

ANNUAL REPORT 2017 - 2018



Waitomo
District Council

www.waitomo.govt.nz

Front Cover Image: *Waitomo Caves Village Playground, Waitomo District, New Zealand (Photo by Kelly Marriott)*

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MESSAGE FROM THE MAYOR AND CEO - DRAFT

We are pleased to present the Annual Report for the year ended 30 June 2018. This Report details Council's overall performance as well as the performance across the 10 activity areas for the 2017/18 financial year.

The Elected Council continues to apply our guiding principles of prudent financial management, 'fit for purpose' asset infrastructure and the efficient delivery of services. Reducing debt remains a key priority. Actual debt has continued to reduce against forecast levels over the last three years, despite a continued investment in planned capital upgrades. The investments made now extend the useful life of assets, enhance the quality of services, and reduce future operating costs. This in turn benefits current and future generations that rely on our roads, water, wastewater and community services.

The implementation of our vision to **create a better future with vibrant communities and thriving business** is well underway. An increase in local business, property sales, and more people choosing to visit the Waitomo District and live locally are all examples of progress towards this vision. We would like to thank our key stakeholders and community partners for their collaboration and efforts to ensure our District remains vibrant and welcoming.

Residents have confirmed we are on the right track, with 88% of respondents this year satisfied that Council is doing things the right way and using sound judgement to make decisions. 82% of respondents are satisfied that Council is moving towards this vision for the Waitomo District. The effort to deliver a consistently high level of public service and customer service can be observed through the positive results of our resident survey. Residents are more satisfied with the overall condition of the unsealed roads, Council's provision of a Water Supply Service, the kerbside rubbish collection service, provision of/and safety of the waste transfer stations, the quality of the Les Munro Centre, and effective and useful Council communications.

Our top financial results for the 2017/18 Financial Year are:

- Public debt is at \$41.7 million, compared with the \$53.65 million forecast in the 2015-25 Long Term Plan.
- Total expenditure was \$1.9 million less than budgeted.
- Interest costs are also lower than last financial year at \$1.8 million.
- We invested \$9.87 million in Capital Projects to renew and/or improve our public assets.

Our highlights for the past year include:

- Draft, consult and adopt the 2018-28 Long Term Plan.
- Development of a new entrance to Brook Park and improved access to the Band Rotunda.
- Consultation on the Development of Coastal Reserves is in progress.
- Upgrade of the mainstreet public toilets in Te Kuiti.
- Installation of a new public toilet facility in Marokopa and Benneydale.
- Improvements to our District cemetery information and sites.
- Upgrades and improvements to the Waitomo District Aquatic Centre.
- Pavement rehabilitation work on Totoro Road and Rangitoto Road.
- Upgraded 716 streetlights from sodium bulbs to new LED luminaries, to improve efficiency and reduce ongoing costs.

Inframax Construction Limited (ICL) continues to deliver excellent results. This is very encouraging and will provide benefits to the wider district. ICL has reported a **net profit after tax of \$2.1 million** for the 2017/18 year. The equity of the company has increased substantially to **\$8.98 million** at 30 June 2018. The progress made by ICL reflects a lot of hard work by the Board, Management and Staff and of course the support of the Council over time as shareholder. We would like to take this opportunity to congratulate the Board, Management and Staff on this stellar performance.

We also continue to work closely with community stakeholders like the Maniapoto Maori Trust Board, Legendary Te Kuiti, Project Piopio Trust, Tere Waitomo Community Trust and others to gain their views and inputs on key matters.

In conclusion, the 2017/18 financial year has been a good year and we have kept our focus on prudent and sustainable financial management practices while leading our communities towards a vibrant and thriving future and we will continue with our endeavours into the future.



BRIAN HANNA
MAYOR



CHRIS RYAN
CHIEF EXECUTIVE



TATSUNO JAPANESE GARDEN, TE KUITI

Elected Representatives



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Sue Smith

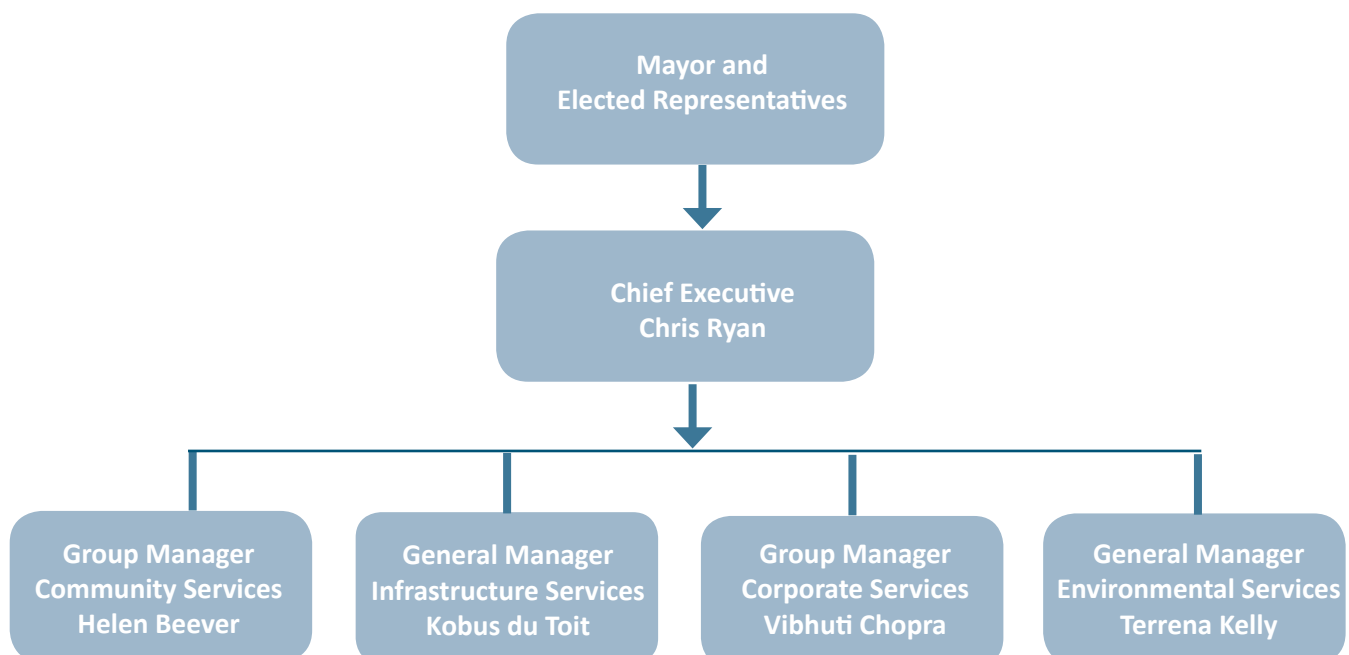
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Management Structure



INTRODUCTION

What is an Annual Report?

Every three years in June the Council adopts a renewed Long Term Plan. In June 2015 the Council adopted its 2015-2025 Long Term Plan. This is the third and final Annual Report relating to this Long Term Plan. In 2019 the first Annual Report of the 2018-28 Long Term Plan will commence. The 2017-2018 Annual Report focuses on how Council has delivered on its plan for the year as it relates to the 2015-25 Long Term Plan commitments (and as reviewed in the 2017-18 Annual Plan).

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

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

On 2 May 2017 we adopted the Exceptions Annual Plan for 2017-18. While this does not impact on our reporting for the 2017-18 year or change any of our performance targets or levels of service, it is an important document for understanding our programme for this year. You can check it out on our website by going to www.waitomo.govt.nz

Council's vision and outcomes

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

Our vision for Waitomo is:

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

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.

WDC 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 good progress in our focus areas in the 2017/18 year. Key highlights are included in the following pages with further detail of our achievements in the Activity areas included in the 'Highlights' and 'Our Activities' sections of this report.



THE SHEARER STATUE

Our Community Outcomes:



Vibrant Communities

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



Thriving Business

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



Effective Leadership

8. A place where the development of partnerships for the delivery of programmes and services is encouraged and pursued.
9. 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

10. 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.



2017/18 WAITOMO DISTRICT YOUTH COUNCIL

STATEMENT OF COMPLIANCE

Statement of Compliance and Responsibility

RESPONSIBILITY

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

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

In the opinion of the Council and the Management of WDC, the annual Financial Statements for the year ended 30 June 2018 fairly reflect the financial position and operations of WDC.

COMPLIANCE

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

BRIAN HANNA
MAYOR

CHRIS RYAN
CHIEF EXECUTIVE

Dated this 30th day of October 2018.



LES MUNRO CENTRE

AUDIT REPORT

SNAPSHOT OF OUR SERVICES

Facilities that we provide...

18 PUBLIC TOILETS	10 PLAYGROUNDS
	7 CEMETERIES

In 2017/18 we...

Recycled 1,129
TONNES OF PLASTIC, GLASS, PAPER AND TIN

REGISTERED 3,468 DOGS + **RE-HOMED 56 DOGS**

Promoting our District:

150,602
COMMERCIAL GUEST NIGHTS
IN THE DISTRICT

21,133 VISITORS TO THE
AQUATIC CENTRE

Thousands attend
GREAT NZ MUSTER

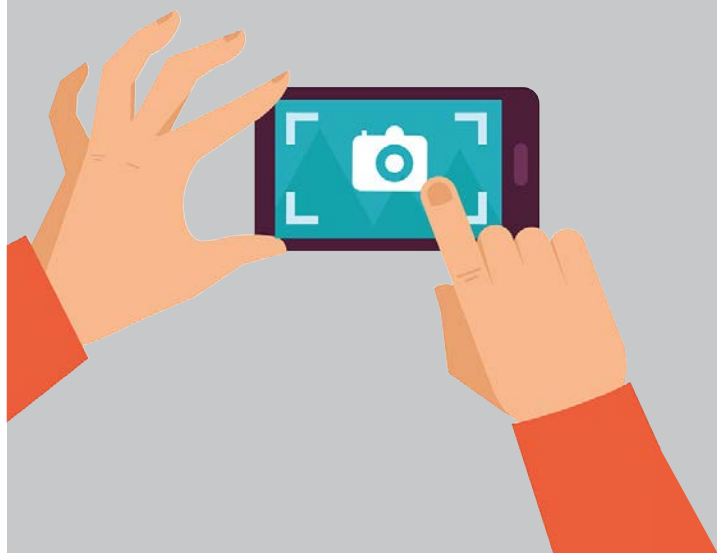
Supporting our communities:

MAINTAINED **397** METRES OF FOOTPATHS

...and engage with our residents and ratepayers:

96% OF RESPONDENTS SATISFIED WITH COMMUNICATIONS

18,189 CUSTOMER SERVICE CALLS



Across the Waitomo District we:

MAINTAINED OF SEALED ROADS **411** kms

MAINTAINED OF UNSEALED ROADS **550** kms

UPGRADED **716** STREET LIGHTS TO LED

OVERVIEW OF FINANCIAL PERFORMANCE

The following information provides an overview of our financial performance for the year to 30 June 2018.

Surplus

WDC reported a net surplus after tax of **\$4.2 million** compared to a budgeted surplus of \$1.4 million. This result is mainly attributable to expenditure being less than budgeted.

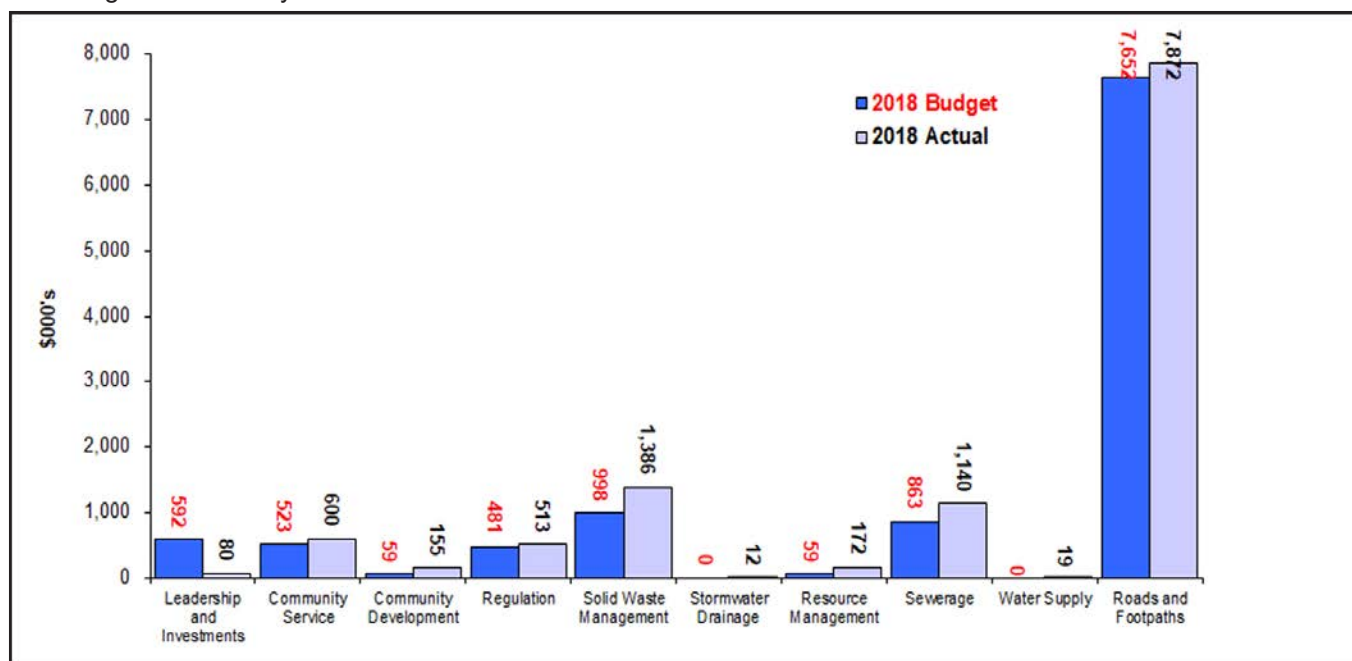
	2018 Council Budget \$000's	2018 Council Actual \$000's	2017 Council Actual \$000's
Cost of Service Statement for All Council			
Total Revenue (excluding rates)	11,227	11,949	10,580
Total Expenditure	29,380	27,462	25,389
Net Operating Cost	18,153	15,513	14,809
Total Capital Expenditure	10,150	9,869	9,703
Total Net Expenditure (Operating and Capital)	28,303	25,382	24,512
Funded by			
Internal Loans Drawn	3,170	3,241	3,379
Reserves	5,562	2,414	1,936
Rates, metered water rates and penalties	19,571	19,727	19,197
Total Funding	28,303	25,382	24,512

Operating Revenue was \$0.9 million more than budget.

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

- Rates revenue was **\$0.3 million less** than budget resulting from excluding rates revenue on Council owned properties in calculating the actuals (this revenue is included in budgets).

The graph below shows how budgeted revenue (excluding rates revenue) compared to the revenue actually received, for each significant activity.



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

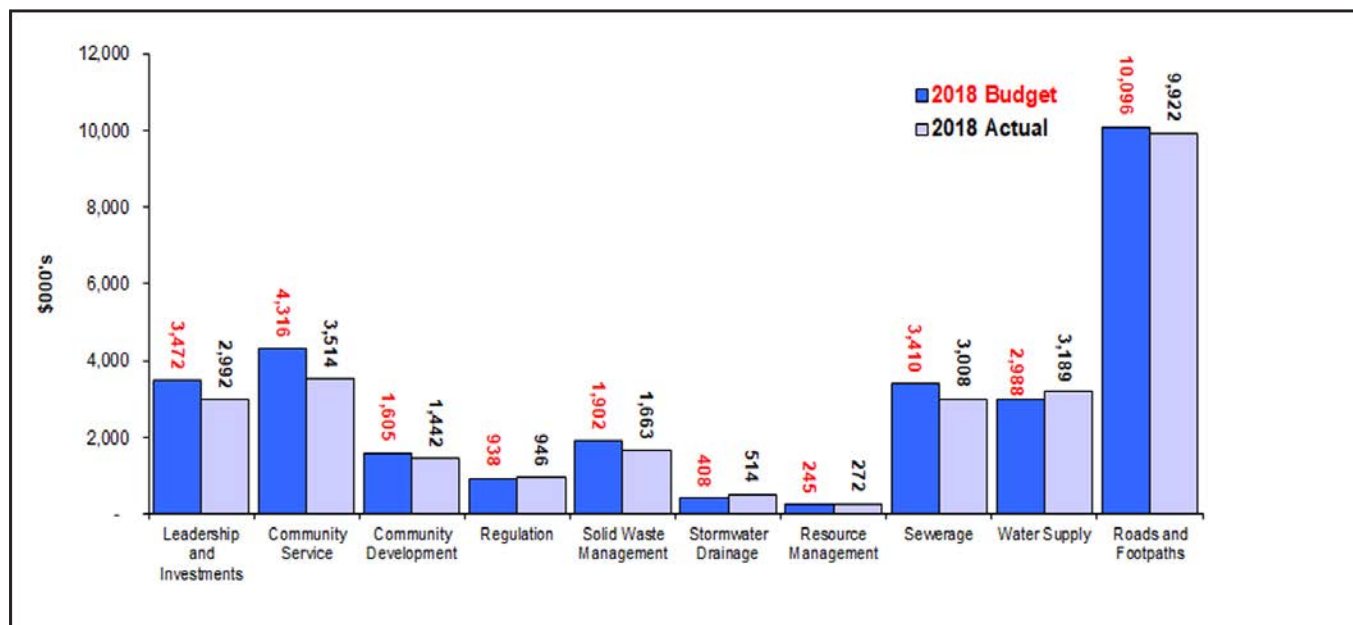
- For Leadership and Investments it is due to a change in classification for penalty revenue and actual revenue received for penalties was also less. A loss on disposal was recognised for the sale of the remaining Parkside

sections. This was the result of sections being revalued upwards at 30 June 2017 as assets held for sale, which was greater than the sale proceeds

- Community Development revenue was more due to funding contribution being received for Sir Colin Meads Public Memorial Service
- There was an increase in revenue in the Solid Waste activity due to an increase in disposal revenue at the landfill
- Resource management revenue was more due to an increase in complex consents
- For the Sewerage activity, revenue was higher than budget due to an increase in trade waste revenue
- Road subsidy revenue was more due to subsidy received for the LED street lights upgrade project

Operating Expenditure was \$1.9 million less than budget.

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



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

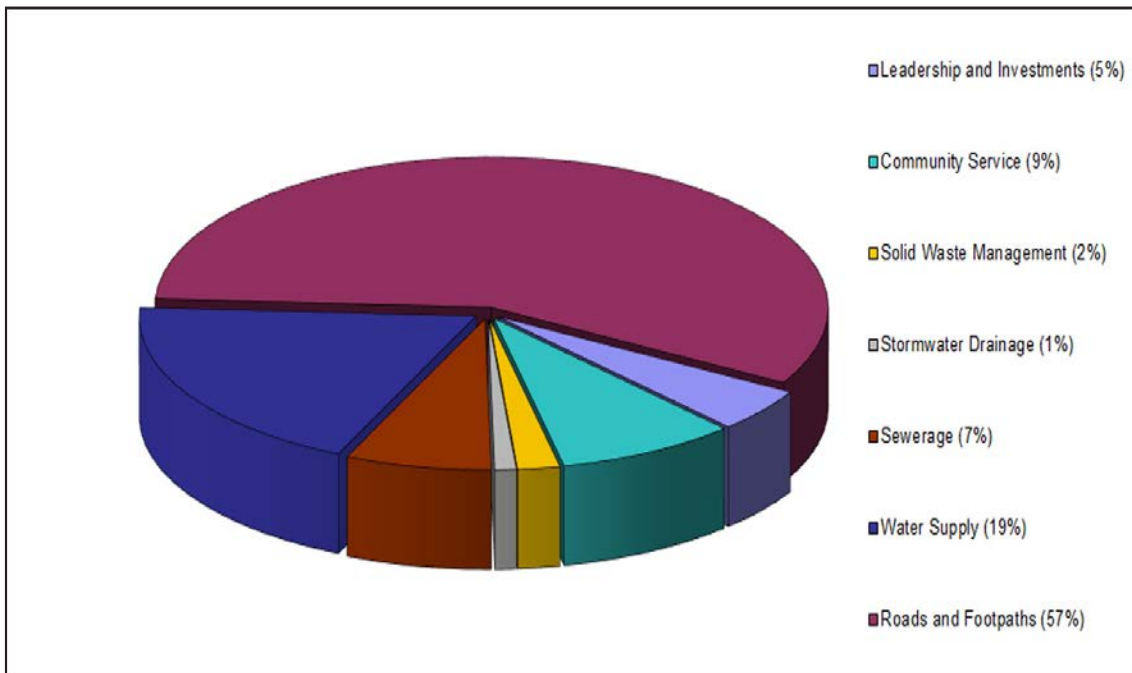
- Leadership costs were less due to the District Plan work-stream that will continue into next financial year.
- Community Service costs were less due to rates paid on council owned properties being excluded. The budget figure includes rates on council owned properties. Repairs and maintenance expenditure was also less as this work is only carried out as required.
- Solid Waste costs were less as a result of a decrease in landfill aftercare provision due to the dispensation granted from the Regional Council to cease monitoring of four closed landfill sites.
- Sewerage costs were less due to reduction in operations and maintenance costs for all schemes.
- Interest costs were lower than budget as favourable loan interest rates were achieved during the year along with a lower debt position than forecast in the EAP. This reduced expenditure for Leadership, Solid Waste, Roads, Sewerage and Water Supply.

We invested \$9.9 million in Capital Projects.

Some key projects undertaken were:

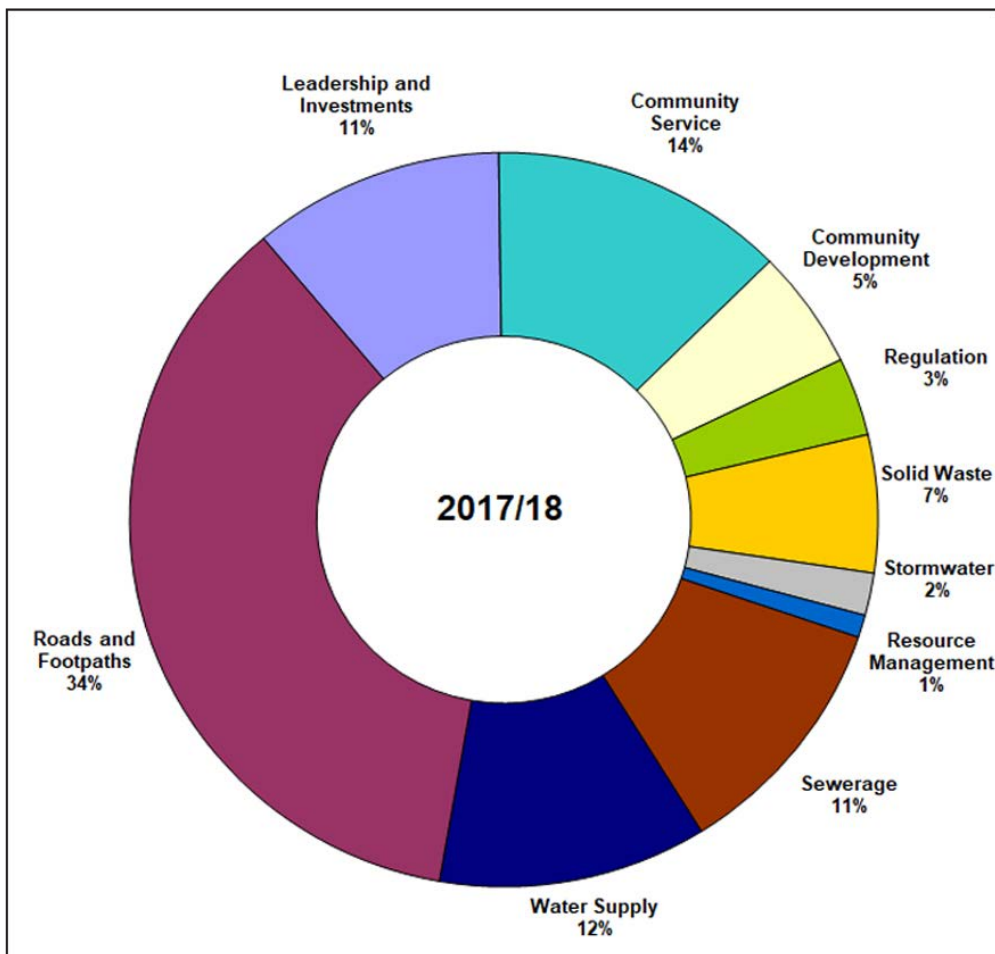
- The upgrade of the Brook Park entranceway
- Installation of a new audio system at Piopio Hall
- Aquatic centre canopy steel structural remedial work was completed
- Upgrade of the bathroom facilities at the Les Munro Centre
- Landfill entranceway and safety improvements at all transfer stations
- Improvements of the sand filter, UV reactor, SCADA and sludge removal process were completed at Te Kuiti wastewater plant
- Carroll Street sewer replacement under the railway was completed along with the sewer replacement under the river
- Te Waitere pump station renewals
- Phase 2 and 3 of the Te Kuiti water treatment plant upgrade were progressed during the year
- LED street lighting upgrade project commenced
- Road rehabilitation of road sections on Totoro and Rangitoto Roads
- Road maintenance and renewals

This graph shows capital expenditure in the different Activity areas



How Your Rates Were Spent

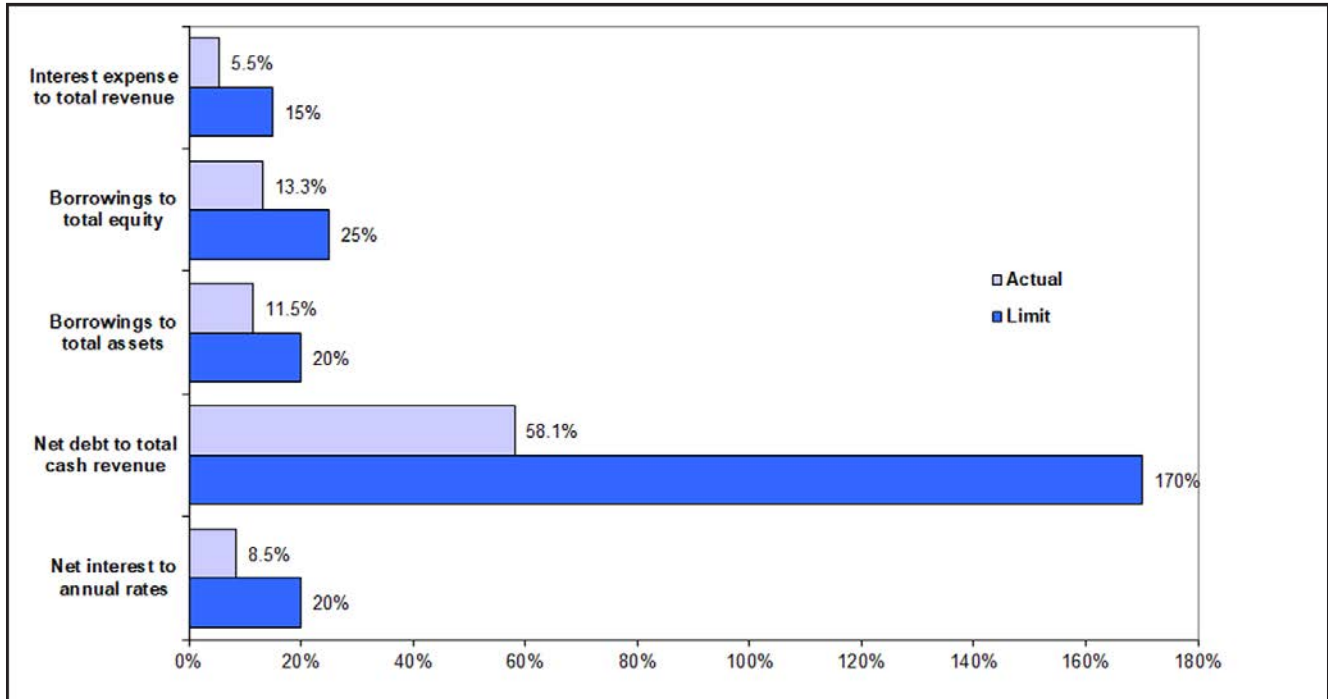
This graph shows the percentage of Council's spending on each Group of Activity.



