and grants for operating purposes	3	1	1
Fees and charges	433	442	474
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	17	17	22
<b>Total operating funding (A)</b>	<b>1,014</b>	<b>1,056</b>	<b>1,403</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	238	260	231
Finance costs	0	0	0
Internal charges and overheads recovered	771	791	883
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,009</b>	<b>1,051</b>	<b>1,114</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5</b>	<b>5</b>	<b>289</b>
<b>Sources of capital funding</b>			
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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
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	5	5	289
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>5</b>	<b>289</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5)</b>	<b>(5)</b>	<b>(289)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Solid Waste Management (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	17	17	15
Targeted rates	972	1,162	1,067
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,083	1,110	1,348
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	36	37	34
<b>Total operating funding (A)</b>	<b>2,108</b>	<b>2,326</b>	<b>2,464</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,315	1,480	1,624
Finance costs	25	25	14
Internal charges and overheads applied	623	630	546
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,963</b>	<b>2,135</b>	<b>2,184</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>145</b>	<b>191</b>	<b>280</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	776	115
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>776</b>	<b>115</b>
<b>Applications of capital funding</b>			
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	217	1,046	363
Increase (decrease) in reserves	(72)	79	32
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>145</b>	<b>967</b>	<b>395</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(145)</b>	<b>(191)</b>	<b>(280)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Stormwater (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	406	412	456
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	22
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>406</b>	<b>412</b>	<b>478</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	120	119	79
Finance costs	0	0	0
Internal charges and overheads applied	92	94	127
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>212</b>	<b>213</b>	<b>206</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>194</b>	<b>199</b>	<b>272</b>
<b>Sources of capital funding</b>			
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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
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	199	204	32
Increase (decrease) in reserves	(5)	5	240
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>194</b>	<b>199</b>	<b>272</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(194)</b>	<b>(199)</b>	<b>(272)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Resource Management (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	272	332	259
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	85	87	267
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	36
<b>Total operating funding (A)</b>	<b>357</b>	<b>419</b>	<b>562</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	321	230	198
Finance costs	0	0	0
Internal charges and overheads applied	638	678	647
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>959</b>	<b>908</b>	<b>845</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(602)</b>	<b>(489)</b>	<b>(283)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	633	553	401
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>633</b>	<b>553</b>	<b>401</b>
<b>Applications of capital funding</b>			
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	31	64	118
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>31</b>	<b>64</b>	<b>118</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>602</b>	<b>489</b>	<b>283</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Sewerage (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,503	2,543	2,484
Subsidies and grants for operating purposes	0	0	0
Fees and charges	860	881	992
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>3,363</b>	<b>3,424</b>	<b>3,476</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,291	1,313	921
Finance costs	0	0	0
Internal charges and overheads applied	1,160	1,196	984
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,451</b>	<b>2,509</b>	<b>1,905</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>912</b>	<b>915</b>	<b>1,571</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	622	488	95
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>622</b>	<b>488</b>	<b>95</b>
<b>Applications of capital funding</b>			
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	694	587	136
Increase (decrease) in reserves	840	816	1,530
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,534</b>	<b>1,403</b>	<b>1,666</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(912)</b>	<b>(915)</b>	<b>(1,571)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Water Supply (\$000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,699	2,787	2,691
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	31
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,699</b>	<b>2,787</b>	<b>2,722</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,058	1,084	1,171
Finance costs	0	0	0
Internal charges and overheads applied	1,267	1,320	1,078
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,325</b>	<b>2,404</b>	<b>2,249</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>374</b>	<b>383</b>	<b>473</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	859	673	199
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>859</b>	<b>673</b>	<b>199</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	382	285	43
Capital expenditure - to replace existing assets	480	392	235
Increase (decrease) in reserves	371	379	395
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,233</b>	<b>1,056</b>	<b>673</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(374)</b>	<b>(383)</b>	<b>(473)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Waitomo District Council: Funding impact statement for 2018 to 2020 for Roads and Footpaths (\$'000's)	LTP 2018-28 2019	LTP 2018-28 2020	ACTUAL 2019/20
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	94	93	90
Targeted rates	5,454	5,397	5,167
Subsidies and grants for operating purposes	4,507	4,615	5,011
Fees and charges	105	107	115
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	130	133	121
<b>Total operating funding (A)</b>	<b>10,290</b>	<b>10,345</b>	<b>10,504</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,952	5,061	5,739
Finance costs	0	0	0
Internal charges and overheads applied	2,131	2,141	1,771
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>7,083</b>	<b>7,202</b>	<b>7,510</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,207</b>	<b>3,143</b>	<b>2,994</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,594	4,960	2,933
Development and financial contributions	0	0	0
Increase (decrease) in debt	418	424	188
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>5,012</b>	<b>5,384</b>	<b>3,121</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	213	229	58
Capital expenditure - to replace existing assets	6,240	6,729	4,011
Increase (decrease) in reserves	1,766	1,569	2,047
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>8,219</b>	<b>8,527</b>	<b>6,116</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,207)</b>	<b>(3,143)</b>	<b>(2,994)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 34: Events after balance date

### Changes to LGFA Foundation Documents

The foundation documents which set out the legal framework and operation of the LGFA was amended and became effective on the 6 July 2020 after all sixty-seven member councils signed the relevant documents.

Amendments were to the Multi-Issuer Deed, Notes Subscription Agreement, Guarantee and Indemnity and the Shareholders Agreement which will allow lending to Council Controlled Organisations, testing of LGFA covenants at the group level rather than parent level, increasing the Borrower Notes to long term lending ratio from 1.6% to 2.5% of the amount borrowed and other minor amendments, including standby credit facilities for councils.

### New Borrowings subsequent to Balance Date

On 27 July 2020 a maturing commercial paper of \$3 million was refinanced through the issue of \$2 million commercial paper to the LGFA with a maturity of 26 January 2021 and the balance settled in cash.

On 10 September 2020 a maturing floating rate note of \$5 million was refinanced through the issue of a new floating rate to the LGFA with a maturity date of 11 September 2024. The issue to the LGFA required subscription to LGFA Borrower Notes at a new rate of 2.5% or the amount borrowed. As such \$125,000 of Borrower Notes were subscribed to, which was funded through the maturity of the old Borrower Note of \$80,000 and investment of \$45,000 cash.

### Resolution to pay the Grant to Game on Charitable Trust

On 25 August 2020 Council resolved to drawdown the Game on Charitable Trust grant of \$1.5 million in the 2020/21 year subject to the signing of the funding agreement between the two parties.



## Note 35: Explanations of Variances to Budget (Council)

### Statement of Comprehensive Revenue and Expense

Revenue was \$2.3 million less than budget due to:

- Rates revenue was \$0.3 million less than budget. This was the result of excluding rates revenue on council owned properties.
- Subsidies and grants were also \$2.3 million less than budget as the capital expenditure programme for roads was not fully spent. The physical works progress was impacted by available internal capacity which initially delayed project delivery. Progress was further impacted by the COVID-19 pandemic response. These projects will now be completed in the 2020/21 financial year.
- Fees and charges revenue was \$0.5 million more due to increased landfill disposal revenue as greater volumes of refuse were received; increased trade waste revenue due to increased volumes being discharged than forecast; and increased quarry royalty revenue due to the increased volume of mined quarry metal. Additional revenue was also received for complex resource consent applications where costs associated with planning consultants were recovered from applicants and fees for building control services.
- Other revenue including gains/(losses) was \$0.1 million more than budget due to a gain on the revaluation of investment property, a funding contribution for costs associated with the district plan review and gain on the disposal of motor vehicles.

Expenditure was \$1.8 million less than budget due to:

- Employee benefit expenditure was \$0.1 million more than budget for organisational capacity and resourcing requirements.
- Finance costs were \$0.6 million less than budget due to a reduced opening 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 activities with internal loans including Leadership, Community Service, Solid Waste, Sewerage, Water Supply and Roads activities.
- Other expenditure was \$1.4 million less than budget due to:
  - Rates paid on council owned property being excluded. The budget figure included rates on council owned property.
  - Grant expenditure for the proposed North King Country Indoor Sports and Recreation Centre was not spent.
  - Reduced operations and maintenance costs for

all sewerage scheme. Expenditure for electricity, sludge disposal costs, sampling costs and chemicals were less for Te Kuiti. Legal fees for Piopio and routine maintenance costs for Maniaiti/Benneydale were also less than forecast.