Debt

WDC borrows money for large projects that will provide services to the community for a long period of time. This ensures that today's ratepayers pay only for the services and assets which they use now and not for benefits that will

be received by the community in the future. In keeping with the financial prudence and sustainability principle, Council has established certain borrowing parameters to ensure that investment priorities are carefully managed and within the reach of Waitomo Community. The reduction in interest costs demonstrate Council's efforts towards liability management and the objective of lowering the cost of funds.



Debt was forecast in the 2015-25 Long Term Plan to be \$53.6 million in the 2017/18 year. **Actual debt was \$41.74 million at 30 June 2018.**

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

	2016	2017	2018
Forecast Public Debt (LTP) \$000's	52,834	54,628	53,645
Actual Public Debt \$000's	44,786	43,419	41,737
\$ Trend \$000's (LTP forecast and Actual)	-8,048	-11,209	-11,908
% Trend	-15.2%	-20.5%	-22.2%

These trends show that actual debt has **continued to reduce** against forecast levels over the last three years, despite the capital investment and upgrades carried out as planned.

Overall Group Performance

The Group's overall performance for the year was an after-tax profit of **\$5.9 million**.

Inframax Construction Ltd (ICL) reported a net profit after tax of \$2.1 million for the year ended 30 June 2018. This is another positive result for the company which continues to improve operational performance and position.

This result is a reflection of the continued and sustained effort of the Board of Directors, Management and staff of ICL.

Statement of Financial Position

At 30 June 2018 total equity for the Group was **\$310 million**.

There was a \$12.3 million increase in equity reflecting net asset increases due to:

- The Group's after tax profit of \$5.9 million
- Current assets increased by \$2.2 million mainly due to an increase in cash and cash equivalents, receivables and inventories.
- Current liabilities increased by \$10.1 million due to an increase in the current portion of borrowings and payables.
- Non current assets increased by \$9.0 million due mostly to an increase in property, plant and equipment.
- Non current liabilities decreased by \$11.3 million due mainly to a decrease in non current borrowings.

ACTIVITY HIGHLIGHTS FOR 2017 - 2018

Council's areas of focus, as contained in the LTP 2015-25 are:

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

Council's intention is to enhance the livability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. We have been working towards these focus areas.

Some key work streams in support of these focus areas, carried out in 2017-18 are outlined below.

Economic Development

Our aim is to support the growth of our local economy by effectively promoting our district. We partner with Hamilton and Waikato Regional Tourism to market our district as a 'must visit' destination, both nationally and internationally. Publications, events and marketing initiatives include:

- Kia Ora magazine, Arrivals magazine and Go Travel magazine (to name a few).
- 'Explore Central North Island' collective which is an international marketing alliance with Rotorua, Taupō, Coromandel, Bay of Plenty, Ruapehu and Hawke's Bay regional tourism organisations.
- 'Explore your Own Backyard' campaign; encouraging locals to explore the Hamilton & Waikato region over the Christmas period, and purchase activity vouchers as christmas gifts.
- Short Escapes domestic marketing campaign; targeted key markets of Auckland, Wellington & Christchurch, and our neighbouring regions of Bay of Plenty and Taranaki.
- Travel trade event in Sydney for the Middle-earth partnership product, Experience The Trilogy. Over 100 Australian travel trade attended the event.
- Waitomo Adventures was featured in the Air New Zealand safety video and Hairy Feet Waitomo was used as a television commercial backdrop during the Superbowl.



MANGAOTAKI ROCKS PIOPIO - HAIRY FEET TOURS

District Plan Review

Our new District Plan will manage the use of land in the Waitomo District by setting out a policy framework and rules to achieve the sustainable management of natural and physical resources.

We commenced stage one of the review process in 2017/18. Our focus was on gathering information to identify our key land use issues and talking with central and regional government about the major topics our District Plan must cover.

The following are key aspects covered by our research:

- identifying the features, issues and opportunities in our communities.
- identification and management of natural hazards.
- identify and evaluate the Significant Natural Areas in our district, and identify and assess the Outstanding Natural Features and Landscapes.
- identification of coastal areas that could be impacted by coastal erosion and flooding over the next 100 years, and to appropriately manage these areas.

Open days were held in Te Kuiti, Piopio, Mokau, Waitomo and Benneydale to discuss ideas to develop town concept plans and structure plans.

We also held a series of open days at Mokau/Awakino, Marakopa/Kiritehere and Te Waitere/Kinohaku in January and February 2018. Community members kindly brought along maps, photos, books and newspaper articles, and shared their knowledge with the coastal scientists who are helping Council to manage the risk of coastal hazards.

Community Connectivity and Development

2018-28 Long Term Plan

Council developed a Consultation Document for the Long Term Plan 2018-28, and presented it for community feedback in April-May 2018.

As a result of the feedback received from the community, Council deliberated and resolved to confirm its preferred options for the 2018-28 LTP.

Council also agreed to include an additional \$60,000 in the budget to further support community partnerships.

The Long Term Plan 2018-28, which sets out the future direction for the district, was adopted by Council on Tuesday 26 June 2018, and is available to view on our website and at the WDC Office.

Community Grants

We distributed around \$200,000 in grants throughout the year through the Community Development Fund. The Grants supported a range of activities, some of which were:

- Programmes for Alzheimer's caregivers.
- First Aid Certification for Te Kuiti Play Centre.
- Signs for a Benneydale District Historical display.
- Accommodation for Counselling Services.
- Documentary promoting Te Kuiti and talented local musicians.

Good Asset Stewardship and Management

Development of Brook Park

The Brook Park entranceway project was confirmed as part of the 2017/18 Annual Plan.

The existing concrete kerb, stone wall and cattle stop were removed and the existing stormwater drainage infrastructure was relocated and upgraded.

In March 2018, we completed the construction of a wider, safer entrance for vehicles entering Brook Park from Te Kumi Road, along with the installation of a new sign and fence. Work has also been completed on fencing, gates and the access path that leads to the band rotunda.

Public Toilets

Benneydale

A new public toilet facility was installed on Ellis Road Benneydale (SH30) in July 2017. The facility has male and female toilets, a unisex accessible toilet with baby change facility and 24 hours access, replacing the old concrete block facility which consisted of one male and one female toilet.

The exterior features a wrap-around mural by Taupo Artist Gary Bennett, that is inspired by The Timber Trail. Gary did a fantastic job bringing a unique and colourful finish to the toilets. A graffiti resistant base paint was applied to protect the art work.

Marokopa

A new public toilet facility was installed on Moana Quay in Marokopa, in May 2018.

The installation involved connecting and inspecting the drainage, electrical work, reinstatement of the ground area, installing a water tank, filters and outdoor shower.



MAROKOPA PUBLIC TOILETS

Health and Safety

We implemented a number of health and safety improvements during the year including:

- Installation of safety barriers in four of the five waste transfer stations.
- Installation of a security gate at the Waitomo District Landfill and Piopio Transfer Station (along with security fencing).
- Safety improvements to the entranceway of the Piopio Transfer Station.

Emergency Repairs to Roads

A number of severe weather events that occurred throughout 2017 caused widespread flooding, slips, and damage to our roading network:

- Ex-Cyclone Debbie and Cyclone Cook.
- Prolonged heavy rain resulting in storm damage and failures of the road surface, and culverts.
- A large landslip of about 50 acres of private farmland fell into the Mangaokewa River, and caused the temporary closure of Mangaokewa Road. Clean-up work commenced immediately. The road was fully reinstated the following month thanks to a concerted effort of WDC and our Roding contractor Inframax Construction Ltd.

Emergency repair work totalling \$966,155 was completed on various roads across the district during 2017/18. Funding assistance was applied for and received from the NZ Transport Agency emergency funds budget.

OUR ACTIVITIES

How to read this section

In this section we report for each of our activities, what we planned to do in year three (2017-18) of our Long Term Plan (LTP). At the start of each group of activities section there's a brief description to explain what the activity is about, an overview of performance against our non-financial performance measures within the group, and a summary of the financial performance within the group.

Council's services are arranged into the following Groups of Activities:

SUSTAINABILITY GROUPS			
GROUPS OF ACTIVITIES	Community and Cultural Sustainability	Environmental Sustainability	Economic Sustainability
	Governance: Leadership and Investments	Resource Management	Water Supply
	Community Service	Solid Waste Management	Roads and Footpaths
	Community Development	Stormwater	
	Regulation	Sewerage and the Treatment and Disposal of Sewage	

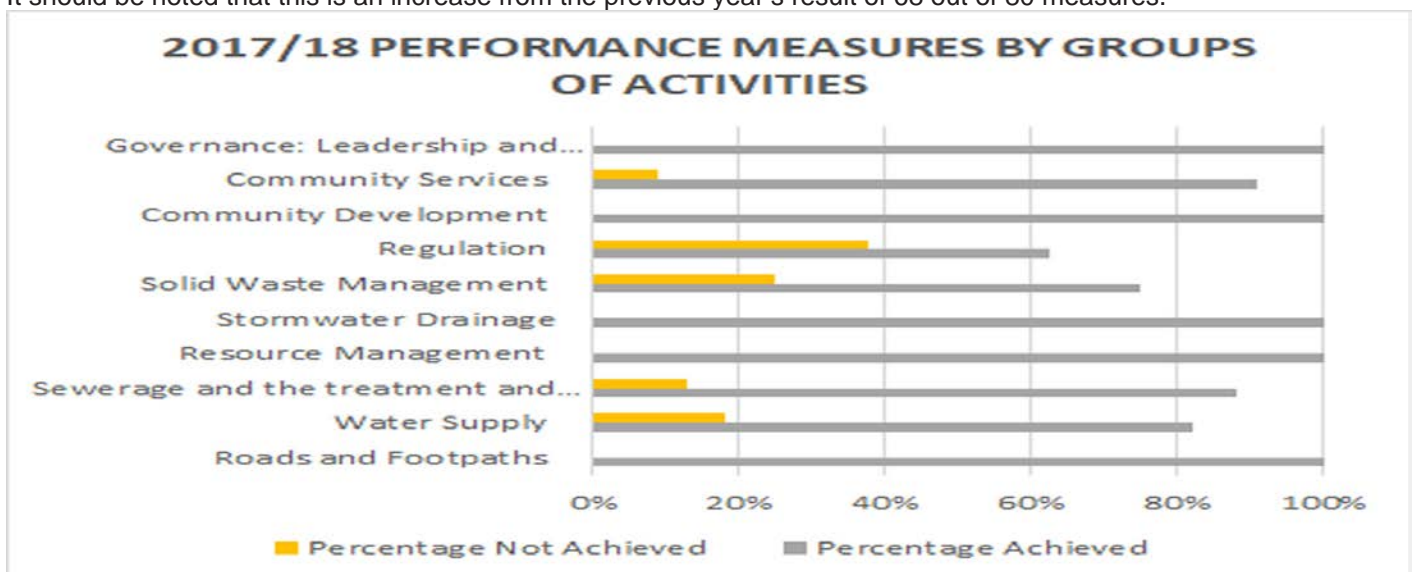
Statement of Service Performance

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

This year we achieved 72 of our 81 measures (89%). The Groups of Activities which achieved **100% of their targets** were:

- Governance
- Community Development
- Stormwater Drainage
- Resource Management
- Roads and Footpaths

It should be noted that this is an increase from the previous year's result of 68 out of 80 measures.

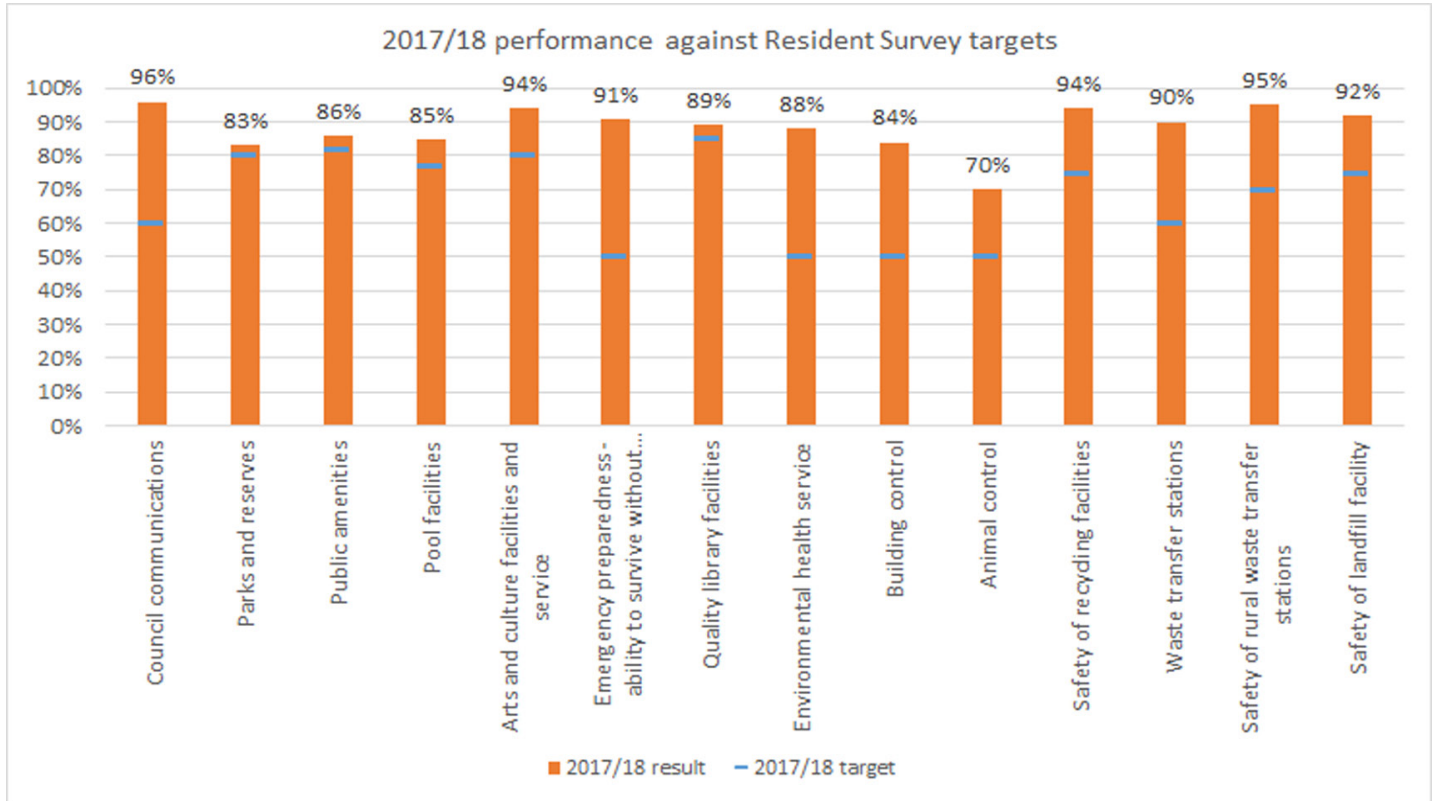


Resident Survey

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

The survey was distributed district-wide and made available online via Survey Monkey; during mid-June 2018. 191 Waitomo district residents took part, of which 84% were ratepayers. Similar to previous years, the largest portion of respondents were from Te Kuiti, in the 60 years plus age bracket.

The following graph shows the satisfaction levels achieved against 2017-18 performance targets.



WAITOMO DISTRICT AQUATIC CENTRE



WAITOMO DISTRICT LIBRARY

Governance: Leadership and Investments

Community and Cultural Sustainability

Activity: Leadership

This activity includes the preparation of policies guiding strategic direction and strategic financial decisions. There are three main functions under the Leadership activity. These are Representation, Planning and Policy and Monitoring, and District and Urban Development.

Activity: Investments

This activity includes:

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

Key projects completed in 2017-18

- Draft, consult and adopt the 2018-28 Long Term Plan and 2016-17 Annual Report.
- Review of the Councils District Plan.

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Leadership			
Decision making in compliance with provisions of the Local Government Act 2002.	Number of successful challenges to the decision making process. Target 0	Achieved (0) Nil challenges received.	●
Consultation is in accordance with the procedures outlined in LGA 2002. Depending on the nature of the consultation, the procedure will either be the Special Consultative Procedure or a process that gives effect to the requirements of section 82 of the LGA 2002.	Number of successful challenges to the decision making process. Target 0	Achieved (0) Nil challenges received.	●
Effective communication with the community.	Customer satisfaction rating of effectiveness and usefulness of Council communications "good or better". Target ≥ 60%	Achieved (96%) 96% of respondents to Council's 2018 Resident Survey were somewhat satisfied, satisfied or very satisfied that the effectiveness and usefulness of Council communications is good or better.	●
Investments			
Investments are managed prudently and in a manner that promotes the current and future interests of the community.	Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable. Target 2 reports per year	Achieved (>2+) Regular reports were received by Council throughout the year on its investments. Half yearly financials and annual financials were provided on time.	●

Summary of Service Performance

The overall performance of the Governance: Leadership and Investments Activity for the period ending 30 June 2018 continues to consistently track at a high level with all four key performance targets achieved.

How we went against our budget

Cost of Service Statement - Governance: Leadership and Investments (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Representation	479	12	18
Investments	103	52	234
Treasury Management and Overhead Accounts	10	16	75
Total Operating Income	592	80	327
Operating Expenditure			
Representation	734	756	749
Planning and Policy and Monitoring	1,114	1,213	607
District and Urban Development	928	598	390
Investments	686	492	577
Treasury Management and Overhead Accounts	10	(67)	16
Total Operating Expenditure	3,472	2,992	2,339
Net Operating Cost/(Surplus)	2,880	2,912	2,012
Capital Expenditure			
Investments	105	0	0
Corporate Support	531	465	505
Total Capital Expenditure	636	465	505
Net Expenditure	3,516	3,377	2,517
Funded By			
Internal Loans	669	598	0
Reserves	1,033	578	(55)
General Rates	908	888	1,090
UAGC	906	886	1,038
Rates Penalties	0	427	444
Total Funding	3,516	3,377	2,517

Variations to Annual Plan

Operating Income

Revenue was \$512,000 less than budget. The budget of \$479,000 for Representation includes \$460,000 for rates penalties. A subsequent change in classification has resulted in the actual rates penalties received of \$427,000 being disclosed in the 'Funded by' section of the Cost of Service Statement. Within the Investment activity a loss on disposal was recognised for the sale of the remaining Parkside sections. This was the result of the value of the sections being revalued upwards at 30 June 2017 (due to sections required to be transferred to Investment Properties and then reclassified as Assets Held for Sale) which was greater than the sale proceeds. Additional interest revenue was received for Treasury management and Overhead and Investments activities.

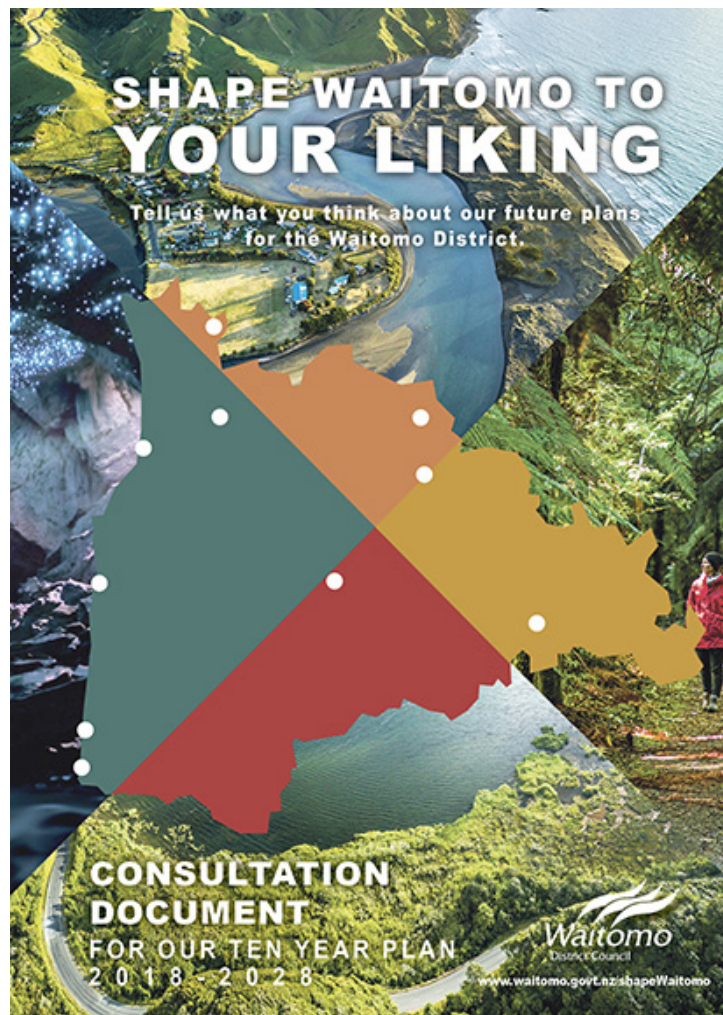
Operating Expenditure

Expenditure was \$480,000 less than budget due to:

- (a) The District Plan Review expenditure being less than budgeted. The District Plan Review will continue over the next financial year.
- (b) Rates paid on council owned properties being excluded. The budget figure includes rates paid on Council owned properties.
- (c) The planned quarry assessment work was not completed.
- (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.

Capital Expenditure

The planned safety improvement capital works at a number of council owned quarries has not commenced and has been deferred.



COUNCIL'S CONSULTATION DOCUMENT FOR THE 2018-2028 LONG TERM PLAN.

Community Service

Community and Cultural Sustainability

The Community Service Group consists of the following activities:

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

Key projects completed in 2017-18

Parks and Reserves

- We developed a new entrance to Brook Park from Te Kumi Road, to widen the driveway, making it safer for vehicles entering Brook Park from Te Kumi Road, and exiting from the Bosco Café car park. The concrete kerb channel and sign were upgraded. The cattle stop was removed, and the existing stormwater drainage infrastructure was relocated.
- The pedestrian access to the Brook Park Rotunda was also improved. An access ramp and gates have been installed.
- Consultation on the Development of Coastal Reserves is in progress with a landscape architect and the committee to design a reserve plan for the Tainui Domain in Mokau.

Public Amenities and Safety

- A progressive upgrade of the mainstreet public toilets in Te Kuiti which involves painting, replacement of partitions and new doors installed in the facility.
- Installation of a new public toilet facility in Marokopa, which provides male and female toilets, a unisex accessible toilet and an external shower.
- Installation of a new public toilet facility in Benneydale, with male and female toilets, a unisex accessible toilet with baby change facility and 24 hours access.
- A generator was installed at the Waitomo District Council to enable business continuity and civil defence activation in the event of outages and emergencies.
- Improvements to the Cemeteries including the online availability of records (Te Kuiti cemeteries) with a new search tool, and implementation of new signage and grave identification numbers; making it easier for people to locate the grave site of their loved ones and family members. The cemetery records for other cemeteries will be incorporated into the online database in 2018/19.

Recreation and Culture










- All Community Halls were inspected during the past year which has identified maintenance requirements.
- Planned maintenance work at the Waitomo District Aquatic Centre, including replacement of the steel roof and rear wall of the grandstand, maintenance of the pump and filtration system, minor works on the storage shed, steel perimeter fence (that runs behind the grandstand), the inside of the pavilion and changing rooms (cleaned and painted), and some minor plumbing work completed inside the changing rooms.
- Plumbing improvements to increase the water pressure in the Les Munro Centre kitchen, and new stage boxes.
- The Plaza Development has been completed with most of the property now leased.

Housing and Other Property

- Maintenance inspections completed to Elderly Persons Housing and the Jennings Street property.
- Maintenance work was completed to Council's Te Kumi Road property.

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
High quality Parks and Reserves will be provided.	Percentage of community satisfied with the quality of Parks and Reserves in annual and research surveys. Target ≥80%	Achieved (83%) 83% of respondents to Council's 2018 Residents Survey were somewhat satisfied, satisfied or very satisfied of the quality of Parks and Reserves.	
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 in the User Survey. Target > 65%	No Data The last survey was conducted in 2016/17 and Achieved (80%) customer satisfaction. No survey of tenants was carried out in 2017/18 as the operations were being reassessed. This will be reinstated for 2018/19 year.	
Quality public amenities will be provided.	Percentage of community satisfied with the quality of public amenities (Public Toilets and Cemeteries). Target ≥ 82%	Achieved (86%) 86% of respondents to Council's 2018 Residents Survey were somewhat satisfied, satisfied or very satisfied with the quality of public amenities.	
Provision of effective pool facilities for the community.	Percentage of community satisfied with the quality of the pool facilities and service in the annual satisfaction survey and research survey results. Target ≥ 77%	Achieved (85%) 85% of respondents to Council's 2018 Residents Survey were somewhat satisfied, satisfied or very satisfied of the quality of the pool facilities and service.	
Provision of effective Arts and Culture facilities for the community.	Percentage of community satisfied with the quality of the Arts and Culture facilities and service in the annual satisfaction survey and research survey results. Target ≥ 80%	Achieved (94%) 94% of respondents to Council's 2018 Residents Survey were somewhat satisfied, satisfied or very satisfied of the quality of the arts and culture facilities and service.	
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules. Target 100%	Achieved (100%) All public facilities have a current BWOFF issued.	
Pool is safe for use of pool patrons at all times.	Pool accreditation in place. Target 100%	Achieved (100%) The pool accreditation is in place until 1 April 2019.	
	Number of pool non-complying water quality readings per year. Target < 5	Achieved (2) There were two non-complying water quality readings have been recorded in the 2017/18 year.	
Community education and information provided to build community awareness and preparedness.	The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event. Target ≥50%	Achieved (91%) 91% of respondents to Council's 2018 Residents and Ratepayers Survey were somewhat satisfied, satisfied or very satisfied that they understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event.	

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
WDC is resourced and staff trained to a level sufficient to efficiently operate the Civil Defence Headquarters during an emergency.	One major training exercise involving Civil Defence headquarters staff will be held per year. Target One exercise per year	Achieved (1) A total of 53 Staff across the Western Waikato Emergency Operating Area participated in training during the month of September 2017.	●
Playground equipment is safe to use for parks and reserves playground users.	Number of accidents directly attributable to playground equipment failure. Target Nil accidents	Achieved (Nil accidents) Nil accidents recorded.	●

Summary of service performance

Ten out of eleven performance measures were achieved for the year 2017-18. The data was not available for one performance measure as a consequence of a deferral in surveying our elderly residents in Council housing. This survey will be redeployed for the 2018-19 year.



TE KUITI RAILWAY STATION

How we went against our budget

Cost of Service Statement - Community Service (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Parks and Reserves	18	25	9
Housing and Other Property	290	378	305
Recreation and Culture	159	143	132
Public Amenities	56	54	513
Total Operating Income	523	600	959
Operating Expenditure			
Parks and Reserves	727	505	532
Housing and Other Property	1,208	869	916
Recreation and Culture	1,234	1,151	1,125
Public Amenities	1,003	901	830
Safety	144	88	115
Total Operating Expenditure	4,316	3,514	3,518
Net Operating Cost/(Surplus)	3,793	2,914	2,559
Capital Expenditure			
Parks and Reserves	261	129	70
Housing and Other Property	89	138	432
Recreation and Culture	380	275	220
Public Amenities	96	308	601
Safety	5	0	0
Total Capital Expenditure	831	850	1,323
Net Expenditure	4,624	3,764	3,882
Funded By			
Internal Loans	386	472	594
Reserves	720	(64)	95
General Rates	1,505	1,424	1,390
UAGC	1,748	1,666	1,538
Targeted Rate - Marokopa Hall	4	4	4
Targeted Services Rate - Rural	79	78	78
Targeted Services Rate - Urban	182	184	183
Total Funding	4,624	3,764	3,882

Variations to Annual Plan

Operating Income

Revenue was \$77,000 more than budget. Additional revenue was received for rentals and leases and for Marokopa camping ground. A donation was also received from the Piopio Hall Committee for Piopio Hall and a gain on disposal was recognised for the sale of land and buildings.

Operating Expenditure

Expenditure was \$802,000 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) Safety costs were less for emergency management preparedness and training. Rural fire expenditure was unspent as the New Zealand Fire Service Commission (NZFSC) now undertakes this workstream.

Capital Expenditure

Total capital expenditure was \$19,000 more than budget due to:

- (a) The Brook Park entrance upgrade was completed during the year.
- (b) Remedial work of 47 Te Kumi Road property was completed during the year to bring the property up to a rentable standard. Installation of a new audio system was also completed at Piopio Hall.
- (c) Expenditure was incurred for the Aquatic Centre canopy steel structure remedial work and the renewal of bathroom facilities at the Les Munro Centre.
- (d) The new Benneydale and Marokopa public toilets were completed. These projects were in the prior year budgets.



BENNEYDALE PUBLIC TOILETS WITH MURAL BY GARY BENNETT

Community Development

Community and Cultural Sustainability

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

Key Projects Completed during 2017-18

- Administration of the Community Development Fund, with around \$200,000 distributed in grants throughout the year, including to the not for profit sector and administered and distributed on behalf of others such as the Sport NZ Rural Travel Fund and Creative Communities Fund.
- Youth liaison and participation via the Waitomo District Youth Council.
- Continued delivery of district events such as the Great NZ Muster and the Waitomo District Christmas Parade.
- Support of the Timber Trail marketing strategy and action plan with key stakeholders.
- Continued support of district promotion via the Hamilton & Waikato Regional Tourism organisation.



THE MOB OF SHEEP MAKE THEIR WAY THROUGH THE CROWD AT THE 2017 GREAT NZ MUSTER



THE TIMBER TRAIL IS NESTLED IN PUREORA FOREST, BETWEEN LAKE TAUPO AND TE KUITI, IN THE CENTRAL NORTH ISLAND.

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy. Target 100% compliance	Achieved (100%) All funding rounds throughout the 2017/18 year were advertised and administered as per the Community Development Fund Policy.	●
Support the positive development of youth within the District.	Youth Council makes one submission to Council per year. Target 1 per annum	Achieved (1) The intention of the measure is for the Youth Council to engage with Council. The key objective is to support in the development of our youth (communication skills, leadership skills and the like). The Youth Council made a submission to Council on the 2018-28 Long Term Plan.	●
	Youth Council undertakes two youth related projects per year. Target 2 per annum	Achieved (2+) The Youth Council undertook a number of youth related projects throughout the 2017/18 year including but not limited to: <ul style="list-style-type: none"> The arrangement of entertainment at the Annual Brook Park Fireworks Extravaganza A music workshop for young people with the Modern Māori quartet 	●
Council will support major District events that build community pride and raise the District's profile.	Number of major District events held on time and to budget. Target One Major event (the Muster) and one minor event (the Christmas Parade)	Achieved (one major, one minor) The Great NZ Muster was held on 7 April 2018, and the Waitomo District Christmas Parade was held on 8 December 2017.	●
Provision of comprehensive library facilities for the community.	Percentage of community satisfied with the quality of the library facilities and service in the annual satisfaction survey and research survey results. Target ≥ 85%	Achieved (89%) 89% of respondents to the Council's 2018 Resident Survey were satisfied with the quality of the library facility and service.	●
Council through its membership of the Hamilton and Waikato Regional Tourism Organisation will ensure enhanced presence in national and international markets for the District.	Number of District Promotion opportunities taken in key publications and industry events. Target > 4	Achieved (4+) The Waitomo District was profiled in a range of key publications and industry events over the 2017/18 year, including: <ul style="list-style-type: none"> Explore Central North Island Explore your own backyard Short Escapes Hamilton & Waikato Regional Visitor Guide 2017 2nd Annual Tour of the North Island Campaign Experience the Trilogy Event – Australia Nov 2017 Ongoing campaign through a number of social media channels Go Travel Magazine, Arrivals Magazine, Hamilton Press, Air New Zealand Brand Toolkit 	●
Council will encourage and support business expansion and sustainable economic development opportunities within the District.	Economic Development Action Plan developed and implemented. Target - Actions implemented as per Economic Development Action Plan.	Achieved The Economic Development Strategy was adopted by Council on 29 October 2016. Implementation of the action plan has been ongoing with initiatives being implemented.	●

Summary of Service Performance

All of seven of the Community Development performance targets were achieved for the year ended 30 June 2018.

How we went against our budget

Cost of Service Statement - Community Development (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Community Support	2	0	23
District Development	57	155	62
Agencies	0	0	13
Total Operating Income	59	155	98
Operating Expenditure			
Community Support	693	639	653
District Development	912	803	562
Agencies	0	0	29
Total Operating Expenditure	1,605	1,442	1,244
Net Operating Cost/(Surplus)	1,546	1,287	1,146
Capital Expenditure			
District Development	65	0	1
Total Capital Expenditure	65	0	1
Net Expenditure	1,611	1,287	1,147
Funded By			
Internal Loans	40	0	0
Reserves	115	(177)	46
General Rates	803	807	593
UAGC	308	309	278
Targeted Rate - Piopio Retirement	15	15	15
Targeted Rate - District Development	330	333	215
Total Funding	1,611	1,287	1,147

Variations to Annual Plan

Revenue

Revenue was \$96,000 more than budget. A funding contribution was received from the Office of the Prime Minister for Sir Colin Meads Public Memorial Service. A funding contribution was also received for Timber Trail marketing. A donation of \$2,800 was received from Destination Waitomo as part of the Organisation's winding up process.

Operating Expenditure

Expenditure was \$163,000 less than budget. Telecommunication initiatives expenditure, district promotion and district development costs were less than budget. Additional costs were incurred for the Sir Colin Meads Public Memorial Service. This was offset by funding provided by the Office of the Prime Minister.

Capital Expenditure

The budget for a motor home friendly district initiative and i-site renewals was not spent during the year.

Regulation

Community and Cultural Sustainability

The Regulation Group aims to ensure a healthy and safe environment for the community by providing the following services:

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

Key projects completed in 2017/18

- The Regulation Group was reassessed for its Building Consent Authority (BCA) Accreditation. BCA Accreditation has been retained.

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
All food and liquor retail premises will be inspected and appropriately registered and licensed.	Percentage of registration or licensing of food and alcohol retail premises inspected annually. Target 100%	Achieved All premises requiring registration have been registered. 100% of the premises selling alcohol are licensed to do so. 100% of the premises requiring food licenses are registered.	●
Provision of an effective environmental health service for the community.	Customer satisfaction survey rating on Environmental Health Service. Target > 50%	Achieved (88%) 88% of respondents to the 2018 Resident Survey who had used this service in the last 12 months were satisfied with the provision of an effective environmental health service.	●
Building consents and project information memoranda issued within 15 working days.	Percentage of building consents and project information memoranda issued within 15 working days. Target 90%	Not Achieved (87%) The reason for not issuing within the target number of days was mainly due to the change in regulations resulting in more time being required to process every consent. Resourcing in the building area has been reviewed. This has been discussed with Council in detail. It needs to be noted that 100% of consents and PIMs have been issued within the required statutory timeframe of 20 working days.	●
Council will process, inspect and certify buildings work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements. Target BCA Accreditation achieved every 2 years.	Achieved (100%) BCA accreditation was achieved in June 2018.	●
Provision of an effective building control service to the community.	Customer satisfaction survey rating on Building Control. Target > 50%	Achieved (84%) 84% of respondents to the 2018 Resident Survey who had used this service in the last 12 months were satisfied with the provision of an effective building control service.	●

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Dog owners' properties will be inspected to ensure compliance with the Dog Control Act 1996 and Council's bylaws.	Percentage of dog owners' properties inspected per year. Target Urban (* 100% of owners approved under 'Selected Owners Policy')	Not Achieved (Urban 98.5%)* * performance is against updated target	●
	Rural (* Inspections are carried out if there are breaches to the Dog Control Act)	Achieved (Rural) No inspections were done as there were no reported breaches to the Dog Control Act.	●
High level of customer satisfaction with animal control service.	Customer satisfaction survey rating on Animal Control. Target ≥ 50%	Achieved (70%) 70% of respondents to the 2018 Resident Survey were satisfied with the provision of an effective animal control service.	●
Dog Owners are well informed of their responsibilities and WDC Support.	Number of Dog/Owner Education initiatives. Target ≥ 2	Achieved (7+) Council provides educational information on a monthly basis on Facebook and also provides regular information on Waitomo Way and the Waitomo News.	●

*Target changed by Council resolution document number #A345198 Council Minutes #A345407

Summary of Service Performance

The overall performance for Regulation was good with only two out of nine performance measures not being achieved for 2017-18.



STREET VIEW - PIOPIO VILLAGE

How we went against our budget

Cost of Service Statement - Regulation (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Regulation	481	513	433
Total Operating Income	481	513	433
Operating Expenditure			
Regulation	938	946	962
Total Operating Expenditure	938	946	962
Net Operating Cost/(Surplus)	457	433	529
Capital Expenditure			
Regulation	0	0	0
Total Capital Expenditure	0	0	0
Net Expenditure	457	433	529
Funded By			
Reserves	14	(13)	86
General Rates	326	327	353
UAGC	117	119	90
Total Funding	457	433	529

Variations to Annual Plan

Operating Income

Operating income was \$32,000 more than budget due to the grant contribution received from the central government for the campaign on neutering of menacing dogs. Revenue for animal control, building control services and Health Act licencing were also more than budget.

Operating Expenditure

Expenditure was \$8,000 more than budget due to expenditure for the shared legal costs for the Carter Holt Harvey litigation (that 50 other councils are also party to).

Solid Waste Management

Environmental Sustainability

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

There are four activities under this Group:

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

Key projects completed in 2017-18

- We completed a number of health and safety upgrades during 2017/18:
 - » Installation of safety barriers in four of the five transfer stations.
 - » Installation of a security gate at the Waitomo District Landfill.
 - » Redevelopment of the entrance to the Piopio transfer station, and installation of a security fence.
- The access points for the Waitomo District Council Landfill were upgraded in early 2018.
- We completed a planned waste audit with the aim of better understanding the way people deal with waste. The audit will sample both the refuse and recycling waste streams.
- Council has adopted the 2018 Solid Waste (Asset) Management and Minimisation Plan (SWaMMP), which sets out the delivery of Waitomo District Council's waste management services for the period 2018-2028.
- Ongoing promotion of waste minimisation initiatives through the newspaper, Waitomo Way, website, community newsletters and digital media channels.
- Support for the enviro schools programme and Love Food Hate Waste initiative.
- A successful procurement of the kerbside and transfer station refuse and recycling collection contract and the landfill operations contract.
- New green bins were distributed to properties that receive the weekly kerbside collection service.



RECYCLE MASCOT AT THE WAITOMO DISTRICT CHRISTMAS PARADE



SAFETY BAR AT LANDFILL



IMPROVED SIGNAGE FOR PUBLIC RECYCLING STATIONS

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Users find the recycling facilities safe to use.	Percentage of users rate the safety of Council's recycling facilities as satisfactory or better. Target 75%	Achieved (94%) 94% of respondents to the Council's 2018 Residents Survey rate the safety of Council's recycling facilities as satisfactory or better.	●
Provision of effective waste service for the community.	Customer satisfaction survey rating on waste transfer stations. Target 60%	Achieved (90%) 90% of respondents to the Council's 2018 Residents Survey are satisfied with the Council's waste transfer stations.	●
The solid waste management facilities feel safe to the user.	Percentage of users rate the District's waste transfer stations safe to use. Target 70%	Achieved (95%) 95% of respondents to the Council's 2018 Residents Survey rate the Council's waste transfer stations as safe to use.	●
Users find the landfill facility safe to use.	Percentage of users rate the safety of Council's landfill facility as satisfactory or better. Target 75%	Achieved (92%) 92% of respondents to the Council's 2018 Residents Survey rate the safety of Council's landfill facility as satisfactory or better.	●
The solid waste management facilities are open and accessible to users at advertised times.	Number of complaints per month due to facilities not being open at advertised times. Target ≤1	Achieved (0) No complaints were received due to facilities not being open at advertised times for the 2017/18 year.	●
Reduce quantity of recyclables like paper and plastics in bag collection that goes to landfill.	Percentage of reduction per annum leading to 10% reduction by 2016 and 15% by 2025 achieved through continual education (both measured against the 2014 Biennial Waste Audit). Target 2%	Not Achieved (1.57% reduction) The results from the 2016 Waste Audit identified a 1.57% reduction in recyclables against the 2014 Waste Audit. A 2% reduction was required to meet the performance target. This is however tracking in a downwards trend.	(a) ●
Reduce the quantity of organic waste like food scraps etc in bag collection that goes to landfill.	Percentage of reduction per annum achieved through continual education leading to 10% reduction by 2025 (measured against the 2014 Biennial Waste Audit). Target 1.5%	Not Achieved (2.75% increase) The results from the 2016 Waste Audit identified an almost 3% increase in putrescible (organic/food waste) against the 2014 Waste Audit. A 1.5% reduction was required to meet this performance target. Reducing food waste is a key strategy for meeting the goals of the Waste Minimisation Act. WDC are involved in a collective of Councils throughout the country to implement a national 'Love Food, Hate Waste' campaign in an effort to reduce food waste sent to landfills.	(b) ●
Provision of an effective solid waste service for the community.	Number of complaints received per month regarding solid waste activities. Target ≤ 10	Achieved (31) Council received 31 complaints regarding solid waste activities over the 2017/18 period.	●

Summary of Service Performance

The overall performance for Solid Waste Management was good with six of the eight performance targets achieved. Two performance targets (a and b) were measured against the 2016 Waste Audit shown in the following table, which were not achieved.

Recyclables (Average)			
	2012	2014	2016
	11.94%	8.75%	7.18%
Percentage Change		-3.19%	-1.57%

Putrescibles: Food and Organic (Average)			
	2012	2014	2016
	12.97%	36.31%	39.06%
Percentage Change		23.34%	2.75%

How we went against our budget

Cost of Service Statement - Solid Waste Management (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Collection	134	132	134
Management	864	1,254	933
Total Operating Income	998	1,386	1,067
Operating Expenditure			
Collection	339	347	322
Management	1,563	1,316	1,418
Total Operating Expenditure	1,902	1,663	1,740
Net Operating Cost/(Surplus)	904	277	673
Capital Expenditure			
Management	316	199	124
Total Capital Expenditure	316	199	124
Net Expenditure	1,220	476	797
Funded By			
Internal Loans	220	174	52
Reserves	242	(454)	(25)
General Rate	11	11	12
UAGC	11	11	12
Targeted Rate - Mokau	40	43	39
Targeted Rate - Piopio	28	28	26
Targeted Rate - Te Kuiti	99	100	100
Targeted Rate - Waitomo	38	44	37
Targeted Rate - Solid Waste Management	531	519	544
Total Funding	1,220	476	797

Variations to Annual Plan

Operating Income

Revenue was \$388,000 more than budget due to a significant one-off disposal from a commercial user. There has also been an increase in disposal revenue for general refuse charges, green waste and recovered materials.

Operating Expenditure

Expenditure was \$239,000 less than budget due to:

- (a) Expenditures for intermediary capping material was not required as some refuse received was suitable as capping material.
- (b) The decrease in landfill aftercare provision due to the dispensation granted from Waikato Regional Council to cease monitoring of four closed landfill sites.
- (c) Rates on council properties being excluded, the budget figure includes these rates.
- (d) Favourable loan interest rates achieved during the year along with a lower debt position than forecast in the 2017-18 Annual Plan meant less interest costs were incurred.

Capital Expenditure

Total capital expenditure was \$117,000 less than budget as no expenditure was incurred for the purchase of carbon credits required under the Emissions Trading Scheme. This budget will be carried over to the next financial year. Work also commenced on the resource consent for the expansion at the landfill and this will continue in the next financial year.



TRANSFER STATION AT WAITOMO DISTRICT LANDFILL

Stormwater Drainage

Environmental Sustainability

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

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

There are three aspects of operations under this group, namely:

- Maintenance
- Renewals
- New Works/Augmentation

Key projects completed in 2017-18

- Ongoing collection of Stormwater asset data to inform better storm water management.
- A number of minor capital works were identified and repaired or replaced on the basis of known asset conditions and those identified during network cleaning and inspections.
- Continuation of improvements to contractor maintenance reporting and integrate costing information with spatial data in the Asset Management System.
- Ongoing development and implementation of accurate and complete asset inventory registers for Council's assets.



UPGRADE OF STORMWATER DRAIN EDWARD STREET

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Stormwater drainage system is adequate and is sufficiently maintained.	The number of flooding events that occur in the district in a financial year. Target Nil (for less than 1 in 2 year event)	Achieved (0) No flooding events of less than 1 in 2 year occurred in the district for the 2017/18 year.	●
	For each flooding event the number of habitable floors affected in a financial year. Target ≤ 1 per 1000 properties	Achieved (0) There were no flooding events of less than 1 in 2 year, therefore no habitable floors were affected by a flooding event.	●
Compliance with resource consent conditions for discharge from the Councils urban stormwater system that relate to environmental effects	Compliance with resource consents for discharge from its Stormwater system, measured by the number of the following (received by Council with a financial year):		
	abatement notices Target 0	Achieved (0) No abatement notices were issued to WDC throughout the 2017/18 year.	●
	infringement notices Target ≤2	Achieved (0) No infringement notices were issued to WDC throughout the 2017/18 year.	●
	enforcement orders Target Nil	Achieved (Nil) No enforcement orders were issued to WDC throughout the 2017/18 year.	●
	successful prosecutions Target Nil	Achieved (Nil) No successful prosecutions were brought against WDC throughout the 2017/18 year.	●
The Council responds to failures and request for service in a prompt and efficient way	The median response time to attend a flooding event, (measured from the time that the notification is received to the time that service personnel reach the site) Target ≤ 180 minutes (3hrs)	Achieved (0) No notifications regarding flooding events were received regarding stormwater issues during the 2017/18 year.	●
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. Target ≤4 complaints per 1000 properties	Achieved (4) There were 4 complaints received about the performance of the Council's urban stormwater system in the 2017/18 year.	●

Summary of Service Performance

The overall performance for Stormwater Drainage for the year ended 30 June 2018 was excellent with all eight performance targets being achieved.

How we went against our budget

Cost of Service Statement - Stormwater Drainage (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Urban	0	12	7
Rural	0	0	0
Total Operating Income	0	12	7
Operating Expenditure			
Urban	365	476	309
Rural	43	38	40
Total Operating Expenditure	408	514	349
Net Operating Cost/(Surplus)	408	502	342
Capital Expenditure			
Urban	299	101	227
Rural	5	0	25
Total Capital Expenditure	304	101	252
Net Expenditure	712	603	594
Funded By			
Reserves	303	229	200
Targeted Rate - Stormwater (Urban)	366	331	339
Targeted Rate - Stormwater (Rural)	43	43	55
Total Funding	712	603	594

Variations to Annual Plan

Revenue

Revenue was \$12,000 more than budget for connection fees.

Operating Expenditure

Expenditure was \$106,000 more than budget due to the loss on asset disposals recognised during the year due to capacity changes to the stormwater networks. Operational and maintenance costs were less than budget. Rates on council properties were also excluded, the budget figure includes these rates.

Capital Expenditure

Total capital expenditure was \$203,000 less than budget for the year. Waitete Road pipe work renewals has been planned for the next financial year along with the Taupiri Street stormwater pipe rehabilitation.

Resource Management

Environmental Sustainability

The Resource Management Activity involves the administration, application and enforcement of the Waitomo District Plan provisions including:

- Issuing of resource consents for land use and subdivisions.
- Monitoring consents for compliance with conditions.
- Making amendments to the District Plan.

Key projects completed in 2017-18

- Continued effective administration of the Resource Management Act 1991 and the District Plan (including supporting the District Plan review) so as to facilitate responsible development within the district.



VIEW ACROSS TO THE WAITOMO CAVES HOTEL

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Council will ensure that resource consents are processed in a timely and customer friendly manner so as to facilitate District wide development.	Percentage of notified consents processed within 80 working days of receipt. Target 90%	Achieved No notified resource consents were submitted to Council during the 2017/18 year.	(a) ●
	Percentage of non-notified consents processed within 20 working days. Target 90%	Achieved (100%) All non-notified resource consents have been processed within 20 working days.	(b) ●
All premises where resource consent have been issued will be monitored at least biennially to ensure compliance.	Percentage of consented premises visited each year. Target 50%	Achieved (100%) All landuse consents which require monitoring have been monitored.	(c) ●

Summary of Service Performance

The overall performance for Resource Management was excellent with all three performance targets achieved for the period ending 30 June 2018.



BUSINESS DEVELOPMENT AT WAITOMO ADVENTURES LTD

How we went against our budget

Cost of Service Statement - Resource Management (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
District Plan Administration	59	172	91
Total Operating Income	59	172	91
Operating Expenditure			
District Plan Administration	245	272	213
Total Operating Expenditure	245	272	213
Net Operating Cost/(Surplus)	186	100	122
Funded By			
Reserves	0	(86)	8
General Rates	93	93	57
UAGC	93	93	57
Total Funding	186	100	122

Variations to Annual Plan

Operating Income

Revenue was \$113,000 more than budget due to an increase in revenue from complex consents.

Operating Expenditure

Expenditure was \$27,000 more than budget due to additional planning consultants costs to process complex consents (recovered from resource consent applicants).

Sewerage and Treatment and Disposal of Sewage

Environmental Sustainability

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

There are three activities under this Group, namely:

- Maintenance
- Renewals and replacements, and
- Improvements

Key projects completed in 2017-18

- Further improvements to the performance and safety operation of the Te Kuiti Waste Water Treatment Plant were completed, including:
 - » the installation and certification of bunded chemical tanks,
 - » continued management of excess sludge removal from the sludge pond,
 - » minor plant renewal and improvements to the site.
- Renewal of the separator tanks and pump for Piopio Waste Water Treatment Plant, was completed.
- Continuation of renewal works to pump stations, reticulation network and treatment plants.
- Continue to formalise asset data collection and recording procedures, to improve data accuracy.
- We completed the rehabilitation of the Te Waitere soakage field and upgrade of the sewer pump station.











DREDGE LOCATED AT THE TE KUITI WASTEWATER TREATMENT PLANT



PIPE REPLACEMENT; CARROLL TO RORA ST

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Sewerage System is adequate and is sufficiently maintained.	Number of complaints received in a financial year about; sewage odour, sewage system faults, sewage system blockages, and Council's response to issues with the sewage system. Target Total complaints per 1000 connections ≤20	Not Achieved (41)	(a) 
Environmental impacts of Sewerage systems will be managed effectively.	Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (received by Council in a financial year)		
	abatement notices Target Nil	Achieved (Nil) No abatement notices were issued to WDC during the 2017/18 year.	
	infringement notices Target Nil	Achieved (Nil) No infringement notices were issued to WDC during the 2017/18 year.	
	enforcement orders Target Nil	Achieved (Nil) No enforcement notices were issued to WDC during the 2017/18 year.	
	convictions received Target Nil	Achieved (Nil) No convictions were received by WDC during the 2017/18 year.	
Timely response and resolution for sewage overflows.	The median response times for attendance, in a year, measured from the time that the Council receives notification to the time that service personnel reach the site Target ≤180 minutes (3hrs)	Achieved (55 minutes) The median response time for attendance to sewage overflows, measured from the time that the Council receives notification to the time that service personnel reach the site for the 2017/18 period was <55 minutes.	
	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault Target ≤540 minutes (9hrs)	Achieved (306 minutes) The median response time for resolution for sewage overflows, measured from the time that the Council receives notification to the time that service personnel resolve the problem for the 2017/18 period was 306 minutes.	
Provision of effective and reliable sewerage systems and service to the community.	Number of dry weather sewage overflows from the Council's sewerage system in a financial year. Target ≤ 5 per 1000 connections	Achieved (0)	

Summary of Service Performance

The overall performance for sewerage and treatment and disposal of sewage for the year ended 30 June 2018 was good with seven out of eight performance targets being achieved.

(a) The performance target for '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' was not achieved. The annual target has not been met for the 2017/18 year, as 41 complaints were received in total.

How we went against our budget

Cost of Service Statement - Sewerage (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Te Kuiti Sewerage	860	1,123	954
Te Waitere Sewerage	0	2	0
Benneydale Sewerage	1	3	2
Piopio Sewerage	2	12	41
Total Operating Income	863	1,140	997
Operating Expenditure			
Waitomo Sewerage	0	6	9
Te Kuiti Sewerage	2,854	2,515	2,537
Te Waitere Sewerage	56	28	42
Benneydale Sewerage	183	198	136
Piopio Sewerage	317	261	249
Total Operating Expenditure	3,410	3,008	2,973
Net Operating Cost/(Surplus)	2,547	1,868	1,976
Capital Expenditure			
Te Kuiti Sewerage	536	655	325
Te Waitere Sewerage	0	13	3
Benneydale Sewerage	52	8	41
Piopio Sewerage	31	14	34
Total Capital Expenditure	619	690	403
Net Expenditure	3,166	2,558	2,379
Funded By			
Internal Loans	211	68	143
Reserves	540	133	4
Targeted Rate - Te Kuiti	1,768	1,713	1,645
Targeted Rate - Trade Waste Contribution	166	167	165
Targeted Rate - Te Waitere	51	52	43
Targeted Rate - Benneydale	182	180	151
Targeted Rate - Piopio	248	245	228
Total Funding	3,166	2,558	2,379

Variations to Annual Plan

Operating Income

Revenue was \$277,000 more than budget due to an increase in trade waste revenue for Te Kuiti and Piopio. Additional revenue was received from connections fees for Te Kuiti, Te Waitere and Benneydale.