### Statement of Financial Position

Total equity was \$6.2 million more than expected due to:

- The surplus was \$0.5 million less than budget.
- Other reserves were \$1.2 million more than budget. Included in other reserves are council created reserves, cashflow hedging reserves and available for sale reserves. Council created reserves were \$5.4 million more than budget as depreciation reserves and activity surpluses were more than forecast. Cashflow hedging reserve was \$1.1 million less than budget due to the loss on cashflow hedges. There was also a \$2.6 million decrease in the assets available for sale reserve for the decrease in fair value of the investment in Inframax Construction Ltd to \$8.8 million.
- The revaluation reserve was \$9.6 million more than budget arising from the revaluation of roads and solid waste assets.
- Current assets were \$2.6 million more due to a higher level of cash and cash equivalents at balance date than the budget. Cash and cash equivalents were more than forecast arising mainly from operating expenditure was less than budget. This was offset partly by reduced receivables.
- Current liabilities were \$12.6 million less than budget due to a lower portion of current borrowings than anticipated in the budgets. Overall borrowings was also less than budget. There was also a lower level of payables at balance date than was forecast.
- Non current assets were \$3.3 million less than expected due to the decrease in the value of other financial assets from the valuation of Inframax Construction Ltd. The value of the investment reduced to \$8.8 million due to the subsidiary's forecast revenue and increased business uncertainty. Intangible assets were less than anticipated as the COVID-19 pandemic response impacted on the progress of the information services projects.
- Non current liabilities were \$5.7 million more than budget due to a higher non current portion of borrowings being recognised. Derivative financial instruments were also \$0.9 million more than expected.

## Note 36: Financial reporting and prudence benchmarks

### Annual report disclosure statement for the year ending 30 June 2020.

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 Council 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 [legislation.govt.nz](http://legislation.govt.nz).

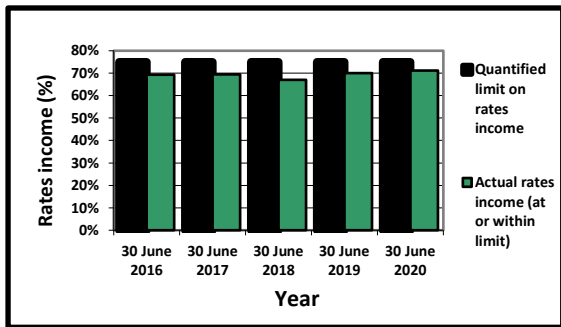
### Rates affordability benchmark

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.

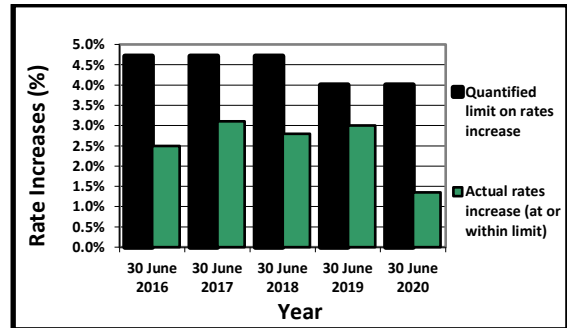


The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties and includes rates received on Council properties. Total expenditure also includes rates paid on Council properties. Rates income was 71% of operating expenditure in 2019/20. For 2018/19 and 2019/20 years 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

2020 (Local Government Cost Index + 2%). Actual rates increase from 2018/19 to 2019/20 was 1.4%. 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:

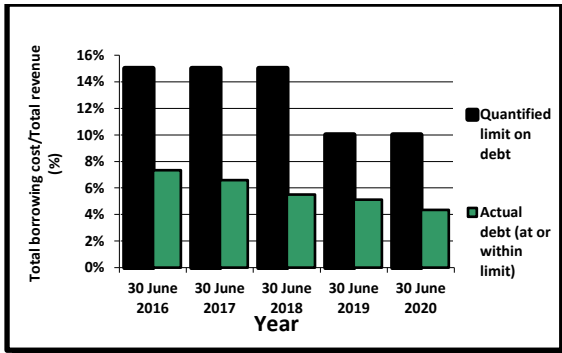
- total borrowing costs will not exceed 10% of total revenue,
- net interest to total revenue will not exceed 20%,
- total borrowings must not exceed 20% of total assets,
- net debt will not exceed 170% of total (cash) revenue, and
- net interest will not exceed 20% of annual rates.

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

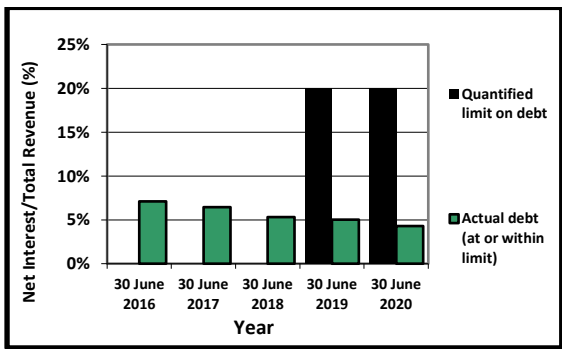
The following graph compares the Council's actual borrowings with quantified limit on borrowing stated in the financial strategy included in Council's long term plan. The quantified limit is total interest expense as a percentage of total revenue. A value less than the quantified limit of 10% indicates compliance with the prudential limit. For the years to June 2018 (in the following graph), the limit was 15% as set in the 2015-25 LTP.



*Net interest to total revenue will not exceed 20%*

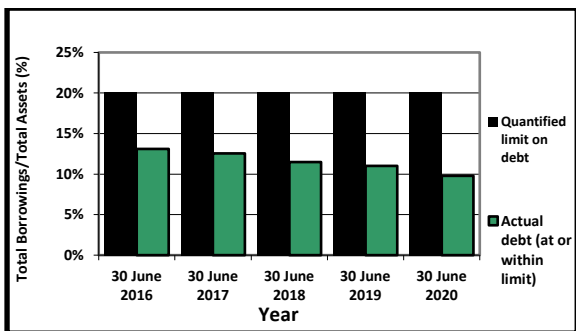
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is net interest expense as a percentage of total revenue. A value less than the quantified limit of 20% indicates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

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



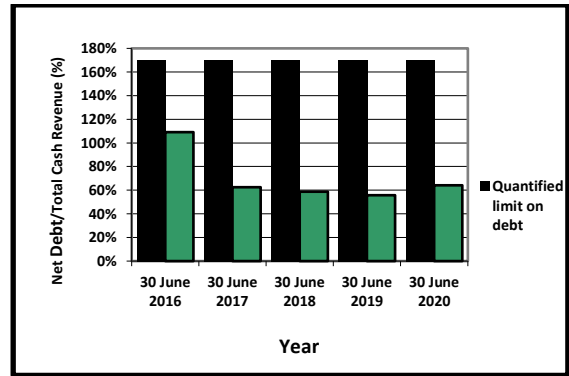
*Total borrowings must not exceed 20% of total assets.*

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.



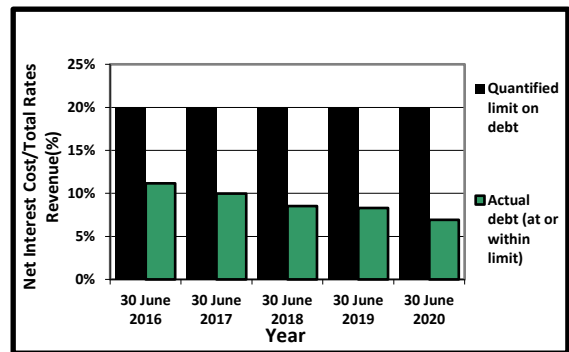
*Net debt will not exceed 170% of total (cash) revenue*

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. The actual result for 30 June 2019 has been corrected as there was an error in the prior year’s annual report disclosure. The actual result for 2018/19 was 56%.



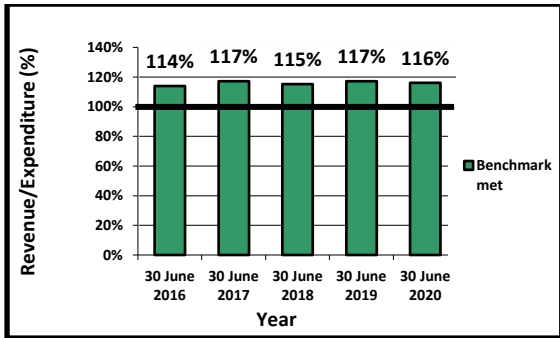
*Net interest will not exceed 20% of annual rates*

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.