Operating Expenditure

Expenditure was \$402,000 less than budget due to:

- (a) Expenditure for electricity, sampling costs and chemicals being less for Te Kuiti. Part of the reduced operational costs was offset by increased reticulation operational costs. Some major faults were picked up during routine maintenance of the reticulation network that have resulted in some major work being carried out.
- (b) Overall operations and maintenance costs are also less for Piopio, Benneydale and Te Waitere. However a loss on disposal of assets has been recognised for Benneydale which offset this reduced expenditure.
- (c) Rates paid on Council owned properties were excluded. The budget figure includes rates paid on Council owned properties.
- (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) Expenditure was incurred for the investigation into the Waitomo sewerage scheme.

Capital Expenditure

Total capital expenditure was \$71,000 more than budget due to:

- (a) Expenditure at the Te Kuiti wastewater treatment plant has been for the sand filter removal and recommissioning, UV reactor and SCADA repairs, valve and pipe improvements for the sludge removal.
- (b) Construction for the chemical tank bunded fill area and a storage shed was also completed. The Carroll Street sewer replacement under the railway was completed and the sewer replacement under the river was also installed.
- (c) Te Waitere unspecified renewals and pump station renewals work were completed during the year.
- (d) Some of these projects were in prior years budgets.



PONDS AT TE KUITI WASTEWATER TREATMENT PLANT

Water Supply

Economic Sustainability

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, Benneydale, Piopio and Mokau.

There are three aspects of operations under this group:

- Maintenance
- Renewals
- Improvements

Key projects completed in 2017-18

As part of the upgrade of the Te Kuiti Water Treatment Plant, we completed:

- The refurbishment of the clarifiers, and associated health and safety improvements to provide safer access to the clarifiers.
- Finalisation of the pre-chlorination installation to address the odour issues caused by trace elements (iron and manganese).
- Development of a new driveway into the site.

The remaining aspects of this upgrade include the completion of the new water inlet structure, installation of mechanical and electrical equipment and optimisation of the plant.

Over the past year we have completed enhancements to the Mokau Water Treatment Plant and storage facility:

- A Quattro-DB system has been installed in the raw water storage dam. This creates ultrasonic frequencies that inhibit the growth of algae.
- Three 25,000 litre storage tanks have been installed on site, to replace the old timber tank that was situated at the Inframax yard - and had reached the end of its useful life. The position of the new tanks mean that we can better retain pressure throughout the reticulation network, even during a power outage. The existing storage tank is now utilised as a chlorine contact tank, also improving this part of the treatment process.

We have completed our renewal programme for the water reticulation network in Te Kuiti. This involved:

- Upgrading the Hetet Street water main pipe.
- Completing the ring main pipe that connects Earl Street to Henderson Street.
- Replace the water main pipe in Edward Street.

As part of an ongoing enhancement program in the District we also completed a number of minor capital works that were identified as a priority either from asset data and/or during network inspections.



DURING DEMOLITION OF THE OLD BUILDING IN TE KUITI



REFURBISHED CLARIFIERS



NEW DRIVEWAY TO SITE

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Water supply system is adequate and sufficiently maintained for public health purposes.	The extent to which WDC's drinking water supplies comply with Part 4 of NZ Drinking-water Standards 2005 (revised 2008) (bacteria compliance criteria) Target 100%	Not Achieved (75% Achieved) *Technically non-compliant	●
	The extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2005 (revised 2008) (protozal compliance criteria) Target 100%	Not Achieved (0% Achieved) **Technically non-compliant	●
Water Supply networks are being maintained adequately.	Percentage of real water loss from the Council's networked reticulation system in a financial year in: ('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)		
	Te Kuiti Target ≤ 25%	Achieved (16%) A new methodology has been developed to determine the once per year water loss as per Department of Internal Affairs standards.	●
	Mokau Target ≤ 25%	Achieved (4.8%) A new methodology has been developed to determine the once per year water loss as per Department of Internal Affairs standards.	●
	Piopio Target ≤ 25%	Achieved (6.4%) A new methodology has been developed to determine the once per year water loss as per Department of Internal Affairs standards.	●
	Benneydale Target ≤ 15%	Achieved (7.8%) A new methodology has been developed to determine the once per year water loss as per DIA standards.	●
Timely response and resolution of service requests.	The median response times for attendance for urgent call-outs in a financial year* Target ≤ 180 minutes (3 hrs)	Achieved (51 minutes) The median response time for attendance for urgent call outs during the 2017/18 period was 51 minutes.	●
	The median resolution time of urgent call-outs in a financial year** Target ≤ 540 minutes (9 hrs)	Achieved (234 minutes) The median resolution time of urgent call outs during the 2017/18 period was 234 minutes.	●
Timely response and resolution of service requests.	The median response times for attendance for non-urgent call outs in a financial year* Target ≤ 660 minutes (11 hrs)	Achieved (438 minutes) The median response time for attendance for non-urgent call outs during the 2017/18 period was 438 minutes.	●

*Te Kuiti Water Treatment Plant is currently undergoing a major upgrade and is expected to meet compliance standards once the upgrades are complete, estimated to be in 2018/19 year.

** Te Kuiti Water Treatment Plant is currently undergoing a major upgrade in order to meet these requirements.

Piopio Water Treatment Plant requires log removal verification to meet these requirements.

Mokau Water Treatment Plant requires upgrading to meet these requirements.

Benneydale Water Treatment Plant requires minor upgrades to be carried out to meet these requirements.

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
	The median resolution time of non-urgent call-outs in a financial year** Target ≤ 850 minutes (14.1 hrs)	Achieved (438 minutes)	●
	* from the time that the Council receives notification to the time that the service personnel reach the site. ** from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption		
Provision of effective and reliable water supply system to the community.	The total number of complaints received by Council in a year for 2580 connections:		
	drinking water clarity Target ≤ 5 per 1000 connections	Not Achieved (19) Council received 19 complaints during the 2017/18 year (target total ≤13)	●
	drinking water taste Target ≤ 5 per 1000 connections	Achieved Total of complaints for 2017/2018 year is 4 (target total ≤13)	●
	drinking water odour Target ≤ 5 per 1000 connections	Achieved (6) Council received 6 complaints during the 2017/18 year (target total ≤13)	●
	drinking water pressure flow Target ≤ 5 per 1000 connections	Achieved (1) Council received 1 complaint during the 2017/18 year	●
	continuity of supply Target ≤ 5 per 1000 connections	Achieved (9) Council received 9 complaints during the 2017/18 year	●
	Median response time to any of these issues within a year Target ≤ 180 minutes	Achieved (51 minutes)	●
Efficient management of demand for water for the community.	Average consumption of drinking water per day per resident within the district. Target ≤ 400 litres per person per day	Achieved (275.7) The average consumption of drinking water per day per resident within the district for the 2018 period was 275.7 litres.	●

Summary of Service Performance

The overall performance for water supply for the year ended 30 June 2018 was satisfactory and has seen an improvement on the previous 2016/17 annual plan. Fourteen of the seventeen targets being met, where in the previous year 2016/17 only eleven of the seventeen targets were met.

How we went against our budget

Cost of Service Statement - Water Supply (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Te Kuiti Water	0	7	2
Mokau Water	0	10	8
Piopio Water	0	0	2
Benneydale Water	0	2	0
Total Operating Income	0	19	12
Operating Expenditure			
Te Kuiti Water	2,034	2,287	1,778
Mokau Water	395	435	417
Piopio Water	394	305	330
Benneydale Water	165	144	186
Waitomo Water	0	18	9
Total Operating Expenditure	2,988	3,189	2,720
Net Operating Cost/(Surplus)	2,988	3,170	2,708
Capital Expenditure			
Te Kuiti Water	1,098	1,818	1,829
Mokau Water	145	51	468
Piopio Water	114	27	66
Benneydale Water	7	2	18
Total Capital Expenditure	1,364	1,898	2,381
Net Expenditure	4,352	5,068	5,089
Funded By			
Internal Loans	1,128	1,864	2,289
Reserves	674	672	460
Targeted Rate - Te Kuiti	1,030	1,000	941
Targeted Rate - Mokau	321	306	271
Targeted Rate - Piopio	307	300	276
Targeted Rate - Benneydale	180	172	161
Metered Water Rates	712	754	691
Total Funding	4,352	5,068	5,089

Variations to Annual Plan

Operating Income

Revenue was \$19,000 more than budget. The Ministry of Health allowed claiming for the full subsidy for Mokau water which resulted in an increase of subsidy revenue. Additional revenue was also received for water connections for Te Kuiti, Mokau and Benneydale.

Operating Expenditure

Expenditure was \$201,000 more than budget due to:

- (a) Operation and maintenance costs were less than budget for all schemes however a loss on asset disposals was recognised for Te Kuiti and Mokau which offset the reduced expenditure.
- (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.
- (d) Expenditure was incurred for the investigation into the Waitomo water scheme.

Capital Expenditure

Total capital expenditure was \$534,000 more than budget due to:

- (a) Phase 2 (raw water intake structure) and phase 3 (refurbishment of the clarifier and site upgrade) of the Te Kuiti water treatment plant upgrade were progressed during the year. This work will continue into the next financial year. Parts still to be completed is the installation of the intake structure, finalisation of the mechanical and electrical components and completion of site security and landscaping. Some of these projects were included in prior years budgets.
- (b) Mokau water reticulation renewals for Tainui Street and Aria Terrace will be carried out in the next financial year.
- (c) Piopio reticulation renewals for installation of the Tui Street-State Highway 3 link and the water bridge at Kuritahi Street commenced and will be completed in the next financial year.



MOKAU WATER SUPPLY - NEW STORAGE TANKS

Roads and Footpaths

Economic Sustainability

Council manages and maintains the District's road network, identifies the need for and undertakes maintenance, operations and renewals of the roading network and footpaths and ancillary systems such as signs and road markings.

The scope of the activities covered by the Roads and Footpaths Group relates to the roading assets (excluding state highways) and:

- Footpaths
- Bridges
- Traffic services
- Carparking and
- Traffic safety programmes

Key projects completed in 2017-18

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

- Pavement rehabilitation work on:
 - » Totoro Road 1.581 km to 2.664 km
 - » Totoro Road 3.141 km to 5.140 km
 - » Rangitoto Road 5.784 km to 6.415 km
- Upgraded 716 streetlights from sodium bulbs to new LED luminaries.
- Resurfacing of 45 metres of sealed roads.
- Re-metaling of 81 km of unsealed roads.

As part of our annual work programme we completed:

- Reactive and planned road maintenance of urban roads (50 km sealed and 3 km unsealed).
- Reactive and planned road maintenance of rural roads (411 km sealed and 550 km unsealed).
- Maintenance of 162 bridges.
- Maintenance of 397 metres of footpaths.
- Maintenance of 217 km of side drains.
- Renewal of 737 metres of drainage and culverts.
- Renewal of 123 metres of kerb and channel.
- Maintained and/or replaced 303 road signs/markers and 565 posts.

Emergency Repairs to local roads

During 2017, a number of significant weather events caused extensive damage to our local roading network. The following road were affected:

Under slips: Awakau Rd, Gribbon Rd, Kokakora Rd, Mangaoronga Rd, Maraetaua Rd, Ngapaenga Rd, Patoto Rd, Taharoa Rd, Takiri Rd, Taumatamaire Rd, Taumataotara West Rd, Waikawau Rd, Waipuna Rd.

Under slips and Slips, Scours, Culverts: Manganui Rd, Te Marama Rd, Coutts Rd, Pomarangi Rd and Marokopa Rd.

Slips: Kawhia Harbour Rd, Mokauiti Rd, Te Mahoe Rd, Te Waitere Rd.

The majority of the road repairs qualified for New Zealand Transport Agency Emergency Funding Assistance. The total cost to repair the damages was \$1.4 million. Work was prioritised and scheduled to be funded over more than one financial year. Some initial emergency repairs were completed in 2016/17, with the remaining work completed during 2017/18 at a cost of \$966,155.



MANGANUI ROAD

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2018	Key
Monitor safety of local roads to assist in planning and prioritising works required to upgrade, maintain or change the condition of the roading environment in order to reach and maintain a specified level of safety.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. Target 1 (or maintain at 0)	Achieved (1) During the 2017/18 year there has been 1 fatality/serious injury crashes on the local road network. In the 2016/17 year there were 4 and in 2016/17 there were 5.	●
Maintain the overall condition of local roads to a specified adequate standard *NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort	The average quality of ride on a sealed local road network, measured by smooth travel exposure, in a financial year. (Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%.) Target 90%	Achieved (97%) This is measured every two years. The latest NAASRA roughness count is from 2018 survey.	●
Maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metalled each year. Target 15% (of total)	Achieved (15%) 81km of the total 553.2 km of unsealed road was metalled this year.	●
Maintain the overall condition of sealed roads to a specified adequate standard.	Percentage of the sealed local road network that is resurfaced each year. Target 7% (of total)	Achieved (8%)	●
Maintain the overall condition of footpaths to a specified adequate standard.	The percentage of footpath network that falls within a condition rating of 3 Target 90%	Achieved (94%) 94% of footpaths in the Waitomo District network fell within a condition rating of 3 in the 2017/18 year as per June 2018 survey.	●
Manage the timeliness and appropriateness of responses to problems and service requests.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days. Target 95%	Achieved (100%)	●

* NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort. Measure is calculated as sealed road kilometres, exceeding rating of 150, as a percentage of total sealed road kilometres.

Summary of Service Performance

Roading achieved all performance measures during 2017/18. This is an improvement on the previous year of 2016/17 where two performance measures were not achieved.



TAHAROA ROAD

How we went against our budget

Cost of Service Statement - Roads and Footpaths (\$000's)	2018 Council Budget	2018 Council Actual	2017 Council Actual
Operating Income			
Subsidised Roads	7,562	7,772	6,465
Unsubsidised Roads	90	100	124
Total Operating Income	7,652	7,872	6,589
Operating Expenditure			
Subsidised Roads	9,678	9,631	9,004
Unsubsidised Roads	418	291	327
Total Operating Expenditure	10,096	9,922	9,331
Net Operating Cost/(Surplus)	2,444	2,050	2,742
Capital Expenditure			
Subsidised Roads	5,680	5,509	4,561
Unsubsidised Roads	335	157	153
Total Capital Expenditure	6,015	5,666	4,714
Net Expenditure	8,459	7,716	7,456
Funded By			
Internal Loans	152	65	301
Reserves	2,285	1,596	1,117
UAGC	85	85	85
Targeted Services Rate - Rural	29	29	28
Targeted Services Rate - Urban	242	245	234
Targeted Rate - Roads and Footpaths	5,666	5,696	5,691
Total Funding	8,459	7,716	7,456

Variations to Annual Plan

Operating Income

Revenue was \$220,000 more than budget due to the subsidy received for LED street lights upgrade which was not budgeted for. Additional revenue was also received for overweight permit applications and petrol tax.

Operating Expenditure

Expenditure was \$174,000 less than budget due to:

- Unpredictable weather events and resulting damage leading to additional expenditure for emergency re-instatement (first response).
- Sealed pavement maintenance and network and asset management expenditure were more than budget. These were offset by reduced unsealed pavement maintenance expenditure.
- Foothpath maintenance and street cleaning costs were also less than budget.
- Favourable loan interest rates achieved during the year year along with a lower debt position than forecast in the EAP meant less interest costs were incurred.

Capital Expenditure

Total capital expenditure was \$349,000 less than budget due to:

- Unsealed road metalling was incomplete at end of financial year due to an excessively wet season. Likewise drainage renewals were also less than budget as this activity is weather dependent.

- (b) The road rehabilitation program consisted of three road sections – two sections on Totoro Road and the remaining section on Rangitoto Road. All three sections were completed by June 2018. Some of the pavement rehabilitation work was included in the prior year budget.
- (c) Emergency reinstatement capital expenditure was completed which involved removing slips and replacing washed out culverts from the April 2017 storm event. Some projects were included in prior years budgets.
- (d) LED street lighting upgrade work is nearing completion. This project was not budgeted separately and 85% funded from NZTA with the WDC component from street light maintenance traffic services renewal budget.
- (e) Budgets for unspecified retaining wall renewals and road improvements not eligible for subsidy were not fully spent during the year.



MUD AND DEBRIS AS A RESULT OF SLIP ON MANGANUI ROAD



FOOTPATH RENEWAL WORK COMPLETED ON HIKAKA AND WARD STREETS, TE KUITI

FINANCIAL STATEMENTS

Introduction to the Financial Statements

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

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

Ratepayers are welcome to contact the Group Manager - Corporate Services if further assistance or clarification is required.

1. The Statement of Comprehensive Revenue and Expense (page 60) shows all revenue received including revenue from Rates, the Significant Activities and Council's subsidiary company.
2. The Statement of Changes in Equity (page 61) discloses movements in total equity.
3. The Statement of Financial Position (page 62) shows the assets and liabilities of the Council and its subsidiary.
4. The Cash Flow Statement (page 63) summarises the cash flows from operating, investing and financing activities during the year.
5. The "Notes to the Financial Statements" (pages 64 - 131) should be read in conjunction with the above statements.
6. The individual Statements of Cost of Service for Council's Significant Activities (pages 20-58) record the revenue and costs associated with the provision of each service.
7. The figures used in the Statements of Cost of Service for Budgeted and Actual Costs and Revenues are extracted from the detailed management accounts.
8. Included at Note 37 (starting page 123) are various benchmarking graphs which assess whether the Group is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2018

	NOTE	Council			Group	
		2018 COUNCIL BUDGET \$000's	2018 COUNCIL ACTUAL \$000's	2017 COUNCIL ACTUAL \$000's	2018 GROUP ACTUAL \$000's	2017 GROUP ACTUAL \$000's
Revenue						
Rates revenue excluding metered water rates	1	19,319	18,973	18,507	18,960	18,494
Metered water rates from exchange transactions	2	712	754	690	754	690
Subsidies and grants	3	7,424	7,627	6,359	7,627	6,359
Interest revenue from exchange transactions		31	62	45	25	8
Fees, charges and income from construction	4	3,283	3,889	3,327	30,900	22,669
Other revenue including gains/(losses)	5	29	371	849	371	849
Total Revenue and Gains/(Losses)		30,798	31,676	29,777	58,637	49,069
Expenses						
Employee benefit expenses	6	5,211	5,128	4,612	13,528	12,138
Depreciation and amortisation expense	7,21,22	6,005	5,813	5,839	6,635	6,572
Finance costs	8	2,690	1,762	1,982	2,041	2,286
Other expenses	9	15,474	14,759	12,956	29,801	22,770
Total Expenses		29,380	27,462	25,389	52,005	43,766
Surplus/(Deficit) Before Tax		1,418	4,214	4,388	6,632	5,303
Income tax expense/(revenue)	10	0	0	0	750	(1,512)
Surplus/(Deficit)		1,418	4,214	4,388	5,882	6,815
Other Comprehensive Revenue and Expense						
Revaluation of property, plant and equipment	11	4,620	5,975	(493)	6,521	444
Gains/(losses) from cash flow hedges		0	(53)	1,121	(53)	1,121
Revaluation of available for sale assets	11,13	0	7,300	0	0	0
Income tax relating to components of other comprehensive revenue and expense	10	0	0	0	(82)	0
Total Other Comprehensive Revenue and Expense		4,620	13,222	628	6,386	1,565
Total Comprehensive Revenue and Expense		6,038	17,436	5,016	12,268	8,380

These financial statements should be read in conjunction with the notes to the financial statements on pages 64 to 131.

Statement of Changes in Equity for the year ended 30 June 2018

	NOTE	Council		Group	
		2018 ACTUAL \$000's	2017 (Restated) ACTUAL \$000's	2018 ACTUAL \$000's	2017 (Restated) ACTUAL \$000's
Total Equity					
Balance at 1 July		296,223	289,174	298,130	287,717
Prior Period Adjustment	40	0	2,033	0	2,033
Adjusted Balance at 1 July		296,223	291,207	298,130	289,750
Total Comprehensive Revenue and Expense for the year		17,436	5,016	12,268	8,380
Balance at 30 June		313,659	296,223	310,398	298,130

These financial statements should be read in conjunction with the notes to the financial statements on pages **64 to 131**.

Statement of Financial Position at 30 June 2018

	NOTE	Council			Group	
		2018 BUDGET \$000's	2018 ACTUAL \$000's	2017 (restated) ACTUAL \$000's	2018 ACTUAL \$000's	2017 (restated) ACTUAL \$000's
Equity						
Accumulated Funds	11	214,879	210,881	210,298	215,649	213,398
Other Reserves	11	6,741	25,225	13,287	13,425	8,787
Revaluation Reserve	11	77,413	77,553	72,638	81,324	75,945
Total Equity		299,033	313,659	296,223	310,398	298,130
Current Assets						
Cash and Cash Equivalents	12	100	1,762	112	1,836	211
Other Financial Assets	13	3	378	378	3	3
Inventory	14	38	84	49	2,067	1,566
Receivables under Exchange Transactions	15	357	531	395	4,821	2,609
Receivables under Non Exchange Transactions	15	5,690	4,800	5,966	4,789	5,966
Capitalised Quarry Development Asset	25	0	0	0	126	82
Assets Held for Sale	24	9	0	1,050	0	1,050
Total Current Assets		6,197	7,555	7,950	13,642	11,487
Current Liabilities						
Bank Overdraft (Secured)	18	0	0	0	122	1,500
Payables and Deferred Revenue under Exchange Transactions	17	2,811	3,718	4,111	5,922	4,706
Payables and Deferred Revenue under Non Exchange Transactions	17	719	878	685	1,083	942
Current Portion of Borrowings	18	5,200	21,737	13,419	24,047	14,002
Provisions	19	20	3	26	3	76
Employee Entitlements	20	514	616	549	1,314	1,127
Derivative Financial Instruments	16	561	605	608	605	608
Total Current Liabilities		9,825	27,557	19,398	33,096	22,961
Net Working Capital		(3,628)	(20,002)	(11,448)	(19,454)	(11,474)
Non Current Assets						
Property, Plant and Equipment	21	345,685	342,203	333,334	350,776	341,110
Intangible Assets	22	733	314	388	413	435
Investment Property	23	742	788	750	788	750
Capitalised Quarry Development Asset	25	0	0	0	486	372
Other Financial Assets	13	5	418	788	418	413
Investment in CCO and Civic Financial Services Ltd	13	4,520	11,820	4,520	20	20
Deferred Tax Asset	10	0	0	0	1,330	2,162
Total Non Current Assets		351,685	355,543	339,780	354,231	345,262
Non Current Liabilities						
Payables and Deferred Revenue under Non Exchange Transactions	17	0	0	141	0	141
Borrowings	18	45,936	20,000	30,000	22,497	33,549
Provisions	19	933	750	940	750	940
Derivative Financial Instruments	16	2,155	1,132	1,028	1,132	1,028
Total Non Current Liabilities		49,024	21,882	32,109	24,379	35,658
Net Assets		299,033	313,659	296,223	310,398	298,130

These financial statements should be read in conjunction with the notes to the financial statements on pages **64 to 131**.

Cashflow Statement for the year ended 30 June 2018

	NOTE	Council			Group	
		2018 BUDGET \$000's	2018 ACTUAL \$000's	2017 ACTUAL \$000's	2018 ACTUAL \$000's	2017 ACTUAL \$000's
Cash flows from Operating Activities						
Cash was provided from:						
Rates Revenue (including penalties)		22,966	22,397	22,091	22,382	22,075
Subsidies and Grants		8,537	10,470	6,598	10,470	6,598
Property Rentals		547	496	501	656	676
Petroleum Tax		125	139	133	139	133
Interest from Investments		31	50	45	13	8
Receipts from Other Revenue and Construction Contracts		3,176	3,703	4,151	33,831	27,368
		35,382	37,255	33,519	67,491	56,858
Cash was applied to:						
Payments to Suppliers and Employees		22,793	20,143	18,430	46,333	39,416
Elected Members		249	233	229	353	349
Interest Paid on Borrowings		2,690	1,611	1,988	1,890	2,292
GST Received/(Paid) (net)		885	1,189	1,564	2,536	2,409
		26,617	23,176	22,211	51,112	44,466
Net Cash Inflow from Operating Activities	28	8,765	14,079	11,308	16,379	12,392
Cash flows from Investing Activities						
Cash was provided from:						
Proceeds from Sale of Property, Plant and Equipment		1,024	150	82	389	385
Proceeds from Sale of Assets Held for Sale		0	1,020	179	1,020	179
Repayment of Advance from CCO		750	375	0	0	0
Repayment from Advance to Community Groups		4	3	0	3	0
		1,778	1,548	261	1,412	564
Cash was applied to:						
Purchase and Development of Property, Plant and Equipment		11,399	12,169	9,752	13,591	11,338
Purchase of Intangible Assets		262	44	184	109	230
Renewals of Investment Properties		0	0	0	0	0
Purchase of Financial Assets		0	0	400	0	400
		11,661	12,213	10,336	13,700	11,968
Net Cash Inflow from Investing Activities		(9,883)	(10,665)	(10,075)	(12,288)	(11,404)
Cash flows from Financing Activities						
Cash was provided from:						
Cash was provided from Borrowings		6,318	30,000	35,960	30,000	35,961
		6,318	30,000	35,960	30,000	35,961
Cash was applied to:						
Repayment of Borrowings		5,200	31,764	37,255	31,088	38,137
		5,200	31,764	37,255	31,088	38,137
Net Cash Inflow from Financing Activities		1,118	(1,764)	(1,295)	(1,088)	(2,176)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	1,650	(62)	3,003	(1,188)
Cash, cash equivalents and bank overdrafts at the beginning of the year		100	112	174	(1,289)	(101)
Cash, cash equivalents and bank overdrafts at the end of the year		100	1,762	112	1,714	(1,289)
Balance at end of year represented by:						
Cash at Bank and In Hand		100	1,762	112	1,836	211
Bank Overdraft		0	0	0	(122)	(1,500)
		100	1,762	112	1,714	(1,289)

These financial statements should be read in conjunction with the notes to the financial statements on pages **64 to 131**.

Notes to the Financial Statements

Statement of Accounting Policies for the year ended 30 June 2018

Reporting Entity

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

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

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

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

The financial statements of the Council and the Group are for the year ended 30 June 2018. The financial statements were authorised for issue by the Council on 30 October 2018.

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
2016 Omnibus Amendments to PBE standards	1 January 2018	30 June 2019
PBE IFRS 9 Financial Instruments	1 January 2019	30 June 2020
PBE IPSAS 34 Separate Financial Statements	1 January 2019	30 June 2020
PBE IPSAS 35 Consolidated Financial Statements	1 January 2019	30 June 2020

PBE IPSAS 36 Investments in Associates and Joint Ventures	1 January 2019	30 June 2020
PBE IPSAS 37 Joint Arrangements	1 January 2019	30 June 2020
PBE IPSAS 38 Disclosure of Other Entities	1 January 2019	30 June 2020
PBE IPSAS 39 Employee Benefits	1 January 2019	30 June 2020
Impairment of Revalued Assets (Amendments to PBE IPSAS's 21 and 26)	1 January 2019	30 June 2020
Approved Budget (Amendments to PBE IPSAS 1)	1 January 2018	30 June 2019
PBE FRS 48 Service Reporting	1 January 2021	30 June 2022

- 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, with the exception of metered water rates revenue which is classified as exchange revenue.

New Zealand Transport Agency (NZTA) roading subsidies

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

Other Subsidies and Grants received

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

Fees, Levies & Charges

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

Interest Revenue

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

Sale of goods

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

Property Rental Revenue

Rental revenue arising on property owned by the Group is accounted for on a straight-line basis over the lease term.

Summary of Significant Accounting Policies

Basis of Consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statement of the subsidiary to bring the accounting policies used into line with those used by other members of the Group.

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

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

Revenue

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

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

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

- Exchange transactions

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

Property rental revenue is generally classified as non-exchange with the exception of certain market based lease rentals.

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 the value of work completed. Percentage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each 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

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. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Provisions

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

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

Landfill Post Closure Costs

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

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

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

Employee Entitlements

Short-Term Employee Entitlements

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

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

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

Leases

Finance Leases

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

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

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

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

Operating Leases

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

Property, Plant & Equipment

Property, plant and equipment consists of:

Operational Assets

Operational assets are tangible assets, able to be dealt with as part of the operating strategy and include land, buildings, plant and equipment, motor vehicles, furniture and fittings, computer hardware, library books, and finance leases for office equipment.

Restricted Assets

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

Infrastructural Assets

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

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

Additions

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

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

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

Disposals

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

Subsequent Costs

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

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

Depreciation

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

Operational Assets

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

Buildings	5-100 years
Plant and Equipment	2-15 years
Quarry Production and Equipment	4-15 years
Motor Vehicles	5-15 years
Furniture and Fittings	2-5 years
Computers	2-5 years
Library books	3-7 years
Archive books	Not depreciated

Restricted Assets

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

Buildings	5-100 years
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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 depreciated
Formation and running course	Not depreciated
Culverts – timber and other	30-100 years
Signs	15 years
Street Lights and poles	15-60 years
Bridges	70-100 years
Footpath surface and base	13-78 years

Water Reticulation

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

Sewerage Reticulation

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

Storm water Systems

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

Refuse Systems

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

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

Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off cycle asset class is revalued.

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

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

Revaluation of Restricted Assets

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

Intangible Assets

Computer Software

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

Carbon Credits

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

Amortisation

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

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

Computer software 2 to 5 years 20% to 50%

Non-current Assets Held For Sale

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

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

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

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

Investment in Unlisted Shares

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

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

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

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

Investment Property

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

Investment property is measured initially at its cost, including

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

Capitalised Quarry Development Costs

The costs of stripping activity which provides a benefit in the form of improved access to rock is recognised as a 'stripping activity asset' where it is probable that the future economic benefit associated with the stripping activity will flow to the entity, the entity 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 2017/18 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Critical Accounting Estimates and Judgements

In preparing these financial statements the Group has made

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

Landfill Aftercare Provision

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

Infrastructural Assets

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

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

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

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

Property, plant and equipment useful lives and residual values

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

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

- physical inspection of assets;

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

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

Estimating Construction Contract Revenue

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

Valuation of Investment in Inframax Construction Ltd

The investment in Inframax Construction Ltd was revalued at 30 June 2018 resulting in a gain on revaluation of \$7.3 million. The valuation report indicated a value between \$10.6 million and \$12.9 million for the investment. Council recognised the investment at \$11.8 million. After consideration of the Company's improved performance strengthened financial statements and financial forecasts, Council considers the carrying value reflects fair value at 30 June 2018.

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 four year financial forecasts.

Deferred Tax Asset

Recognition

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

The evidence supporting its recognition and the outstanding balance at balance date is disclosed in Note 10.

Recoverability

The Group has recognised through surplus or deficit a deferred tax asset for part utilisation of tax losses brought forward. This recognition is based on three times the budgeted taxable profit for 2019 for the subsidiary.

Changes in accounting policies

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

1• Rates Revenue excluding metered water rates

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
General Rate	3,665	3,617	3,663	3,615
Uniform Annual General Charge	3,279	3,222	3,277	3,220
Targeted Rates - Sewerage	2,415	2,287	2,414	2,286
Targeted Rates - Water	1,839	1,707	1,836	1,704
Targeted Rates - Solid Waste	750	762	749	761
Targeted Rates - Roads and Footpaths	5,970	5,953	5,967	5,950
Targeted Rates - Other	1,024	922	1,023	921
Rates Penalties	426	444	426	444
Sub Total	19,368	18,914	19,355	18,901
Less Rates paid on Council properties	(395)	(407)	(395)	(407)
Total Rates Revenue	18,973	18,507	18,960	18,494
Rates Revenue from non exchange transactions	18,973	18,507	18,960	18,494

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 for the Local Government (Rating) Act 2002. The section allows local authorities to charge for water by meter. The revenue related to water by meter has been disclosed under the metered water rates in the Statement of Comprehensive Revenue and Expense and has been excluded from the Rates Revenue note.

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Metered Water Rates	754	690	754	690

3• Subsidies and Grants

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
NZTA Rooding Subsidy	7,619	6,317	7,619	6,317
Ministry of Health Government Grants	6	8	6	8
Ministry of Social Development Grants	0	20	0	20
Other Grants	2	14	2	14
Total Subsidies and Grants	7,627	6,359	7,627	6,359
Subsidies and grants revenue from non exchange transactions	7,627	6,359	7,627	6,359

4• Fees, Charges and Income from Construction

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Revenue from exchange transactions				
Income from Construction Contracts	0	0	26,654	18,695
Resource Consent Revenue	65	0	65	0
Property Rentals	0	25	139	177
Rental Revenue from Investment Property	0	23	0	23
Sale of Goods	327	163	590	723
Quarry Royalties	0	79	0	14
Total	392	290	27,448	19,632
Revenue from non exchange transactions				
Regulatory Revenue	499	406	499	406
Property Rentals	444	401	444	401
Trade Waste Charges	1,125	955	1,125	955
Solid Waste Disposal Charges	1,053	897	1,040	897
Swimming Pool Revenue	55	47	55	47
Resource Consent Revenue	71	46	71	46
Quarry Royalties	32	0	0	0
Other Fees and Charges	218	285	218	285
Total	3,497	3,037	3,452	3,037
Total Fees, Charges and Income from Construction	3,889	3,327	30,900	22,669

5• Other Revenue including gains and losses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Other Revenue	191	92	191	92
Donations Received	5	432	5	432
Revenue on Acquisition of Property, Plant and Equipment at nominal value	3	0	3	0
Petrol Tax	139	135	139	135
Total Other Revenue from non exchange transactions	338	659	338	659
Gain/(Loss) in Change in Fair Value of Investment Property	38	8	38	8
Gain/(Loss) in Change in Fair Value of Assets held for Sale	0	74	0	74
Gain/(Loss) in Sale of Assets held for Sale	(30)	37	(30)	37
Gain/(Loss) on Sale of Property, Plant and Equipment	25	71	25	71
Total Other Gains/(Losses)	33	190	33	190
Total Other Revenue including Gains/(Losses)	371	849	371	849

6• Employee Benefit Expenses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Salaries and Wages	4,985	4,577	13,105	11,970
Defined Contribution Plan Employer Contributions	80	70	240	201
Increase/(Decrease) in Employee Benefit Liabilities	63	(35)	183	(33)
Total Employee Benefit Expenses	5,128	4,612	13,528	12,138

7• Depreciation and Amortisation Expense

(\$000's)	Waitomo District Council			Waitomo District Group	
	2018 BUDGET	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Leadership and Investments	495	469	484	469	484
Community Service	897	860	814	860	814
Community Development	7	10	9	10	9
Regulation	4	5	5	5	5
Solid Waste Management	64	86	91	86	91
Stormwater Drainage	172	180	170	180	170
Sewerage	781	770	753	770	753
Water Supply	627	561	552	561	552
Roads and Footpaths	2,958	2,872	2,961	2,872	2,961
Other Activities	0	0	0	822	733
Total Depreciation and Amortisation Expense	6,005	5,813	5,839	6,635	6,572

8• Finance Costs

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Interest on Bank Borrowings	1,693	1,912	1,970	2,209
Interest on Finance Leases	0	4	2	11
Discount Unwinding on Provision (note 16)	20	25	20	25
Interest derivatives (presented net):				
Ineffectiveness on cash flow hedges	49	41	49	41
Total Finance Costs	1,762	1,982	2,041	2,286

9• Other Expenses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Audit Fees for Long Term Plan and Consultation Document	93	0	93	0
Audit Fees for Financial Statement Audit	132	130	207	203
Audit Fees for Assurance Related Services	3	2	3	2
Bad Debts Written Off	418	234	418	234
Directors Fees	0	0	120	120
Grants Expenditure	94	105	94	105
Insurance Premiums	220	221	403	403
Inventory Consumption	0	0	1,947	1,738
Impairment of Property, Plant and Equipment	0	0	0	0
(Gain)/Loss on Property, Plant and Equipment	1,109	193	1,080	172
Operating Lease Expenses	4	41	31	68
Impairment of Receivables	8	93	28	93
Remuneration of Elected Members	244	236	244	236
Subscriptions	98	94	117	122
Road Maintenance	5,269	4,616	5,269	4,616
Other Maintenance Expenditure	4,699	4,681	6,898	6,671
Direct Contract Expenses	0	0	9,208	4,263
Other Expenditure	2,074	2,036	3,347	3,450
Investment Property Expenditure	0	0	0	0
Rates and Penalties Remissions	294	274	294	274
Total Other Expenditure	14,759	12,956	29,801	22,770

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

10• Tax

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Income tax Recognised in Profit or Loss				
Current tax	0	0	0	0
Deferred tax on temporary differences	0	0	750	(1,512)
	0	0	750	(1,512)
Reconciliation of Accounting Profit/(Loss) before tax and income tax expense				
Surplus before Taxation	4,214	4,388	6,632	5,303
Prima facie taxation at 28% (2017: 28%)	1,180	1,229	1,857	1,485
Taxation effect of non deductible expenditure	(1,242)	(1,280)	(1,117)	(1,198)
Non taxable Income	0	0	(4)	1
Non-Recognition of Benefit of Tax Losses	62	51	62	51
Partial recognition of deferred tax benefit not previously recognised	0	0	(47)	(1,892)
Movement in temporary differences not recognised	0	0	0	0
(Over)/under provided in prior periods	0	0	(1)	41
Taxation Expense	0	0	750	(1,512)

(\$000's)	Depreciation and Amortisation	Employee Entitlements	Other	Tax Losses Carried Forward	Total Deferred Tax Asset/ (Liability)
Deferred tax balances					
Council					
Council has not recognised any deferred tax assets or liabilities					
Group 2017					
Opening Balance	(584)	118	39	1,077	650
(Charged)/Credited to Profit or Loss	(73)	6	(130)	1,709	1,512
Closing Balance	(657)	124	(91)	2,786	2,162
Group 2018					
(Charged)/Credited to Profit or Loss	(53)	10	(52)	(655)	(750)
Charged to Equity	(82)	0	0	0	(82)
Closing Balance	(792)	134	(143)	2,131	1,330

Council

Council has accumulated tax losses of \$2,613,000 (2017: \$2,392,000) to 30 June 2018. Accumulated tax losses are available to offset future taxable income, thereby reducing income tax liability. Council has not recognised a deferred tax asset for the accumulated tax losses due to receiving taxable income from its subsidiary not being anticipated in the immediate future despite improved financial performance being achieved.

Group

The Group has accumulated tax losses of \$10,222,000 (2017: \$12,507,000) to 30 June 2018. The group has recognised a deferred tax asset for all remaining use of accumulated tax losses in the 2018/19 financial year.

Imputation Credit Account

	Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL
Balance 1 July	3,417	3,417
Closing Balance 30 June	3,417	3,417

11• Equity

(\$000's)	Note	Waitomo District Council		Waitomo District Group	
		2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Accumulated Funds					
Balance at 1 July		210,298	207,663	213,398	208,336
Prior Period Adjustment	40	0	(69)	0	(69)
Adjusted Balance at 1 July		210,298	207,594	213,398	208,267
Surplus/(Deficit) for the year		4,214	4,388	5,882	6,815
Transfer from Revaluation Reserve on Asset Disposal		1,060	130	1,060	130
Transfer to Council Created Reserves		(4,691)	(1,814)	(4,691)	(1,814)
Balance at 30 June		210,881	210,298	215,649	213,398
Other Reserves					
Council Created Reserves					
Balance at 1 July		10,346	8,532	10,346	8,532
Transfers from Retained Earnings		4,691	1,814	4,691	1,814
Balance at 30 June		15,037	10,346	15,037	10,346
Available for Sale Reserves					
Balance at 1 July		4,504	4,504	4	4
Valuation Gains/(Losses)		7,300	0	0	0
Balance at 30 June		11,804	4,504	4	4
Hedging Reserve					
Balance at 1 July		(1,563)	(2,684)	(1,563)	(2,684)
Gains/(Losses) from Cash Flow Hedges		(53)	1,121	(53)	1,121
Balance at 30 June		(1,616)	(1,563)	(1,616)	(1,563)
Total Other Reserves at 30 June		25,225	13,287	13,425	8,787
Revaluation Reserves					
Balance at 1 July		72,638	71,159	75,945	73,529
Prior Period Adjustment	40	0	2,102	0	2,102
Adjusted Balance at 1 July		72,638	73,261	75,945	75,631
Revaluation Gains/(Losses)		5,975	(493)	6,521	444
Income tax expense relating to other comprehensive income		0	0	(82)	0
Transfer to Retained Earnings on Asset Disposal		(1,060)	(130)	(1,060)	(130)
Balance at 30 June		77,553	72,638	81,324	75,945
This is made up of:					
Operational Land		4,766	4,333	5,439	4,753
Operational Buildings		5,465	3,537	5,819	3,680
Library Books		4	4	4	4
Restricted Land		5,866	5,104	5,866	5,104
Restricted Buildings		1,346	336	1,346	336
Infrastructural Land		757	668	757	668
Roading Assets		39,036	39,160	41,323	41,447
Water Reticulation Assets		4,735	5,394	4,735	5,394
Sewerage Reticulation Assets		7,671	6,341	7,671	6,341
Stormwater Reticulation Assets		6,919	6,773	6,919	6,773
Refuse System Assets		988	988	988	988
Quarry Plant Assets		0	0	457	457
Total Revaluation Reserves		77,553	72,638	81,324	75,945
Total Equity		313,659	296,223	310,398	298,130

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

Waitomo District Council				
(\$000's)	OPENING BALANCE 1 JULY 2017	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2018
Operational Reserves				
Leadership and Investments				
Leadership	242	108	(316)	34
Investments	(2,881)	3,457	(42)	534
	(2,639)	3,565	(358)	568
Community Service				
Parks and Reserves	393	181	0	574
Housing and Other Property	583	303	(16)	870
Recreation and Culture - Library	(193)	10	0	(183)
Recreation and Culture - Aquatic Centre	(113)	27	0	(86)
Recreation and Culture - Arts and Culture	222	35	0	257
Recreation and Culture - Aerodrome	135	0	(3)	132
Public Amenities	251	107	(50)	308
Safety	372	21	0	393
	1,650	684	(69)	2,265
Community Development				
Community Development	14	250	(69)	195
	14	250	(69)	195
Regulation				
Regulation	(258)	37	(23)	(244)
	(258)	37	(23)	(244)
Solid Waste Management				
Collection	103	24	(16)	111
Management - Landfill and Transfer Stations	(39)	481	(18)	424
Management - Waste Minimisation	(37)	0	(2)	(39)
	27	505	(36)	496
Stormwater				
Te Kuiti Stormwater	13	0	(127)	(114)
Rural Stormwater	171	9	0	180
	184	9	(127)	66
Resource Management				
District Plan Administration	(1)	85	0	84
	(1)	85	0	84
Sewerage				
Waitomo Sewerage	(9)	0	(6)	(15)
Te Kuiti Sewerage	2,786	483	0	3,269
Te Waitere Sewerage	54	21	0	75
Benneydale Sewerage	(228)	0	(14)	(242)
Piopio Sewerage	383	0	(6)	377
	2,986	504	(26)	3,464

Waitomo District Council				
(\$000's)	OPENING BALANCE 1 JULY 2017	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2018
Water Supply				
Te Kuiti Water	(479)	0	(486)	(965)
Mokau Water	(614)	0	(40)	(654)
Piopio Water	(657)	46	0	(611)
Benneydale Water	(93)	43	0	(50)
Waitomo Water	(9)	0	(17)	(26)
	(1,852)	89	(543)	(2,306)
Roads and Footpaths				
Subsidised Roads	(1,173)	224	0	(949)
Non Subsidised Roads	449	105	0	554
	(724)	329	0	(395)
Corporate Support				
Gratuities	83	0	(12)	71
Long Service Leave	25	0	0	25
Natural Disaster	426	0	0	426
	534	0	(12)	522
Total Operational Reserves	(79)	6,057	(1,263)	4,715
Depreciation Reserves				
Leadership and Investments				
Investments	(362)	359	0	(3)
	(362)	359	0	(3)
Community Service				
Parks and Reserves	(78)	55	(55)	(78)
Housing and Other Property - Housing	211	16	(9)	218
Housing and Other Property - Community Halls	831	3	(24)	810
Housing and Other Property - Other Land and Buildings	457	97	(182)	372
Housing and Other Property - Railway Station Buildings	(42)	59	(51)	(34)
Recreation and Culture - Library	541	91	(71)	561
Recreation and Culture - Aquatic Centre	(55)	37	(35)	(53)
Recreation and Culture - Arts and Culture	1	173	(186)	(12)
Recreation and Culture - Aerodrome	60	35	(8)	87
Public Amenities	116	121	(59)	178
	2,042	687	(680)	2,049
Community Development				
I-site	34	6	(4)	36
	34	6	(4)	36
Regulation				
Animal Control	(38)	5	(8)	(41)
	(38)	5	(8)	(41)
Solid Waste Management				
Management - Landfill and Transfer Stations	(282)	63	(247)	(466)
	(282)	63	(247)	(466)

Waitomo District Council

(\$000's)	OPENING BALANCE 1 JULY 2017	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2018
Stormwater				
Te Kuiti Stormwater	534	168	(114)	588
Rural Stormwater	23	5	(2)	26
	557	173	(116)	614
Sewerage				
Te Kuiti Sewerage	579	628	(1,005)	202
Te Waitere Sewerage	0	8	(13)	(5)
Benneydale Sewerage	152	37	(21)	168
Piopia Sewerage	23	107	(68)	62
	754	780	(1,107)	427
Water Supply				
Te Kuiti Water	273	233	(188)	318
Mokau Water	(90)	56	(81)	(115)
Piopia Water	110	46	(49)	107
Benneydale Water	149	37	(21)	165
	442	372	(339)	475
Roads and Footpaths				
Subsidised Roads	6,017	2,818	(2,675)	6,160
Non Subsidised Roads	135	140	(180)	95
	6,152	2,958	(2,855)	6,255
Corporate Support				
Corporate Support	354	260	(229)	385
Plant	152	207	(236)	123
	506	467	(465)	508
Total Depreciation Reserves	9,805	5,870	(5,821)	9,854
Investment Revaluation Reserves				
Leadership and Investments				
Investment Property - Parkside	229	0	(229)	0
	229	0	(229)	0
Community Service				
Housing and Other Property - Other Land and Buildings	288	0	0	288
	288	0	0	288
Available for Sale Reserves				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	4,500	7,300	0	11,800
	4,504	7,300	0	11,804
Total Investment Revaluation Reserves	5,021	7,300	(229)	12,092
Special Purpose Reserves				
Community Development				
District Development	16	0	0	16
	16	0	0	16

Waitomo District Council				
(\$000's)	OPENING BALANCE 1 JULY 2017	TOTAL DEPOSITS	TOTAL WITHDRAWALS	CLOSING BALANCE 30 JUNE 2018
Hedging Reserve				
Cashflow Hedging Reserve	(1,563)	0	(53)	(1,616)
	(1,563)	0	(53)	(1,616)
Solid Waste Management				
Carbon Credits Reserve	24	60	0	84
Waste Minimisation Reserve	63	36	(20)	79
	87	96	(20)	163
Total Special Purpose Reserves	(1,460)	96	(73)	(1,437)
Total Other Reserves	13,287	19,323	(7,386)	25,225

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

Operational Reserves

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

Depreciation Reserves

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

Investment Revaluation Reserves

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

Special Purpose Reserves

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

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

12• Cash and Cash Equivalents

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Cash and Cash Equivalents				
Cash at Bank and In Hand	1,762	112	1,836	211
Term Deposits With Maturities of Less Than 3 months	0	0	0	0
Total Cash and Cash Equivalents	1,762	112	1,836	211

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 \$365,838 (2017: \$232,438) that are subject to restrictions. These unspent funds relate to Waste Minimisation reserve (note 11), grants and subsidy received with restrictions and retention monies held. These restrictions generally specify how the funds are required to be spent.

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

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Cash at Bank and In Hand	1,762	112	1,836	211
Term Deposits With Maturities of Less Than 3 Months	0	0	0	0
Bank Overdrafts (note 18)	0	0	(122)	(1,500)
Total	1,762	112	1,714	(1,289)

13• Other Financial Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Current				
Loans and Advances	378	378	3	3
Total	378	378	3	3
Non Current				
Loans and Advances	10	388	10	13
NZLGFA Borrower Notes	408	400	408	400
Total	418	788	418	413
Total Other Financial Assets	796	1,166	421	416

Investment in CCO and Civic Financial Services Ltd

Council has 100% shareholding in Inframax Construction Ltd (2017:100%). The principal activity of the company is roading. The balance date of the company is 30 June.

As 30 June 2018 Council revalued its investment in Inframax Construction Ltd which resulted in an increase of \$7,300,000. The gain 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 2018.

Shares in Companies

Council is a shareholder in Waikato Local Authority Shared Services Ltd (WLASS). WLASS is jointly owned by 12 local authorities and has been set up to develop shared service initiatives, including a valuation database. Council also holds 16,940 shares in Civic Financial Services Ltd (2017: 16,940). The investment is recorded at cost because fair value cannot be measured reliably.

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Shares in Subsidiary	11,800	4,500	0	0
Shares in Companies	20	20	20	20
Total Investments in CCO and Civic Financial Services Ltd	11,820	4,520	20	20

14• Inventory

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Metal Stockpiles and Landfill Stock	13	5	1,900	1,522
Fuels, Spares and Consumables	71	44	167	44
Total Inventory	84	49	2,067	1,566

15• Receivables

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Receivables under Exchange Transactions				
Related Party Receivables	3	34	0	0
General Debtors	381	258	2,240	1,427
Amounts due from Customers for Contract Work	0	0	1,637	492
Retentions Receivable	0	0	730	501
Prepayments	147	103	234	189
Receivables prior to Impairment	531	395	4,841	2,609
Less Provision for Doubtful Debts	0	0	(20)	0
Total Receivables under Exchange Transactions	531	395	4,821	2,609
Receivables under Non Exchange Transactions				
Rates Receivables *	3,784	3,842	3,784	3,842
Related Party Receivables	11	2	0	2
General Debtors	2,870	3,979	2,870	3,979
Receivables prior to Impairment	6,665	7,823	6,654	7,823
Less Provision for Doubtful Debts	(1,865)	(1,857)	(1,865)	(1,857)
Total Receivables Under Non Exchange Transactions	4,800	5,966	4,789	5,966
Total Receivables	5,331	6,361	9,610	8,575

* Included in the rates receivable figure is an amount of \$1,475,005 (2017: \$1,465,275) relating to rates penalties.

Aging and Impairment of Receivables

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Gross Receivables				
Not past due	4,050	5,339	8,201	7,373
Past due 1-30 days	263	40	263	40
Past due 31-60 days	26	12	39	99
Past due 61-90 days	33	0	34	5
Past due > 90 days	2,677	2,724	2,704	2,726
Total Gross Receivables	7,049	8,115	11,241	10,243
Impairment of Receivables				
Not past due	(491)	(505)	(491)	(505)
Past due 1-30 days	(2)	(5)	(2)	(5)
Past due 31-60 days	0	(5)	0	(5)
Past due 61-90 days	(21)	0	(21)	0
Past due > 90 days	(1,351)	(1,342)	(1,351)	(1,342)
Total Impairment of Receivables	(1,865)	(1,857)	(1,865)	(1,857)
Net Receivables				
Current	3,559	4,834	7,710	6,868
Past due 1-30 days	261	35	261	35
Past due 31-60 days	26	7	39	94
Past due 61-90 days	12	0	13	5
Past due > 90 days	1,326	1,382	1,353	1,384
Total Net Receivables	5,184	6,258	9,376	8,386
Plus Prepayments	147	103	234	189
Total Receivables	5,331	6,361	9,610	8,575
Individual Impairment	1,865	1,857	1,885	1,857
Collective Impairment	0	0	0	0
Total Provision for Impairment	1,865	1,857	1,885	1,857
Current	491	505	491	505
Past due 1-30 days	2	5	2	5
Past due 31-60 days	0	5	0	5
Past due 61-90 days	21	0	21	0
Past due > 90 days	1,351	1,342	1,371	1,342
Total Individual Impairment	1,865	1,857	1,885	1,857
Balance at 1 July	(1,857)	(1,764)	(1,857)	(1,786)
Additional provisions made during the year	(426)	(327)	(446)	(305)
Receivables written off during the period	418	234	418	234
Balance at 30 June	(1,865)	(1,857)	(1,885)	(1,857)

16• Derivative Financial Instruments

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Current Liability Portion				
Interest rate swaps - cash flow hedges	605	608	605	608
Non Current Liability Portion				
Interest rate swaps - cash flow hedges	1,132	1,028	1,132	1,028
Total Derivative Financial Instrument Liability	1,737	1,636	1,737	1,636

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 \$34,000,000 (2017: \$39,000,000), of which \$29,000,000 were effective at balance date and \$5,000,000 (2017: \$10,000,000) had a forward start date. At 30 June 2018, the fixed interest rates applicable the swap contracts ranged from 3.78% to 4.90% (2017 : 3.88% to 4.90%).

The Council and Group have no fair value hedges.