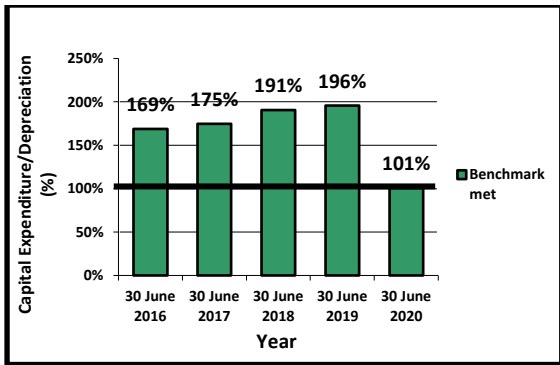
**Balanced budget benchmark**

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.



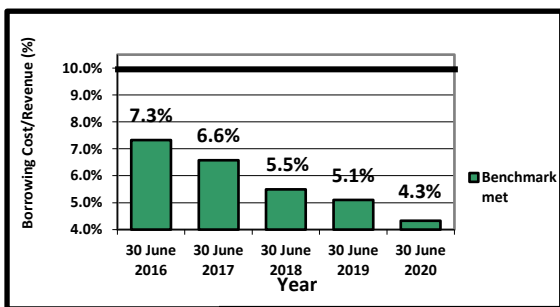
**Essential services benchmark**

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.



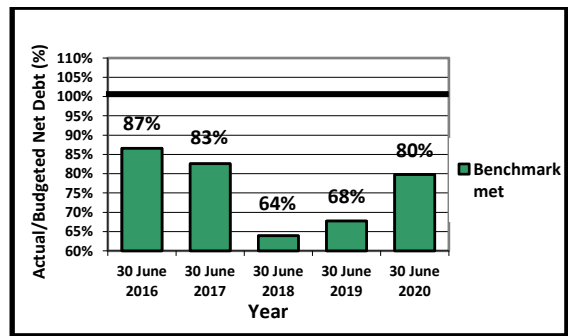
**Debt servicing benchmark**

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**

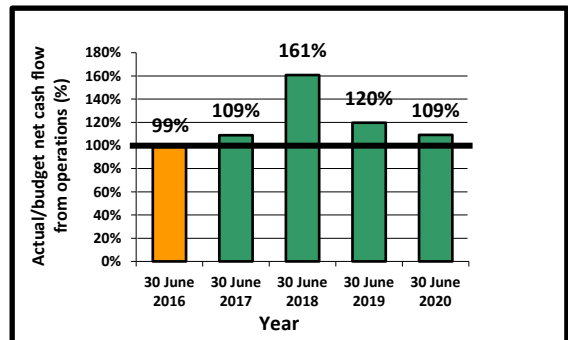
The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities (excluding employee entitlements and provisions) less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark 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.



## Note 37: Local Government Act Disclosures

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 (\$000's)	COUNCIL
	2019 ACTUAL
Number of rating units	5,869
Total Capital value of rating units	3,023,231,450
Total Land value of rating units	1,921,809,900

Insurance (\$000's)	Carrying Value 30 June 2020	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Sewerage and Water Supply	61,504	103,672	0	426
Operational and Restricted Buildings and Contents	15,684	64,222	0	0
Motor Vehicles	600	1,904	0	0
<b>Total</b>	<b>77,788</b>	<b>169,798</b>	<b>0</b>	<b>426</b>

Network Assets (\$000's)	Estimate of Replacement Cost 30 June 2019	Estimate of Replacement Cost 30 June 2020	Carrying Value 30 June 2020	Assets Constructed during 2019/20
Roads	307,148	335,405	253,911	3,692
Stormwater Drainage	17,332	17,364	9,783	32
Sewerage - Other Assets	23,046	23,080	13,481	34
Sewerage - Treatment Plants and Facilities	19,340	19,397	15,467	57
Water Supply - Other Assets	18,963	19,117	12,064	154
Water Supply - Treatment Plants and Facilities	13,963	14,090	10,709	127
<b>Total</b>	<b>399,792</b>	<b>428,453</b>	<b>315,415</b>	<b>4,096</b>