17• Payables and Deferred Revenue

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Current Portion				
Payables and Deferred Revenue under Exchange Transactions				
Trade Payables and Accrued Expenses	2,312	2,305	5,679	4,407
Related Party Payables	1,224	1,522	0	0
Retention Monies	175	275	175	275
Elected Members and Directors Fees Payable	7	9	19	16
Deferred Revenue	0	0	49	8
Total	3,718	4,111	5,922	4,706
Payables and Deferred Revenue under Non Exchange Transactions				
GST Payable	270	78	475	335
Deposits and Bonds	147	112	147	112
Deferred Revenue	461	495	461	495
Total	878	685	1,083	942
Total Current Portion	4,596	4,796	7,005	5,648
Non Current				
Payables and Deferred Revenue under Non Exchange Transactions				
GST Payable	0	141	0	141
Total Non Current Portion	0	141	0	141
Total Payables and Deferred Revenue	4,596	4,937	7,005	5,789

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

18• Borrowings

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Bank Overdraft	0	0	122	1,500
Current				
Secured Loans	21,362	12,665	23,666	13,194
Unsecured Loans	375	750	375	750
Lease Liabilities	0	4	6	58
Total Current	21,737	13,419	24,047	14,002
Non Current				
Secured Loans	20,000	30,000	22,497	33,543
Lease Liabilities	0	0	0	6
Total Non Current	20,000	30,000	22,497	33,549
Total Borrowings	41,737	43,419	46,544	47,551

Council

Councils borrowings consisted of \$29,000,000 (2017:\$34,000,000) Floating Rate Notes with a range of applicable interest rates of 2.44% to 2.70% (2017: 2.33% to 2.49%), a Fixed Rate Bond of \$1,000,000 (2017: \$1,000,000) with applicable interest rate of 3.68% (2017: \$3.68%), Commercial Paper of \$10,000,000 (2017: \$5,000,000) with applicable interest rates of 2.11% to 2.24% (2017: 2.17%), Westpac Call Advance of \$1,100,000 (2017: \$2,485,000) with applicable interest rate of 2.85% (2017: 2.75%) and an unsecured Westpac Term Loan of \$375,000 (2017: \$750,000) with an applicable interest rate of 5.10% (2017: 5.10%).

All interest rates quoted above, except for the fixed rate bond are based floating rates with 90 day resets and include the interbank market interest rate (BKBM) or the Westpac prime interest rate plus credit margin. Interest rate exposure is hedged through executing Receive-Floating-Pay Fixed interest rate swaps which effectively converts floating rate debt into a fixed rate. The effective weighted average interest rate for all secured loans, which includes hedged and non-hedged floating rate notes, commercial paper and fixed rate bonds is 4.08% (2017: 4.08%) and for the unsecured loan 5.10% (2017: 5.10%).

The maturity date for the Westpac Call Advances facility is 1 July 2019 (2017: 1 July 2018) and a range of maturity dates apply for the Floating Rate Notes of August 2018 to April 2024 (2017: August 2017 to April 2024). The Commercial Paper has maturity dates of July to August 2018 (2017: July 2017). The maturity date for the Fixed Rate Bond is April 2025 (2017: April 2025).

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of \$10,000,000 (2017: \$10,000,000) of which \$8,900,000 (2017: \$7,515,000) was available as at 30 June 2018.

Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$500,000 (2017: \$500,000) of which \$378,000 (2017: \$500,000) was undrawn, a Multi-option credit facility of \$2,000,000 (2017: \$2,000,000) of which \$633,000 (2017: \$500,000) was undrawn, drawn loans of \$3,434,000 (2017: \$4,071,000) and performance guarantees of \$1,589,000 (2017: \$1,929,000).

Stock Issued under Debenture Trust Deed

At 30 June 2018 the total amount of Stock issued and outstanding under the Debenture Trust Deed was:

(\$000's)	Waitomo District Council	
	2018 ACTUAL	2017 ACTUAL
Debenture Stock	40,080	40,027
Security Stock	45,000	45,000
Total Stock Issued	85,080	85,027

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. The principal money owing under the Security Stock were, a Call Advance of \$1,100,000 (2017: \$2,485,000). The total borrowings outstanding are less than the security held by the bank under the Security Stock.

Security Stock (Floating Nominal Amount)

Security Stock for a floating nominal amount has been issued to TEL Security Trustee (LGFA) Limited for the guarantee and indemnity of the New Zealand Local Government Funding Agency Limited of which Council is one of 45 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 on the 19 June 2017 and for debt securities issued or to be issued to the LGFA between 1 January 2017 to 31 December 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 the overdraft facility and loans of Inframax Construction Ltd are secured by way of debenture over the assets of the business and covenants of Westpac Banking Corporation which must be met on a quarterly basis. No breaches arose during the year.

Finance Leases

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

Analysis of Finance Lease Liabilities (\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Total Minimum Lease Payments Payable				
Not later than one year	0	4	6	58
Later than one year and not later than five years	0	0	0	6
Present Value of Minimum Lease Payments	0	4	6	64

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

Internal Loans

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

(\$000's)	Opening Balance 1 July 2017	Loan Repayments	Loans Raised	Closing Balance 30 June 2018	Internal Interest Paid
Activity Loans					
Leadership and Investments	3,403	(916)	598	3,085	83
Community Service	4,485	(302)	472	4,655	118
Community Development	18	(4)	0	14	0
Regulation	27	(8)	0	19	1
Solid Waste Management	6,192	(227)	174	6,139	163
Stormwater Drainage	109	(15)	0	94	3
Sewerage	13,029	(485)	68	12,612	342
Water Supply	10,483	(310)	1,864	12,037	276
Roads and Footpaths	21,861	(844)	65	21,082	575
Total	59,607	(3,111)	3,241	59,737	1,561

19• Provisions

Provision for Landfill Aftercare

Council owns the Rangitoto Landfill as well as a number of closed landfill sites. The closed landfill sites are located at Te Kuiti, Mokau, Piopio, Aria and Benneydale. Council has closure and post closure responsibilities for these landfills. The responsibility for closed landfills consists of obligations imposed under the resource consents issued. Non compliance with these consents may lead to prosecution under the Resource Management Act. During the year it became apparent that leachates discharging into the ground water and surface water from closed landfills at Mokau, Piopio, Aria and Benneydale has become inert. As such Council has been released from ongoing leachate monitoring of these sites. The provision has been reduced reflecting the reduction in cost for this obligation.

Closure responsibilities include final cover application and vegetation, completing facilities for leachate collection, water quality and gas monitoring. Post-closure responsibilities include leachate, water and gas monitoring and remedial measures such as ongoing site maintenance for drainage systems, final cover and vegetation.

The Rangitoto Landfill has a remaining consented capacity of 51,000 m³ (2017: 51,000 m³) and an unconsented capacity of 268,000 m³ (2017: 268,000 m³). The estimated remaining life of the landfill is 18 years (2017: 19 years). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 4.75% (2017: 4.75%) and inflation rate of 2.00% (2017: 2.00%). These are the key assumptions around the calculation of the provision.

Council is currently in the process of gaining resource consent for additional capacity, which it anticipates gaining as a result of ongoing survey work. This is part of the process of renewing the resource consent.

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Provision for Landfill Aftercare				
Balance at 1 July	966	953	966	953
Unused Provision Reversed	(227)	0	(227)	0
Amounts used during the year	(6)	(12)	(6)	(12)
Discount unwinding	20	25	20	25
Balance at 30 June	753	966	753	966
Provision for Holiday Pay				
Balance at 1 July	0	0	50	0
Additional Provisions made during the year	0	0	0	50
Amounts used during the year	0	0	(50)	0
Balance at 30 June	0	0	0	50
Total Provisions	753	966	753	1,016
This is made up of:				
Current	3	26	3	76
Non Current	750	940	750	940
Total Provisions	753	966	753	1,016

20• Employee Entitlements

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Accrued Pay	107	93	271	258
Annual, Long Service and Sick Leave	509	450	1,043	863
Gratuities and Retirement Provision	0	6	0	6
Total Employee Entitlements	616	549	1,314	1,127

21• Property, Plant and Equipment

Council 2018	Cost/ Revaluation 30.06.17	Acc Depn & Impairment Charges 30.06.17	Carrying Value 30.06.17	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.18	Acc Depn & Impairment Charges 30.06.18	Carrying Value 30.06.18
Operational Assets											
Land	5,482	0	5,482	0	41	0	0	468	5,909	0	5,909
Buildings	7,386	1,105	6,281	655	119	(9)	571	2,177	8,414	0	8,414
Plant and equipment	553	253	300	60	5	0	38	0	608	291	317
Motor Vehicles	1,880	1,267	613	228	0	0	198	0	2,108	1,465	643
Furniture and fittings	1,408	1,141	267	97	0	10	42	0	1,515	1,183	332
Computers	1,834	1,730	104	112	0	0	64	0	1,946	1,794	152
Library Books	1,100	936	164	51	3	0	49	0	1,148	985	163
Finance leases - office equipment	719	718	1	0	0	0	0	0	719	718	1
Total Operational Assets	20,362	7,150	13,212	1,203	168	1	962	2,645	22,367	6,436	15,931
Restricted Assets											
Land	6,270	0	6,270	0	0	0	0	762	7,032	0	7,032
Buildings	6,675	593	6,082	156	15	(1)	321	1,029	6,930	0	6,930
Total Restricted Assets	12,945	593	12,352	156	15	(1)	321	1,791	13,962	0	13,962
Infrastructural Assets											
Land	1,318	0	1,318	0	0	0	0	89	1,407	0	1,407
Roads	232,096	0	232,096	5,678	75	0	2,872	0	237,699	2,872	234,827
Water Reticulation	21,128	993	20,135	501	598	0	561	(286)	19,191	0	19,191
Sewerage Reticulation	30,327	1,518	28,809	304	110	0	770	1,364	29,597	0	29,597
Stormwater Systems	10,101	361	9,740	53	215	0	180	372	9,770	0	9,770
Refuse Systems	4,647	0	4,647	189	0	0	86	0	4,836	86	4,750
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	309,500	2,872	306,628	6,725	998	0	4,469	1,539	312,383	2,958	309,425
Contract Work in Progress	1,142	0	1,142	2,149	406	0	0	0	2,885	0	2,885
Total Council Assets	343,949	10,615	333,334	10,233	1,587	0	5,752	5,975	351,597	9,394	342,203

Council 2017 (Restated) \$000's	Cost/ Revaluation 30.06.16	Acc Depn & Impairment Charges 30.06.16	Carrying Value 30.06.16	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.17	Acc Depn & Impairment Charges 30.06.17	Carrying Value 30.06.17
Operational Assets											
Land	5,494	0	5,494	0	12	0	0	0	5,482	0	5,482
Buildings	7,079	565	6,514	308	1	0	540	0	7,386	1,105	6,281
Plant and equipment	501	218	283	52	0	0	35	0	553	253	300
Motor Vehicles	1,587	1,072	515	295	2	0	195	0	1,880	1,267	613
Furniture and fittings	1,360	1,103	257	48	0	0	38	0	1,408	1,141	267
Computers	1,788	1,670	118	46	0	0	60	0	1,834	1,730	104
Library Books	1,056	885	171	47	3	0	51	0	1,100	936	164
Finance leases - office equipment	719	682	37	0	0	0	36	0	719	718	1
Total Operational Assets	19,584	6,195	13,389	796	18	0	955	0	20,362	7,150	13,212
Restricted Assets											
Land	6,270	0	6,270	0	0	0	0	0	6,270	0	6,270
Buildings	5,604	286	5,318	1,071	0	0	307	0	6,675	593	6,082
Total Restricted Assets	11,874	286	11,588	1,071	0	0	307	0	12,945	593	12,352
Infrastructural Assets											
Land	1,318	0	1,318	0	0	0	0	0	1,318	0	1,318
Roads	251,744	20,603	231,141	4,746	(1)	0	2,961	(831)	232,096	0	232,096
Water Reticulation	15,818	424	15,394	5,483	173	0	569	0	21,128	993	20,135
Sewerage Reticulation	29,739	757	28,982	587	0	0	760	0	30,326	1,517	28,809
Stormwater Systems	9,850	180	9,670	255	5	0	180	0	10,100	360	9,740
Refuse Systems	5,127	752	4,375	24	0	0	90	338	4,647	0	4,647
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	323,479	22,716	300,763	11,095	177	0	4,560	(493)	309,498	2,870	306,628
Contract Work in Progress	4,591	0	4,591	846	4,295	0	0	0	1,142	0	1,142
Total Council Assets	359,528	29,197	330,331	13,808	4,490	0	5,822	(493)	343,947	10,613	333,334

Group 2018	Cost/ Revaluation 30.06.17	Acc Depn & Impairment Charges 30.06.17	Carrying Value 30.06.17	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/ (Loss)	Cost/ Revaluation 30.06.18	Acc Depn & Impairment Charges 30.06.18	Carrying Value 30.06.18
Operational Assets											
Land	6,090	0	6,090	0	41	0	0	721	6,770	0	6,770
Buildings	9,247	1,411	7,836	712	135	(9)	638	2,470	10,603	367	10,236
Plant and equipment	553	253	300	60	5	0	38	0	608	291	317
Motor Vehicles	16,598	10,757	5,841	1,752	153	0	849	0	17,807	11,216	6,591
Quarry Production Equipment	373	59	314	37	0	0	63	0	410	122	288
Furniture and fittings	2,277	1,931	346	146	1	10	69	0	2,410	1,978	432
Computers	1,834	1,730	104	112	0	0	64	0	1,946	1,794	152
Library Books	1,100	936	164	51	3	0	49	0	1,148	985	163
Finance leases - office equipment	719	718	1	0	0	0	0	0	719	718	1
Total Operational Assets	38,791	17,795	20,996	2,870	338	1	1,770	3,191	42,421	17,471	24,950
Restricted Assets											
Land	6,270	0	6,270	0	0	0	0	762	7,032	0	7,032
Buildings	6,675	593	6,082	156	15	(1)	321	1,029	6,930	0	6,930
Total Restricted Assets	12,945	593	12,352	156	15	(1)	321	1,791	13,962	0	13,962
Infrastructural Assets											
Land	1,318	0	1,318	0	0	0	0	89	1,407	0	1,407
Roads	232,088	0	232,088	5,240	75	0	2,872	0	237,253	2,872	234,381
Water Reticulation	21,128	993	20,135	501	598	0	561	(286)	19,191	0	19,191
Sewerage Reticulation	30,327	1,518	28,809	304	110	0	770	1,364	29,597	0	29,597
Stormwater Systems	10,101	361	9,740	53	215	0	180	372	9,770	0	9,770
Refuse Systems	4,647	0	4,647	189	0	0	86	0	4,836	86	4,750
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	309,492	2,872	306,620	6,287	998	0	4,469	1,539	311,937	2,958	308,979
Contract Work in Progress	1,142	0	1,142	2,149	406	0	0	0	2,885	0	2,885
Total Council Assets	362,370	21,260	341,110	11,462	1,757	0	6,560	6,521	371,205	20,429	350,776

Group 2017 (Restated)	Cost/ Revaluation 30.06.16	Acc Depn & Impairment Charges 30.06.16	Carrying Value 30.06.16	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.17	Acc Depn & Impairment Charges 30.06.17	Carrying Value 30.06.17
Operational Assets											
Land	6,102	0	6,102	0	12	0	0	0	6,090	0	6,090
Buildings	8,912	806	8,106	336	1	0	605	0	9,247	1,411	7,836
Plant and equipment	501	218	283	52	0	0	35	0	553	253	300
Motor Vehicles	15,010	9,990	5,020	1,815	227	0	767	0	16,598	10,757	5,841
Quarry Production Equipment	359	0	359	14	0	0	59	0	373	59	314
Furniture and fittings	2,173	1,874	299	104	0	0	57	0	2,277	1,931	346
Computers	1,788	1,670	118	46	0	0	60	0	1,834	1,730	104
Library Books	1,056	885	171	47	3	0	51	0	1,100	936	164
Finance leases - office equipment	719	682	37	0	0	0	36	0	719	718	1
Total Operational Assets	36,620	16,125	20,495	2,414	243	0	1,670	0	38,791	17,795	20,996
Restricted Assets											
Land	6,270	0	6,270	0	0	0	0	0	6,270	0	6,270
Buildings	5,604	286	5,318	1,071	0	0	307	0	6,675	593	6,082
Total Restricted Assets	11,874	286	11,588	1,071	0	0	307	0	12,945	593	12,352
Infrastructural Assets											
Land	1,318	0	1,318	0	0	0	0	0	1,318	0	1,318
Roads	251,085	20,603	230,482	4,746	(1)	0	2,961	(180)	232,088	0	232,088
Water Reticulation	15,818	424	15,394	5,483	173	0	569	0	21,128	993	20,135
Sewerage Reticulation	29,739	757	28,982	587	0	0	760	0	30,326	1,517	28,809
Stormwater Systems	9,850	180	9,670	255	5	0	180	0	10,100	360	9,740
Refuse Systems	5,127	752	4,375	24	0	0	90	338	4,647	0	4,647
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	322,820	22,716	300,104	11,095	177	0	4,560	158	309,490	2,870	306,620
Contract Work in Progress	4,591	0	4,591	846	4,295	0	0	0	1,142	0	1,142
Total Council Assets	375,905	39,127	336,778	15,426	4,715	0	6,537	158	362,368	21,258	341,110

Valuation

Land (operational, restricted, and infrastructural)

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

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

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

Buildings (operational and restricted)

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

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

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

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

Asset Class	Valuation Date	Total Value
Council: Operational and Restricted Buildings	30 June 2018	\$15,346,450
Inframax Construction Limited: Operational Buildings	30 June 2018	\$1,817,514

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

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

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

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

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

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

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

Land under roads

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

Quarry Production Equipment

The valuation of heavy quarry production equipment held by Inframax Construction Limited was performed by an independent registered valuer, Neil Davis, an independent valuer from Turners Auctions. The valuation is effective as at 30 June 2016. 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	30 June 2016	\$359,000

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

Work in progress

The total amount of property, plant, and equipment in the course of construction is \$2,885,000 (2017: \$1,142,000)

Leasing

The net carrying amount of plant and equipment held under finance leases is nil (2017: \$1,000).

22• Intangible Assets

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Software				
Cost				
Balance at 1 July	1,097	1,000	1,638	1,692
Additions	41	97	107	143
Disposals	(4)	0	(4)	(197)
Balance at 30 June	1,134	1,097	1,741	1,638
Accumulated Amortisation				
Balance at 1 July	829	778	1,323	1,457
Amortisation expense for the year	61	51	75	63
Disposals	0	0	0	(197)
Balance at 30 June	890	829	1,398	1,323
Net Book Value at 30 June	244	268	343	315
Emission Trading Units				
Balance at 1 July	120	81	120	81
Additions	0	72	0	72
Disposals	0	0	0	0
Amounts surrendered during the year	(50)	(33)	(50)	(33)
Balance at 30 June	70	120	70	120
Net Book Value at 30 June	314	388	413	435

23• Investment Property

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Balance at 1 July	750	1,346	750	1,346
Transfer to Assets Held for Sale	0	(604)	0	(604)
Additions	0	0	0	0
Gains/(Losses) due to change in Fair Value	38	8	38	8
Disposals	0	0	0	0
Balance at 30 June	788	750	788	750

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

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

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

24• Assets held for sale

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Balance at 1 July	1,050	517	1,050	517
Transfer from Investment Property	0	604	0	604
Transfer from Property, Plant and Equipment	0	0	0	0
Gains/(Losses) due to change in Fair Value	0	74	0	74
Disposals	(1,050)	(145)	(1,050)	(145)
Balance at 30 June	0	1,050	0	1,050
This is made up of:				
Current	0	1,050	0	1,050
Non Current	0	0	0	0
	0	1,050	0	1,050

Parkside Subdivision, Te Kuiti

In October 2011 Council purchased the Parkside subdivision from its subsidiary company Inframax Construction Limited at book value. The subdivision consisted of 32 residential sections and after the sale of one section was revalued in 30 June 2012 for a loss of \$118,000. Over the next four years to 30 June 2016, three sections were sold.

In May 2015 Council reconsidered its options with respect to disposal and decided to suspend active marketing until further investigations were completed. Subsequently to that during December 2016 an unconditional sales contract was entered into for the sale of all remaining 27 sections, with the entire sale process due to be completed by January 2018. As a result of this contract the 13 sections classified as Investment Property assets in 2016 were transferred back to Assets Held For Sale and during the year to 30 June 2017 four sections were sold.

During the year to 30 June 2018 all remaining 24 sections were sold. There is now no assets remaining in this asset group.

House at 2 Jennings Street, Te Kuiti

In 2016 Council resolved that the house situated at 2 Jennings Street, Te Kuiti was to be offered as a tender for removal or demolition of the building. During 2017 the house was demolished and the section now remains vacant.

25• Capitalised Quarry Development Costs

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Balance at 1 July	0	0	454	439
Stripping costs capitalised during the year	0	0	257	150
Stripping costs amortised during the year	0	0	(99)	(135)
Balance at 30 June	0	0	612	454
This is made up of:				
Current	0	0	126	82
Non Current	0	0	486	372
Total Capitalised Quarry Development Costs	0	0	612	454

26• Capital Commitments and Operating Leases

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Commitments for capital contracted by not provided for:				
Water assets	869	578	869	578
Sewerage assets	0	35	0	35
Road assets	75	525	75	525
Intangible assets	25	0	25	0
Restricted buildings	42	0	42	0
Operational buildings	25	109	25	109
Computers	0	49	0	49
Total Capital Commitments	1,036	1,296	1,036	1,296
Non Cancellable Operating Leases as Lessee				
Not later than one year	0	4	6	60
Later than one year but not later than five years	0	0	0	6
Later than five years	0	0	0	0
Total Non Cancellable Operating Leases	0	4	6	66
Operational Commitments				
Not later than one year	7,013	6,587	7,154	6,706
Later than one year but not later than five years	5,060	12,325	5,342	12,753
Later than five years	340	750	340	750
Total Operational Commitments	12,413	19,662	12,836	20,209
Total Commitments	13,449	20,962	13,878	21,571

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

27• Contingencies

Council

In respect of the mining licence for McKenzies Quarry, Council has provided the Ministry of Commerce with a land reinstatement bond of \$10,700 (2017: \$10,700), in lieu of a cash deposit.

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 (2017: \$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.

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 claim against CHH is 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 current 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 built outside the 10 year long stop contained within the Building Act 2004. Further, CHH applied for trial staging, with proceedings to commence in relation to 20 buildings. MOE opposed the application, seeking a trial on the determination of whether shadow clad is inherently defective. The High Court accepted the MOE proposal. CHH has appealed this decision.

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

New Zealand Local Government Funding Agency Limited

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

Council is one of 45 local authority guarantors of the LGFA and along with other shareholding local authorities and guaranteeing local authorities is a guarantor of all LGFA's borrowings. At 30 June 2018 the LGFA had borrowings totalling \$8,594 billion (2017: \$8,207 billion).

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 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.

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 is \$23,467 which is payable on 1 July 2019. The financial statements have not been adjusted for this amount. 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.

Group

A contingent liability of \$1,588,882 exists at 30 June 2018 (2017: \$1,928,899) being bonds guaranteed by Westpac New Zealand Ltd and will be payable if the Group cannot fulfil its contractual obligations.

As at 30 June 2018 and at 30 June 2017, there were no contingent liabilities outstanding.

28• Operating Cashflow Reconciliation

	Waitomo District Council		Waitomo District Group	
(\$000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Net Surplus/(Deficit) After Tax	4,214	4,388	5,882	6,815
Add/(Less) Non Cash Items				
Depreciation and Amortisation	5,813	5,839	6,635	6,572
(Gain)/Loss in change of fair value of Investment Property	(38)	(8)	(38)	(8)
Loss/(Gain) on revaluation of Assets Held for Sale	0	(74)	0	(111)
Loss/(Gain) on Disposal of Assets Held for Sale	30	0	30	0
Loss/(Gain) on Disposal of Assets or Impairment of Assets	1,083	193	1,079	193
Unused Provision Amounts Reversed	(227)	0	(227)	0
Non cash acquisition of assets	0	(430)	0	(430)
Change in Unrealised Derivative Financial Instrument	49	41	49	(41)
Change in Deferred Taxation Asset/Liability	0	0	750	(1,512)
Add/(Less) Movements in Working Capital Items				
Increase in Trade and Other Payables	526	669	1,468	703
Decrease/(Increase) in Trade and Other Receivables	1,021	(318)	(1,154)	(250)
Increase in Inventories	(35)	(11)	(501)	(285)
Increase in Employee Entitlements	67	35	187	37
Increase/(Decrease) in Provisions	14	13	(56)	63
Capitalised Quarry Development Asset	0	0	(158)	(15)
Add Items Classified as Investing or Financing Activities	1,562	971	2,433	661
Net Cash Flows from Operating Activities	14,079	11,308	16,379	12,392

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.

29. Capital Expenditure

Waitomo District Council

(\$000's)	NOTE	2018 BUDGET	2018 ACTUAL	2017 ACTUAL
Capital by Significant Activity				
Leadership and Investments		636	465	505
Community Service		831	850	1,323
Community Development		65	0	1
Solid Waste Management		316	199	124
Stormwater Drainage		304	101	252
Sewerage		619	690	403
Water Supply		1,364	1,898	2,381
Roads and Footpaths		6,015	5,666	4,714
Total Capital Expenditure		10,150	9,869	9,703
Shown as Additions to				
Property, Plant and Equipment	21	10,150	9,828	9,537
Intangible Assets	22	0	41	166
Total Capital Expenditure		10,150	9,869	9,703
Funded by				
Loans		3,170	3,241	3,379
Subsidy Revenue		3,635	3,597	2,879
Reserves		3,345	3,031	3,445
Total		10,150	9,869	9,703

Summary of Significant Capital Additions and Replacements

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
Leadership (Total spend \$465)	Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs	606	0	0	422
	Unspecified improvements	30	0	15	0
	Building Strengthening for Earthquake resistance	0	0	28	0
Community Services (Total spend \$850)	Railway Buildings upgrade and Main Street re-design and garden upgrade to revitalise buildings to enable use for a variety of potential users	0	0	3	0
	Brook Park Entrance Renewal to enhance attractiveness of the park	123	0	0	129
	Playground and sports grounds drainage improvements at Centennial Park	40	0	0	0
	Cultural & Arts Centre improvements to enhance appeal to user groups	180	0	0	153
	Library book stock renewal to maintain the standard of books available at the District library	50	0	0	51
	Land purchase for future camp grounds development	53	0	0	25
	Upgrade of public toilets at Benneydale for use by the community and travellers	0	0	0	119
	Upgrade of public toilets at Marokopa for use by the community and travelers	0	0	0	151
	Unspecified improvements	89	0	6	0
	Miscellaneous renewals for Elderly Persons Housing, camping grounds, public toilets, parks and reserves, plant & equipment, Council-owned buildings	296	0	0	213
Community Development (Total spend \$Nil)	Motor home friendly district initiative to attract more visitors to the district	40	0	0	0
	Miscellaneous renewals	25	0	0	0
Solid Waste (Total spend \$199)	Replacement of miscellaneous assets	215	0	0	173
	Unspecified Transfer Station Improvements, including safety improvements	26	0	26	0
	Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill	75	0	0	0
Stormwater (Total spend \$101)	Ongoing renewals of Council stormwater infrastructure for the management of rain water runoff for property protection	294	0	0	101
	Piping Opening Drains (Improvements)	10	0	0	0
Sewerage (Total spend \$690)	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.	84	0	0	79
	Reticulation network improvements to improve efficiency of the network as a whole.	173	0	24	0
	Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants	362	0	0	587
Water (Total spend \$1,898)	Upgrade of water treatment plant in Te Kuiti to meet new drinking water standards	800	0	1,281	3
	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply	110	0	1	1
	Unspecified improvements	42	0	125	0
	Various pipe and plant renewals to maintain the reticulation network	412	0	0	487

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
Roads (Total spend \$5,666)	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.	1,400	0	0	1,487
	LED Street light upgrade to provide public lighting at a lower overall cost.	0	0	0	346
	Pavement rehabilitation carried out to reduce future road maintenance costs.	1,458	0	0	1525
	Unsealed road metalling to renew structural support to unsealed roads district-wide	622	0	0	432
	Emergency reinstatement work to repair damage to roads as a result of bad weather events	650	0	0	984
	Drainage renewals to renew culverts in roading network	400	0	0	249
	Structures components replacement, including bridge and abutment maintenance throughout the District	300	0	0	307
	Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights	200	0	0	124
	Minor safety improvements, including guard rails and re-alignment of roads to improve road safety	650	0	0	55
	Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy	335	0	0	157
(Total spend \$9,869)		10,150	0	1,509	8,360

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

30• Financial Instruments

	Waitomo District Council		Waitomo District Group	
(\$'000's)	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Financial Instrument Categories				
Financial Assets				
Fair Value through Profit and Loss - held for trading				
Derivative Financial Instrument Assets	0	0	0	0
Loans and Receivables				
Cash and Cash Equivalents	1,762	112	1,836	211
Receivables Under Exchange and Non Exchange Transactions	7,049	8,115	11,261	10,243
Loans and Advances - Current	378	378	3	3
Loans and Advance - Non Current	418	788	418	413
Total Loans and Receivables	9,607	9,393	13,518	10,870
Available for Sale				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	11,800	4,500	0	0
Total Available for Sale	11,820	4,520	20	20
Financial Liabilities				
Fair Value through Profit and Loss - held for trading				
Derivative Financial Instrument Liabilities	1,737	1,636	1,737	1,636
Financial Liabilities at Amortised Cost				
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	4,135	4,301	6,495	5,145
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0	141	0	141
Bank Overdraft	0	0	122	1,500
Secured Loans - Current	21,362	12,665	23,666	13,194
Secured Loans - Non Current	20,000	30,000	22,497	33,543
Unsecured Loans - Current	375	750	375	750
Unsecured Loans - Non Current	0	0	0	0
Lease Liabilities - Current	0	4	6	58
Lease Liabilities - Non Current	0	0	0	6
Total Financial Liabilities at Amortised Cost	45,872	47,861	53,161	54,337

Credit Risk

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

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

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

Maximum Exposure to Credit Risk

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

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Cash and Cash Equivalents	1,762	112	1,836	211
Receivables Under Exchange and Non Exchange Transactions	7,049	8,115	11,261	10,243
Loans and Advances	796	1,166	421	19
Total Credit Risk	9,607	9,393	13,518	10,473

Credit Quality of Financial Assets

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

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Counter-parties with Credit Ratings:				
Cash and Cash Equivalents				
AA-	1,762	112	1,836	211
Derivative Financial Instrument Assets				
AA-	0	0	0	0
Other Financial Assets - Loans and Advances				
AA+	400	400	400	400
Counter-parties without Credit Ratings:				
Other Financial Assets - Loans and Advances				
Existing counter-party with no defaults in the past	16	16	16	16
Existing counter-party with defaults in the past	375	750	0	0

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

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

Liquidity Risk

Management of Liquidity Risk

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

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

Contractual Maturity Analysis of Financial Liabilities

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

	Effective Interest Rates %	Carrying Amount \$000's	Contractual Cashflows \$000's	Less than One Year \$000's	1-2 Years \$000's	2-5 Years \$000's	More than Five Years \$000's
Council 2018							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	4,135	4,135	4,135	0	0	0
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0.00%	0	0	0	0	0	0
Bank Overdraft	0.00%	0	0	0	0	0	0
Secured Loans - Current	2.35%	21,362	21,362	21,362	0	0	0
Secured Loans - Non-current	2.65%	20,000	22,159	530	531	16,967	4,131
Unsecured Loans - Current	5.10%	375	375	375	0	0	0
Derivative Financial Instruments	0.00%	1,737	1,811	611	509	613	78
Total		47,609	49,842	27,013	1,040	17,580	4,209
Council 2017							
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	4,301	4,301	4,301	0	0	0
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0.00%	141	141	0	141	0	0
Bank Overdraft	0.00%	0	0	0	0	0	0
Secured Loans - Current	2.56%	12,665	12,665	12,665	0	0	0
Secured Loans - Non-current	2.48%	30,000	32,928	745	10,640	12,203	9,340
Unsecured Loans - Non-current	5.10%	750	750	750	0	0	0
Lease Liabilities - Current & Non-current	10.56%	4	4	4	0	0	0
Derivative Financial Instruments	0.00%	1,636	1,705	614	479	574	38
Total		49,497	52,494	19,079	11,260	12,777	9,378
Group 2018							
	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
Trade and other payables (Current)	0.00%	6,495	6,495	6,495	0	0	0
Trade and other payables (Non- Current)	0.00%	0	0	0	0	0	0
Bank Overdraft	7.75%	122	122	122	0	0	0
Secured Loans - Current	2.61%	23,666	23,826	23,826	0	0	0
Secured Loans - Non-current	2.95%	22,497	24,667	530	3,039	16,967	4,131
Unsecured Loans - Current	5.10%	375	375	375	0	0	0
Lease Liabilities - Current & Non-current	9.38%	6	6	6	0	0	0
Derivative Financial Instruments	0.00%	1,737	1,811	611	509	613	78
Total		54,898	57,302	31,965	3,548	17,580	4,209

Group 2017

	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
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	5,145	5,145	5,145	0	0	0
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0.00%	141	141	0	141	0	0
Bank Overdraft	7.75%	1,500	1,500	1,500	0	0	0
Secured Loans - Current	2.67%	13,194	13,390	13,390	0	0	0
Secured Loans - Non-current	2.77%	33,543	35,720	745	11,338	14,297	9,340
Unsecured Loans - Non-current	5.10%	750	750	750	0	0	0
Lease Liabilities - Current & Non-current	9.45%	64	68	62	6	0	0
Derivative Financial Instruments	0.00%	1,636	1,705	614	479	574	38
Total		55,973	58,419	22,206	11,964	14,871	9,378

Sensitivity Analysis

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

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Interest Rate Risk				
Market Interest Rates increase by 50bps	57	(41)	(82)	(73)
Market Interest Rates decrease by 50bps	(57)	41	82	73

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 \$11,475,000 (2017: \$8,235,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$57,000 (2017: \$41,000). 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 \$16,330,000 (2017: \$13,865,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$82,000 (2017: \$69,000). 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 \$20,512,000 (2017 : \$30,019,000) and for the Group \$23,009,000 (2017 : \$33,562,000).

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

Fair Value Measurement

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

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

(\$000's)	Level 1	Level 2	Level 3	Total
Council 2018				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	0	0	0
	0	0	0	0
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	11,800	11,800
Shares in Companies	0	0	20	20
	0	0	11,820	11,820
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,737	0	1,737
	0	1,737	0	1,737
Group 2018				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	0	0	0
	0	0	0	0
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	0	0
Shares in Companies	0	0	20	20
	0	0	20	20
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,737	0	1,737
	0	1,737	0	1,737
Council 2017				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	0	0	0
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	4,500	4,500
Shares in Companies	0	0	20	20
	0	0	4,520	4,520
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,636	0	1,636
	0	1,636	0	1,636
Group 2017				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	0	0	0
Available-for-sale financial assets				
Shares in Companies	0	0	20	20
	0	0	20	20
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,636	0	1,636
	0	1,636	0	1,636

Recognition of Level 3 fair value measurements of financial assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Balance at 1 July	4,520	2,620	20	20
Gain on revaluation recognised in Other Comprehensive Income	7,300	1,900	0	0
Balance at 30 June	11,820	4,520	20	20

31 • Related Party Transactions

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

Council

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

(\$000's)	Waitomo District Council	
	2018 ACTUAL	2017 ACTUAL
Transactions with Inframax Construction Ltd		
Road construction and maintenance expenditure	9,637	7,048
Other expenditure	20	29
Fees and charges and Income from Construction	58	78
Interest on advance	39	40
Balances Outstanding with Inframax Construction Ltd		
Payables	1,224	1,522
Receivables	14	34
Advance	375	750

Inframax Construction Limited

The Company paid plant hire fees of \$25,125 (2017: \$46,687) to R & M Simpson Contracting, a business owned by R & M Simpson, employees of the Company. There was \$1,380 owing at year end (2017: nil).

Remuneration of the Chief Executive (Council)

In the 2017/18 financial year the total remuneration paid to the Council's Chief Executive was \$259,322 (2017: \$253,543).

Elected Representatives and Directors

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Mayor Hanna	73	73	73	73
Deputy Mayor Whitaker	33	32	33	32
Councillor Goddard	29	27	29	27
Councillor Brodie	30	28	30	28
Councillor Te Kanawa	0	7	0	7
Councillor Davey	24	24	24	24
Councillor Smith	30	28	30	28
Councillor New	25	17	25	17
Directors Fees	0	0	120	120
Total Elected Members Remuneration and Directors Fees	244	236	364	356

Key Management Personnel

(\$000's)	Waitomo District Council		Waitomo District Group	
	2018 ACTUAL	2017 ACTUAL	2018 ACTUAL	2017 ACTUAL
Elected Members and Directors				
Remuneration	244	236	364	356
Number of elected members and directors	7	7	10	10
Key Management Personnel				
Remuneration	888	843	1,294	1,227
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 (2017: Nil).

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

Council Employees	Waitomo District Council
(\$000's)	2017 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	45
\$60,000 - \$79,999	19
\$80,000 - \$119,999	9
\$120,000 - \$259,999	6
Total Employees	79

The number of full time equivalent employees at 30 June 2018 was 70 (2017: 68).

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.

32• Construction Contracts	Waitomo District Group		
(\$000's)	NOTE	2018 ACTUAL	2017 ACTUAL
Constructions costs incurred plus recognised profits less recognised losses to date		0	0
Less Progress Billings		0	0
Contracts in Progress at 30 June		0	0
Deferred Revenue	17	49	8
Construction Contract Accrued Income	15	0	0
Contracts in Progress at 30 June		49	8

33• Severance payments

Council

There were no severance payments made during the year (2017: nil).

Group

There were no severance payments made during the year (2017: nil).

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

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

Waitomo District Council: Funding impact statement for 2015 to 2018 for whole of Council (\$'000's)	EAP 2016/17	Actual 2016/17	EAP 2017/18	Actual 2017/18
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,299	7,037	7,374	7,144
Targeted rates	12,245	12,164	12,657	12,583
Subsidies and grants for operating purposes	3,294	3,505	3,787	4,030
Fees and charges	3,321	3,391	3,144	4,042
Interest and Dividends from Investments	58	45	31	62
Local authorities fuel tax, fines, infringement fees and other receipts	135	167	141	169
Total operating funding (A)	26,352	26,309	27,134	28,030
Applications of operating funding				
Payments to staff and suppliers	19,254	17,648	20,719	19,816
Finance costs	2,680	1,978	2,688	1,761
Other operating funding applications	0	0	2,610	0
Total applications of operating funding (B)	21,934	19,626	23,409	21,577
Surplus (deficit) of operating funding (A-B)	4,418	6,683	3,725	6,453
Sources of capital funding				
Subsidies and grants for capital expenditure	4,153	2,852	3,635	3,596
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	4,220	3,379	3,170	3,241
Gross proceeds from sale of assets	68	246	1,024	1,168
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	8,441	6,477	7,829	8,005
Applications of capital funding				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	2,848	2,783	1,424	1,509
Capital expenditure - to replace existing assets	9,493	6,920	8,726	8,360
Increase (decrease) in reserves	518	3,457	1,404	4,589
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	12,859	13,160	11,554	14,458
Surplus (deficit) of capital funding (C-D)	(4,418)	(6,683)	(3,725)	(6,453)
Funding Balance ((A-B)+(C-D))	0	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Governance: Leadership and Investments (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,587	2,713	2,200
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	95	97	48
Internal charges and overheads recovered	16,098	16,733	15,787
Local authorities fuel tax, fines, infringement fees and other receipts	60	31	62
Total operating funding (A)	18,840	19,574	18,097
Applications of operating funding			
Payments to staff and suppliers	7,898	8,216	8,260
Finance costs	3,256	3,499	1,742
Internal charges and overheads applied	7,473	7,665	8,303
Other operating funding applications	0	0	0
Total applications of operating funding (B)	18,627	19,380	18,305
Surplus (deficit) of operating funding (A-B)	213	194	(208)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	133	137	598
Gross proceeds from sale of assets	76	76	1,023
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	209	213	1,621
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	33	57	43
Capital expenditure - to replace existing assets	472	424	422
Increase (decrease) in reserves	(83)	(74)	948
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	422	407	1,413
Surplus (deficit) of capital funding (C-D)	(213)	(194)	208
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Community Service (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,171	3,089	3,090
Targeted rates	280	315	266
Subsidies and grants for operating purposes	0	0	0
Fees and charges	449	486	520
Internal charges and overheads recovered	0	0	13
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,900	3,890	3,889
Applications of operating funding			
Payments to staff and suppliers	1,487	1,539	1,044
Finance costs	0	0	0
Internal charges and overheads applied	1,722	1,821	1,543
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,209	3,360	2,587
Surplus (deficit) of operating funding (A-B)	691	530	1,302
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	620	257	472
Gross proceeds from sale of assets	0	0	145
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	620	257	617
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	287	154	9
Capital expenditure - to replace existing assets	740	315	840
Increase (decrease) in reserves	284	318	1,070
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,311	787	1,919
Surplus (deficit) of capital funding (C-D)	(691)	(530)	(1,302)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Community Development (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	861	926	1,117
Targeted rates	221	228	348
Subsidies and grants for operating purposes	2	2	0
Fees and charges	60	61	152
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	3
Total operating funding (A)	1,144	1,217	1,620
Applications of operating funding			
Payments to staff and suppliers	735	717	838
Finance costs	0	0	0
Internal charges and overheads applied	579	595	594
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,314	1,312	1,432
Surplus (deficit) of operating funding (A-B)	(170)	(95)	188
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	41	42	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	41	42	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	41	42	0
Increase (decrease) in reserves	(170)	(95)	188
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(129)	(53)	188
Surplus (deficit) of capital funding (C-D)	170	95	(188)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Regulation (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	451	455	445
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	1
Fees and charges	402	412	489
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	20	20	23
Total operating funding (A)	873	887	958
Applications of operating funding			
Payments to staff and suppliers	135	154	183
Finance costs	0	0	0
Internal charges and overheads applied	717	772	727
Other operating funding applications	0	0	0
Total applications of operating funding (B)	852	926	910
Surplus (deficit) of operating funding (A-B)	21	(39)	48
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	21	(39)	48
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	21	(39)	48
Surplus (deficit) of capital funding (C-D)	(21)	39	(48)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Solid Waste Management (000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	23	23	21
Targeted rates	792	896	735
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,002	1,028	1,382
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	5
Total operating funding (A)	1,817	1,947	2,143
Applications of operating funding			
Payments to staff and suppliers	1,191	1,234	999
Finance costs	25	25	20
Internal charges and overheads applied	659	681	558
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,875	1,940	1,577
Surplus (deficit) of operating funding (A-B)	(58)	7	566
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	26	26	174
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	26	26	174
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	26
Capital expenditure - to replace existing assets	30	33	173
Increase (decrease) in reserves	(62)	0	541
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(32)	33	740
Surplus (deficit) of capital funding (C-D)	58	(7)	(566)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Stormwater (000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	427	459	375
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	12
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	427	459	387
Applications of operating funding			
Payments to staff and suppliers	142	166	264
Finance costs	0	0	0
Internal charges and overheads applied	113	118	70
Other operating funding applications	0	0	0
Total applications of operating funding (B)	255	284	334
Surplus (deficit) of operating funding (A-B)	172	175	53
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	42	43	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	42	43	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	250	258	102
Increase (decrease) in reserves	(36)	(40)	(49)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	214	218	53
Surplus (deficit) of capital funding (C-D)	(172)	(175)	(53)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Resource Management (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	124	137	186
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	82	84	172
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	206	221	358
Applications of operating funding			
Payments to staff and suppliers	57	59	89
Finance costs	0	0	0
Internal charges and overheads applied	130	145	183
Other operating funding applications	0	0	0
Total applications of operating funding (B)	187	204	272
Surplus (deficit) of operating funding (A-B)	19	17	86
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	19	17	86
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	19	17	86
Surplus (deficit) of capital funding (C-D)	(19)	(17)	(86)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Sewerage (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,279	2,376	2,358
Subsidies and grants for operating purposes	0	0	0
Fees and charges	864	893	1,140
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,143	3,269	3,498
Applications of operating funding			
Payments to staff and suppliers	1,143	1,194	1,240
Finance costs	0	0	0
Internal charges and overheads applied	1,366	1,427	958
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,509	2,621	2,198
Surplus (deficit) of operating funding (A-B)	634	648	1,300
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	16	0	68
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	16	0	68
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	168	212	24
Capital expenditure - to replace existing assets	425	254	665
Increase (decrease) in reserves	57	182	679
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	650	648	1,368
Surplus (deficit) of capital funding (C-D)	(634)	(648)	(1,300)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Water Supply (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,453	2,644	2,532
Subsidies and grants for operating purposes	0	0	0
Fees and charges	7	8	12
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,460	2,652	2,544
Applications of operating funding			
Payments to staff and suppliers	1,116	1,190	1,545
Finance costs	0	0	0
Internal charges and overheads applied	1,115	1,223	1,082
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,231	2,413	2,627
Surplus (deficit) of operating funding (A-B)	229	239	(83)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	6
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,352	153	1,864
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,352	153	1,870
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	1,351	22	1,406
Capital expenditure - to replace existing assets	341	395	492
Increase (decrease) in reserves	(111)	(25)	(111)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,581	392	1,787
Surplus (deficit) of capital funding (C-D)	(229)	(239)	83
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding impact statement for 2015 to 2018 for Roads and Footpaths (\$000's)	LTP 2015-2025 2017	LTP 2015-25 2018	ACTUAL 2017/18
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	85	87	85
Targeted rates	5,934	6,102	5,969
Subsidies and grants for operating purposes	3,374	3,517	4,029
Fees and charges	117	120	115
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	122	124	139
Total operating funding (A)	9,632	9,950	10,337
Applications of operating funding			
Payments to staff and suppliers	4,728	4,852	5,352
Finance costs	0	0	0
Internal charges and overheads applied	2,040	2,131	1,698
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,768	6,983	7,050
Surplus (deficit) of operating funding (A-B)	2,864	2,967	3,287
Sources of capital funding			
Subsidies and grants for capital expenditure	3,514	3,650	3,590
Development and financial contributions	0	0	0
Increase (decrease) in debt	357	364	66
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,871	4,014	3,656
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	203	207	0
Capital expenditure - to replace existing assets	5,694	5,823	5,666
Increase (decrease) in reserves	838	951	1,277
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6,735	6,981	6,943
Surplus (deficit) of capital funding (C-D)	(2,864)	(2,967)	(3,287)
Funding Balance ((A-B)+(C-D))	0	0	0

35• Events after balance date

On 18 July 2018 a maturing Commercial Paper of \$5 million was refinanced through the issue of a Floating Rate Note with a maturity date of April 2022. On 24 August 2018 a maturing \$5 million Floating Rate Note issued in Council's name was refinanced through the issue of Commercial Paper to the LGFA, with a maturity of 30 January 2019.

On 31 July 2018 Council received \$375,000 being the balance of \$750,000 advance from its subsidiary company Inframax Construction Limited, of which these monies were used to repay the unsecured Term Loan of the same amount Council had with Westpac Bank.

36• Explanations of Variances to Budget (Council)

Statement of Comprehensive Revenue and Expense

Revenue was \$0.9 million more 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 \$0.2 million more than budget. NZTA subsidy was received for the LED street lights upgrade project.
- Fees and charges revenue was \$0.6 million more due to increased trade waste revenue and increased landfill disposal revenue. Additional revenue was also received for complex resource consent applications where costs associated with planning consultants were recovered from applicants.
- Other revenue including gains/(losses) was \$0.3 million more than budget due to gains on the sale of a residential property, a funding contribution was received for Sir Colin Meads Public Memorial Service and a contribution received for Piopio Hall.

Expenditure was \$1.9 million less than budget due to:

- Finance costs were \$0.9 million less than budget due to a reduced public debt level than what was budgeted for and interest rates were less than anticipated at the time the budget was prepared.
- Depreciation was \$0.2 million less than budget as roading capital expenditure was less than budget and the Te Kuiti water treatment plant upgrade has yet to be completed.
- Other expenditure was \$0.7 million less than budget due to:
 - o Rates paid on council owned property being excluded. The budget figure includes rates on council owned properties.
 - o Repairs and maintenance costs were less than budget as this work is only carried out as required.
 - o The budget for the district plan review workstream was not fully spent and will continue in the next financial year.
 - o Reduced operations and maintenance costs for all sewerage schemes.

Statement of Financial Position

Total equity was \$14.6 million more than expected due to:

- The surplus was \$2.8 million more than budget.
- The revaluation reserve was \$0.1 million more than budget.
- The assets available for sale reserve increased due to the increase in value of the investment in Inframax Construction Ltd of \$7.3 million.
- Council created reserves were also \$10.1 million more than budget due to the surpluses arising from the various activities of Council and the transfer of debit reserves in the investment activity to accumulated funds.
- These increases were offset by the loss on cashflow hedges which was \$1.1 million more than budget.

Current assets were \$1.4 million more due to a higher level of cash and cash equivalents at balance date and the current portion of other financial assets. Receivables were also less than budget at 30 June 2018, as the budget was based on prior year actual trends which included one-off receivables.

Current liabilities were \$17.7 million more than budget due to a greater portion of borrowings being recognised as current than when the budget was prepared and a higher level of payables at balance date than was anticipated due to the timing of expenditure.

Non current assets were \$3.9 million more than expected due to the increase in the value of other financial assets from the valuation of Inframax Construction Ltd to \$11.8 million. This increase was partly offset by a lower value of property, plant and equipment than anticipated due to less capital expenditure being undertaken in the prior year and the revaluation uplift for roads assets in 2016/17 was less than anticipated.

Non current liabilities were \$27.1 million less than budget mainly due to a lesser portion of borrowings being recognised as non current than when the budget was prepared due to refinancing of borrowings during the year. Derivative financial instruments were also \$1.0 million more than expected.

37• Financial reporting and prudence benchmarks

Annual report disclosure statement for the year ending 30 June 2018.

What is the purpose of this statement?

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

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

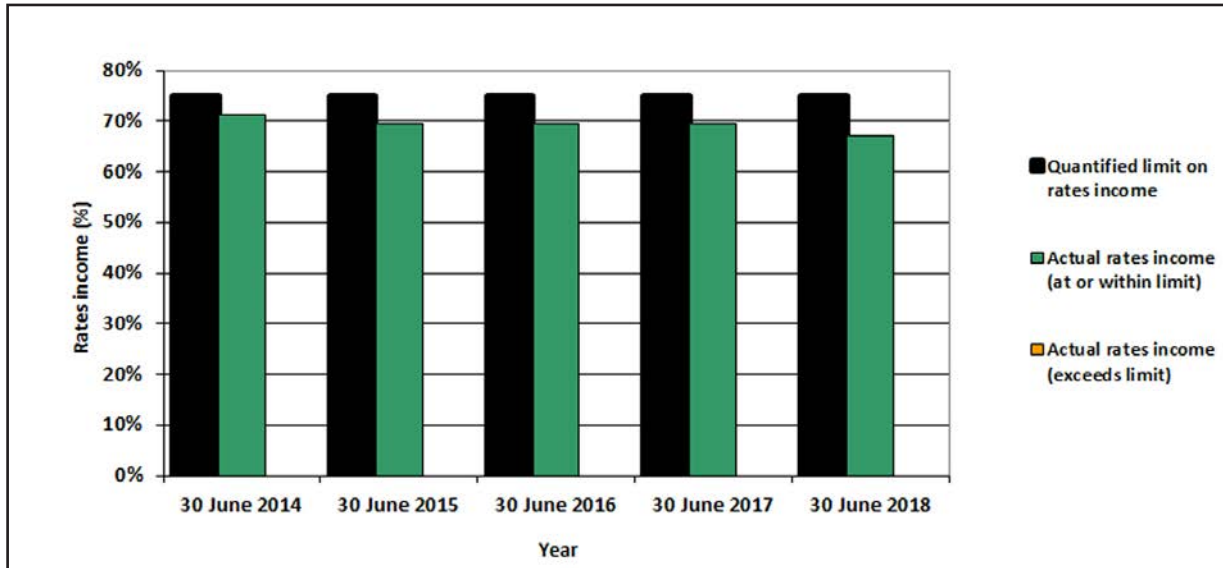
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

Rates (income) affordability

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

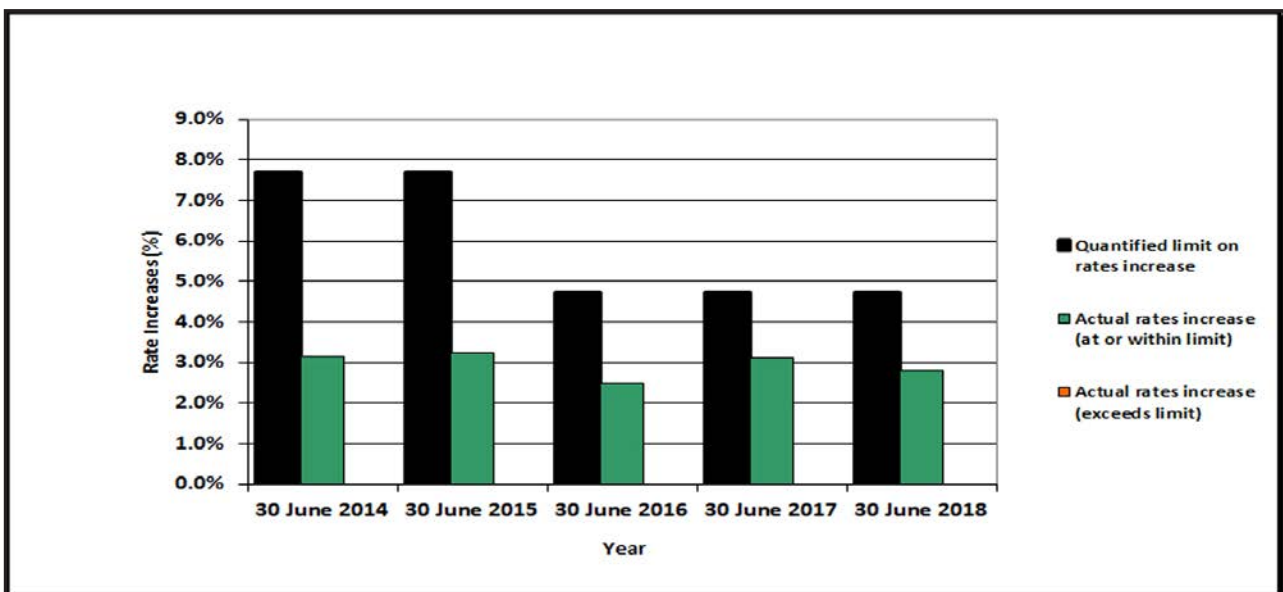


The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties and includes rates received on Council properties. Total budgeted expenditure also includes rates paid on Council properties. Rates income was 67% of operating expenditure in 2017/18.