(No network assets were transferred to Council during the 2019/20 year)

## Note 38: 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.

## Note 39: Exchange and non exchange revenue

(\$000's)	COUNCIL		GROUP	
	2020 ACTUAL	2019 ACTUAL	2020 ACTUAL	2019 ACTUAL
<b>Revenue from exchange transactions</b>				
Interest revenue	14	26	14	31
Fees and charges and income from construction	384	268	22,766	30,673
<b>Total Revenue from exchange transactions</b>	<b>398</b>	<b>294</b>	<b>22,780</b>	<b>30,704</b>
<b>Revenue from non exchange transactions</b>				
Rates revenue excluding metered water rates	19,740	19,517	19,731	19,509
Metered water rates revenue	896	854	896	854
Investment income	14	0	14	0
Subsidies and Grants	8,290	8,766	9,330	8,766
Fees and Charges and Income from Construction	3,475	3,571	3,388	3,397
Other revenue from non exchange transactions	204	326	204	326
<b>Total Revenue from non exchange transactions</b>	<b>32,619</b>	<b>33,034</b>	<b>33,563</b>	<b>32,852</b>
Other gains/(losses)	133	163	129	163
<b>Total Revenue</b>	<b>33,150</b>	<b>33,491</b>	<b>56,472</b>	<b>63,719</b>

## Note 40: Impact of COVID-19 on our operations

In response to the global COVID-19 Pandemic, the New Zealand Government implemented a COVID-19 Alert System, which specifies the public health and social measures to be taken in the fight against COVID-19. A state of National Emergency was declared during alert levels 4 to 2.

As directed by the Government, this resulted in Waitomo District Council temporarily ceasing the provision of all non-essential services, the office closing and staff working remotely to continue non-essential services i.e. finance, governance, planning, etc. where practicable.

Council activities considered essential services were defined by the Government's 'COVID-19 Local Government Response Unit', comprising members of the Department of Internal Affairs, Local Government New Zealand (LGNZ), Society

of Local Government Managers (SOLGM), the National Emergency Management Agency (NEMA) and other relevant government agencies.

While overall the organisation functioned relatively well, there were technology challenges, disruption to usual work practices, and disruption to the progression of a range of planned projects.

In addition, there was a significant amount of additional unplanned and un-resourced work to respond to the COVID-19 emergency, including a number of staff being required to work in the Civil Defence Emergency Management Emergency Operating Centre (EOC). Cumulatively, this meant that across the organisation some planned project delivery work, and normal non-essential operations had to be de-prioritised during lockdown.

Whilst the impact of the COVID-19 pandemic containment measures were widely felt across the organisation, the overall financial performance of the council was not materially impacted despite disruption to some activities.

### **Revenue and Expenditure**

Revenue was below budget mainly arising from reduced subsidy revenue. Progress on the subsidised roads capital expenditure programme, which was initially delayed by internal resourcing capacity, was further impacted by the COVID-19 pandemic response. This capital expenditure is eligible for NZTA subsidy at 73% so as the physical works programme was not fully spent, the associated subsidy was not received. This expenditure has been deferred to the 2020/21 financial year.

Investment income was also impacted by COVID-19 as the dividend revenue forecast from our investment in Inframax Construction Ltd was not received. Due to the difficult operating conditions from the impact of the COVID-19 pandemic, the subsidiary directors made the decision to cancel the forecast dividend payment to the shareholder.

Whilst fees and charges and other revenue were both above forecast there were certain activities which were impacted by the effect of the pandemic response, though these impacts are not considered material. Within the Community Service activity revenue was less than forecast for the Aquatic Centre and Les Munro Centre. Compliance revenue was below forecast for alcohol licencing revenue as special licence applications were impacted by the COVID-19 containment measures in place. Revenue within the Community Development activity were less as a result of the cancellation of The Great NZ Muster and reduction in revenue for the i-site from bookings commissions and shop sales.

Overall operational expenditure was not significantly impacted as a result of the pandemic response.

### **Financial Position**

Overall council's financial position was not significantly impacted as a result of the pandemic response at 30 June 2020.

Non current assets were below forecast due in part to the impact of COVID-19. The valuation of the investment in Inframax Construction Ltd resulted in a reduction in the value of the subsidiary by \$2.6 million. The value of the investment was impacted by the ongoing uncertainty within the construction environment and the subsidiary's revenue forecasts.

Property, plant and equipment and intangible assets were also less than forecast at balance date as progress on the capital expenditure programme was delayed with only 49% of the planned expenditure completed. The remaining physical works expenditure has been deferred to the next financial year. Overall borrowings were less than forecast and this was impacted in part by the delayed capital works programme.

### **Group**

The Group consists of the Council and its 100% owned subsidiary, Inframax Construction Ltd. The Group's overall performance for the year was an **after-tax surplus of \$4.9 million**.

Inframax Construction Ltd reported a net profit after tax of \$0.76 million for the year ended 30 June 2020. This was a positive result given a challenging year for the subsidiary which was impacted by a tragic workplace incident and the effect of the COVID-19 pandemic on revenue and business operations.

Due to the difficult operating conditions from the impact of the COVID-19 pandemic, both revenue and operating expenditure were below forecast for the subsidiary. The subsidiary was eligible and received the initial wages subsidy of \$1 million which supported the subsidiary operations during ongoing uncertainty in the contracting environment. Further to this the subsidiary has also received the wages subsidy extension for the eight week period from 1 July 2020.





## 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.

#### Performance Results

##### Statement of Performance Measures: Year ended 30 June 2020

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	54%	57%
Current Ratio	Positive	Positive
EBITDA (\$000's)	\$3.6 million	\$2.0 million
Revenue (\$000's)	\$43 million	\$30 million
Closing bank and shareholder loans (\$000's)	\$4.8 million	\$3.5 million
Banking covenants	Unconditionally met	Satisfied

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 2020 and 30 June 2019 figures.

- 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.

<b>Non-Financial Performance</b>	<b>Statement of Corporate Intent</b>	<b>Actual Achievement</b>
Lost time injury accident (LTIA) rate	Zero	13

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.

<b>Non-Financial Performance</b>	<b>Statement of Corporate Intent</b>	<b>Actual Achievement</b>
Accident compensation days	195	274
Achievement of ISO9001 accreditation	Standard achieved	Standard achieved
Assessed compliance level of environmental consents by Waikato Regional Council		
Non-compliant		0
Partially compliant		0
Highly compliant		3
Fully compliant	All	0
Not assessed		6
Number of local events within operational areas where the company provided complimentary services	12	12

**Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2020**

<b>(\$000's)</b>	<b>2020 ACTUAL</b>	<b>2019 ACTUAL</b>
Total Revenue	31,573	40,108
Total Expenditure (including Depreciation and Interest)	31,041	38,451
<b>Net Profit/(Loss) Before Tax</b>	<b>532</b>	<b>1,657</b>
Company Tax/(Credit)	(233)	487
<b>Net Profit /(Loss) After Tax</b>	<b>765</b>	<b>1,170</b>

# WAIKATO LOCAL AUTHORITY SHARED SERVICES (WLISS) 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.

WLISS was known as LISS (Local Authority Shared Services) up until 4 April 2016.

## Shareholders

WLISS 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 WLISS 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 WLISS 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 WLISS is consistent with its Appointment of Directors to CCO's Policy. Council's involvement in WLISS 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	OUTCOME
New suppliers are awarded contracts through a competitive tender process.	Achieved
Professional Services Panel contracts are successfully negotiated.	Achieved
A minimum of six priority projects for collaboration are identified per annum.	Achieved
If considered of value, business cases are developed for approval by the Board, and the projects are implemented.	Achieved
Savings to Councils identified in developed business cases exceeds \$300k.	Achieved
The WLISS Contracts Register is maintained and managed.	Achieved
Contracts which are due for renewal are either renegotiated (where it makes commercial sense to continue with the current supplier) or re-tendered through a competitive process.	Achieved
Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved
The Board shall provide a written report on the business operations and financial position of WLISS to the shareholders every six months. Every second report shall be the Annual Report.	Achieved

<b>PERFORMANCE TARGET</b>	<b>OUTCOME</b>
The SVDS is available to users at least 99% of normal working hours.	<b>Achieved</b>
The SVDS Advisory Group meets at least 6-monthly.	<b>Achieved</b>
The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.	<b>Achieved</b>
Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	<b>Not measured</b>
The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.	<b>Not measured</b>
Reports are presented to stakeholders in October/January/ April and July each year.	<b>Achieved</b>
Reports on progress presented to WLASS Board as at 30 December and 30 June.	<b>Achieved</b>
All data are reviewed for compliance and all good practice requirements are met.	<b>Achieved</b>
Procurement of services complies with WLASS and NZTA's procurement requirements.	<b>Achieved</b>
Present to a national conference on RATA innovations at least once per year.	<b>Not Achieved</b>
At least two RATA guidance documents detailing good practice are produced each year.	<b>Achieved</b>
RATA Forums are held 2-monthly to share learnings and experience.	<b>Not Achieved</b>
All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.	<b>On track</b>
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.	<b>Achieved</b>
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.	<b>Achieved</b>
Milestones for the five strategic review work streams are achieved for: <ul style="list-style-type: none"> <li>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.</li> <li>People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11.</li> <li>Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys.</li> </ul>	<b>On track</b> <b>On track</b> <b>On track</b>
Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection.	<b>Partially achieved</b>
Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes	<b>On track</b>
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: <ul style="list-style-type: none"> <li>Full participation in WBCG projects and programmes</li> <li>Audits demonstrating implementation and compliance with the agreed QA systems</li> <li>Consistency in service delivery, measured by customer surveys</li> </ul> Risk management is visible through regular reviews of the Risk Register.	<b>Achieved</b> <b>Achieved</b> <b>Not measured</b> <b>On track</b>
All funding requirements are met by each of the participating councils.	<b>On track</b>
Minimum of two reports presented to the WLASS Board on the Group's activities.	<b>Achieved</b>
Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2020.	<b>Not Achieved</b>
The overall Future Proof work programme is delivered within the approved budget.	<b>Achieved</b>
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.	<b>Achieved</b>
A survey of shareholders is undertaken each year, and the results are reported to all shareholders.	<b>Not Achieved</b>
Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.	<b>Achieved</b>
The WLASS website is regularly maintained and updated.	<b>Not Achieved</b>



**AUDIT**

## **STATEMENT OF COMPLIANCE**

### **COMPLIANCE**


The Council of Waitomo District Council confirms that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

### **RESPONSIBILITY**

Council and the Management of Waitomo District Council accept the responsibility for the preparation of the annual financial statements and statements and the judgement used in them.

Council and the Management of Waitomo District Council 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 Council and the Management of Waitomo District Council, the annual Financial Statements for the year ended 30 June 2020 fairly reflect the financial position and operations of Waitomo District Council.



John Robertson  
**MAYOR**

27 October 2020



Chris Ryan  
**CHIEF EXECUTIVE**

27 October 2020

## AUDITORS REPORT



### INDEPENDENT AUDITOR'S REPORT

#### TOTHEREADERSOFWAITOMODISTRICTCOUNCIL'SANNUALREPORTFORTHEYEARENDED30JUNE2020

The Auditor-General is the auditor of Waitomo District Council (the District Council) and its subsidiaries and controlled entities (the 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'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 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'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 27 October 2020. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

the financial statements on pages 59 to 119:

present fairly, in all material respects:

the District Council and Group's financial position as at 30 June 2020;

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 107, 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 on pages 19 to 57 and 121 to 122:

presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, 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 98 to 100, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Exception Annual Plan; and

the funding impact statement for each group of activities on pages 107 to 112, 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's Long-term plan.

#### **Impact of COVID-19**

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the District Council and the Group as set out in note 40 to the financial statements.

#### **Report on the disclosure requirements**

We report that the District Council 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 114 to 117, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council'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.

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.

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 the 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 5 to 17, pages 123 to 124 and page 126, but does not include the audited information and the disclosure requirements.

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: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.

A handwritten signature in blue ink that reads "Bruno Dente".

**Bruno Dente**

For Deloitte Limited

On behalf of the Auditor-General  
Hamilton, New Zealand





[www.waitomo.govt.nz](http://www.waitomo.govt.nz)