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 2015-25 Long Term Plan. The quantified limit for rates increases is 4.71% for the year ending June 2018 (Local Government Cost Index + 2% - 4.71% based on LGCI average over 10 years). Actual rates increase from 2016/17 to 2017/18 was 2.8%.

For the years to June 2015 (in the following graph), the rates increases limit was 7.7% as set out in the 2012-22 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 three quantified limits described in the long-term plan:

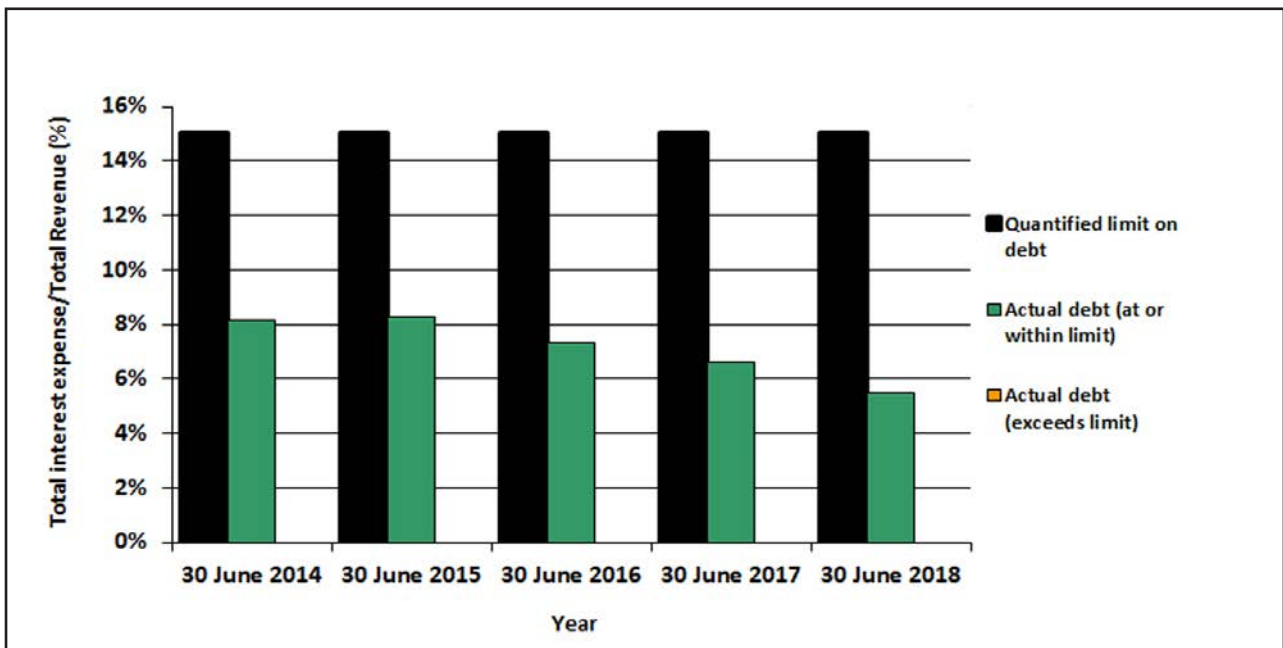
- total interest expense will not exceed 15% of total revenue,
- total borrowings will not exceed 25% of total equity,
- total borrowings must not exceed 20% of total assets,
- net debt will not exceed 170% of total (cash) revenue, and
- net interest will not exceed 20% of annual rates.

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 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.

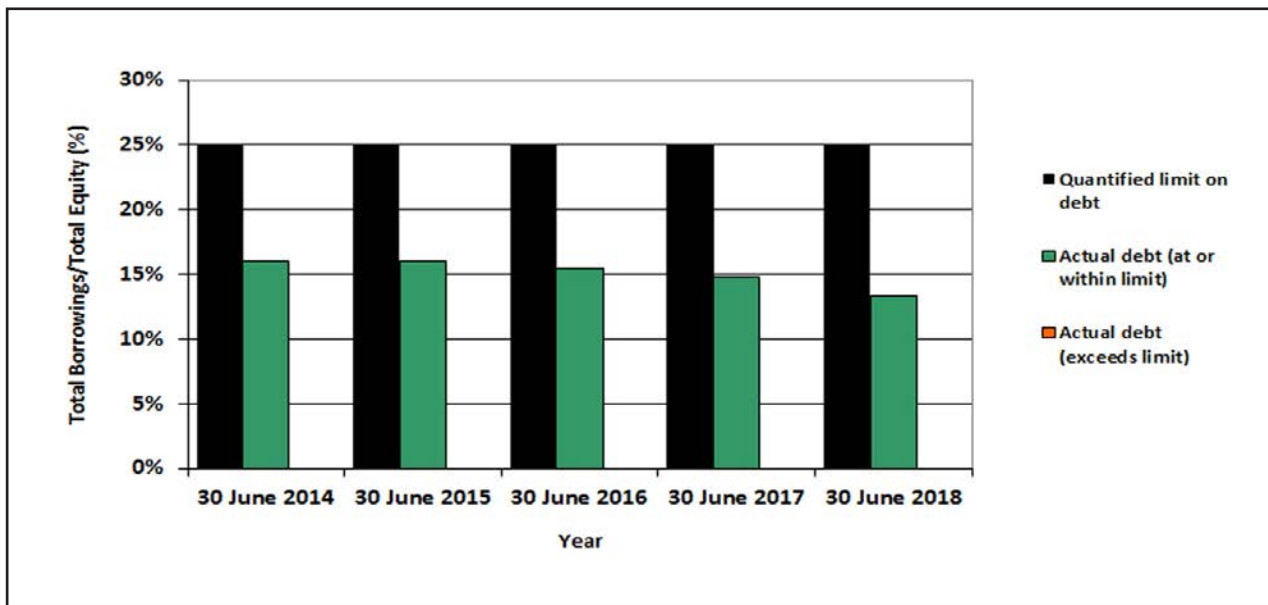
Total interest expense will not exceed 15% of total revenue

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 15% indicates compliance with the prudential limit.



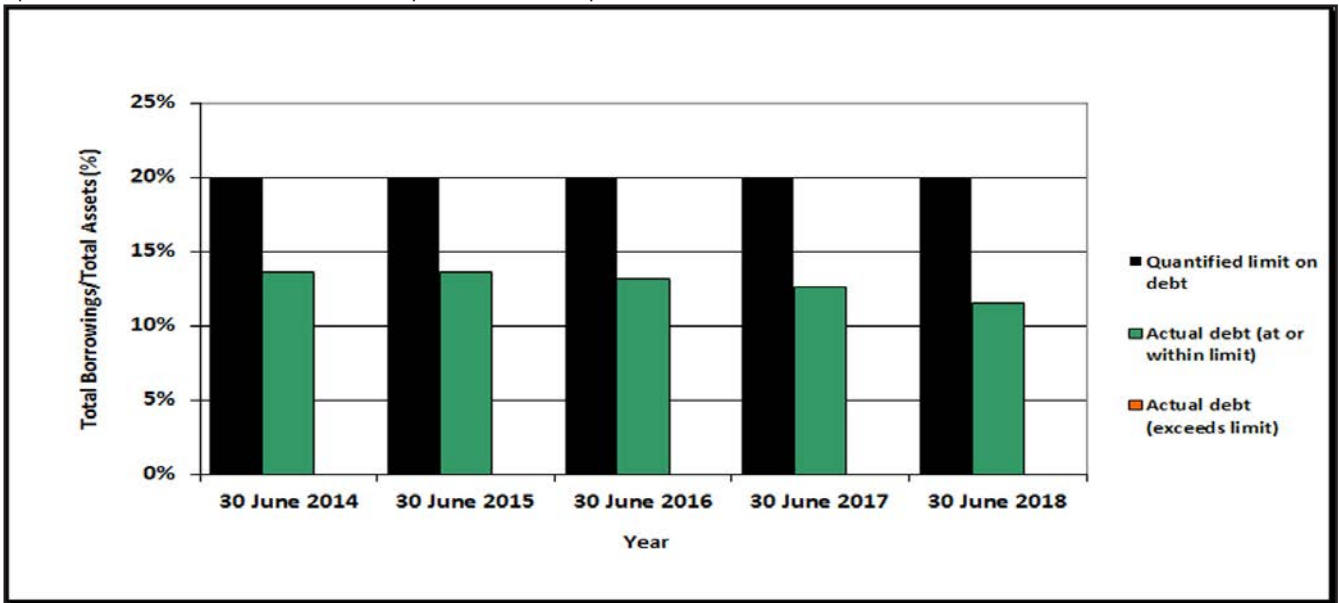
Total borrowings will not exceed 25% of total equity

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 equity. A value less than the quantified limit of 25% indicates compliance with the prudential limit.



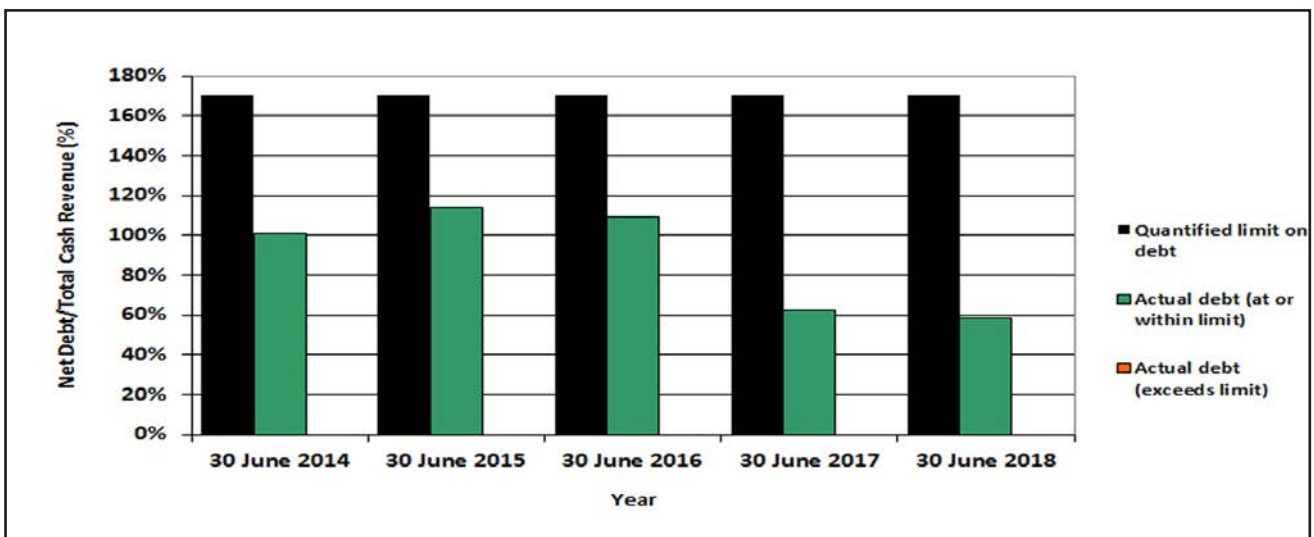
Total borrowings must not exceed 20% of total assets.

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



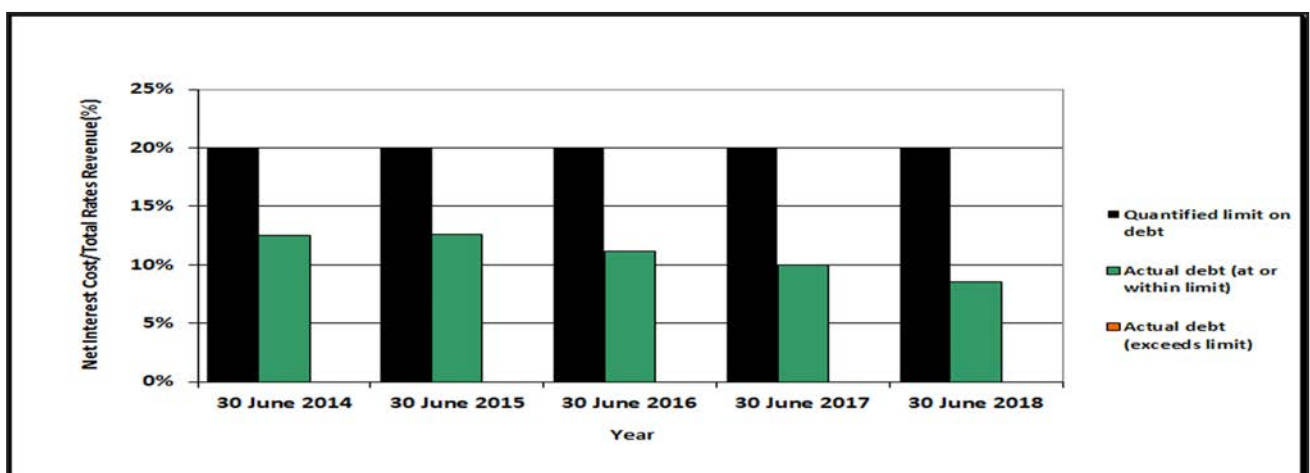
Net debt will not exceed 170% of total (cash) revenue

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



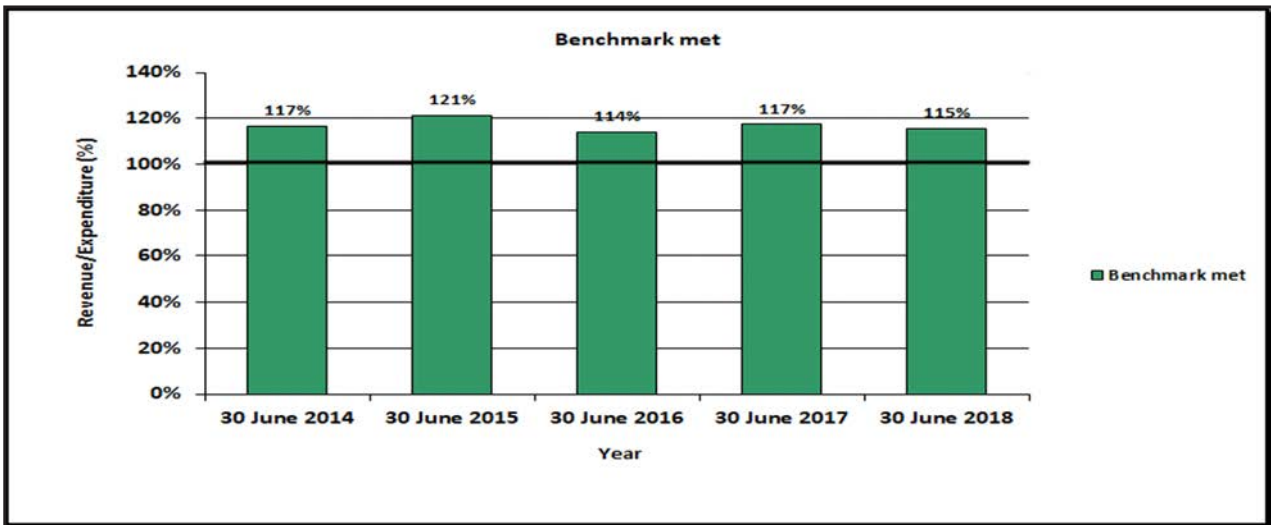
Net interest will not exceed 20% of annual rates

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net interest will not exceed 20% of annual rates. A value of less than 20% indicates compliance with the prudential limit.



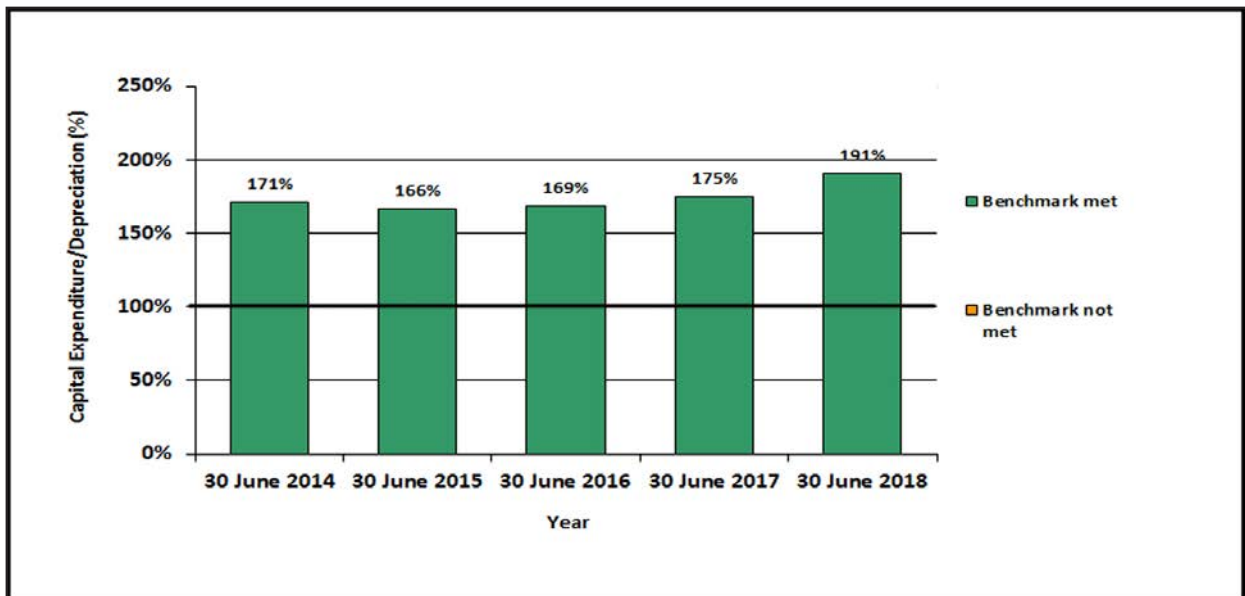
Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets this benchmark if its revenue equals or is greater than its operating expenses. Revenue expenditure excludes rates received or paid on Council properties.



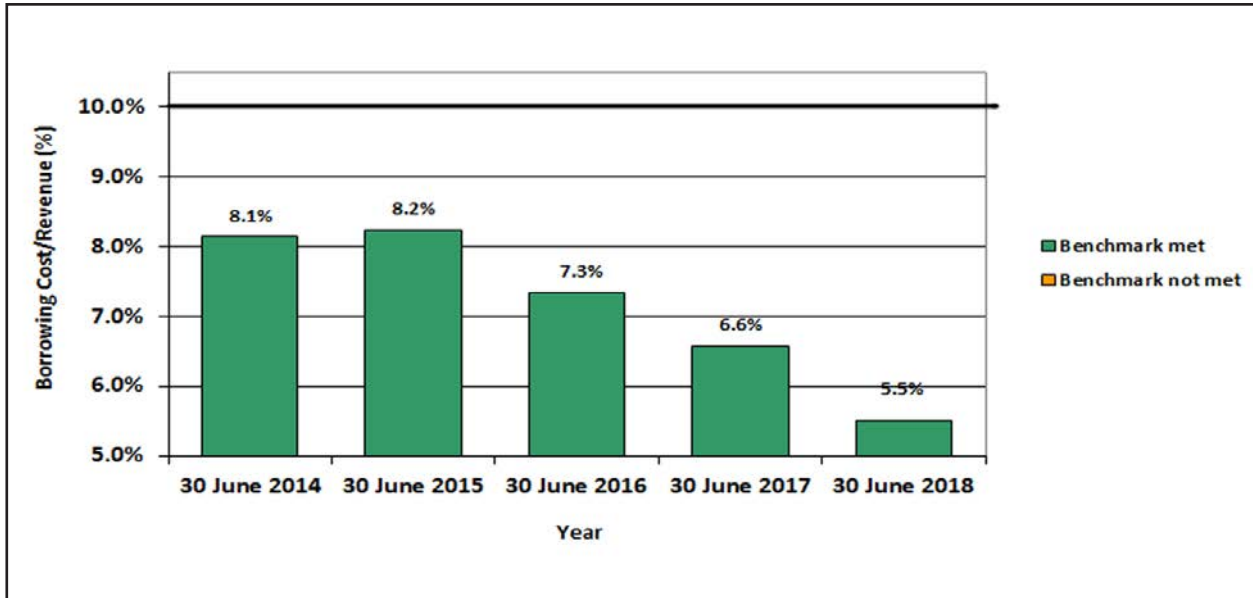
Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



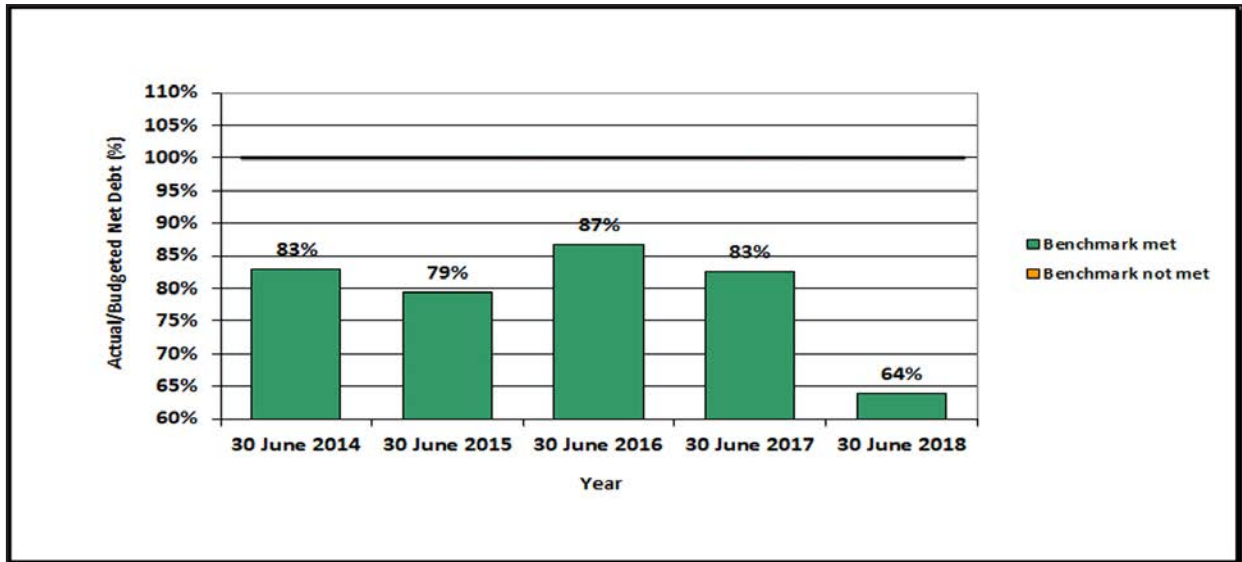
Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow more slowly than, the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

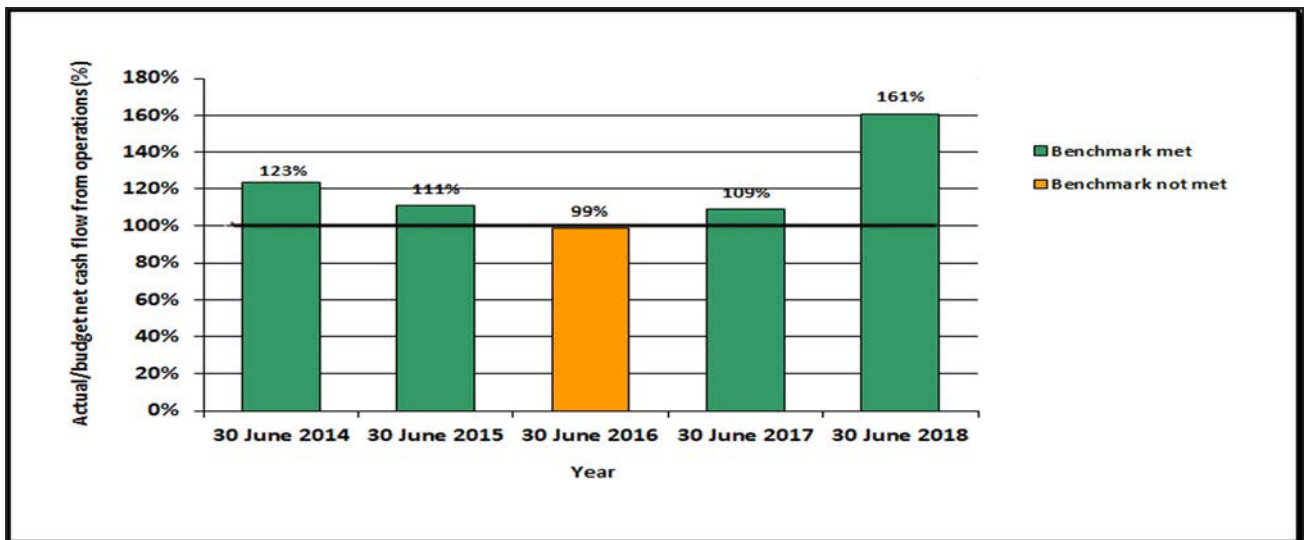
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less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



Operations control benchmark

This graph displays the Council's **actual** net cash flow from operations as a proportion of its **planned** net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

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



38• Local Government Act Disclosures

Rating base information

Under the LGA, the Council is required to disclose the following information:

Rating base information		2018 ACTUAL
Council		
Number of rating units		5,877
Total Capital value of rating units		3,083,991,600
Total land value of rating units		1,959,140,250

Insurance				
(\$000's)	Carrying Value 30 June 2018	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Sewerage and Water Supply	58,558	85,501	0	426
Operational and Restricted Buildings and Contents	16,309	55,511	0	0
Motor Vehicles	643	1,494	0	0
Total	75,510	142,506	0	426

Network Assets				
(\$000's)	Estimate of Replacement Cost June 2017	Estimate of Replacement Cost 30 June 2018	Carrying Value 30 June 2018	Assets Constructed during 2017/18
Roads	296,350	301,757	234,827	5,678
Stormwater Drainage	16,573	16,970	9,770	53
Sewerage - Other Assets	20,208	22,246	13,210	158
Sewerage - Treatment Plants and Facilities	17,344	19,247	16,387	146
Water Supply - Other Assets	17,244	18,107	11,466	491
Water Supply - Treatment Plants and Facilities	12,869	10,451	7,735	10
Total	380,588	388,778	293,395	6,536

(No network assets were transferred to Council during the 2017/18 year)

39• Capital Management

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

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Councils' assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

Council has the following council created reserves:

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

40• Prior Period Adjustment

Actual 2017 (\$000's)	Before Adjustment	Correction of Error	After Adjustment
Council			
Equity			
Accumulated funds	210,367	(69)	210,298
Revaluation reserve	70,536	2,102	72,638
Non Current Assets			
Property, plant and equipment	331,301	2,033	333,334
Group			
Equity			
Accumulated funds	213,467	(69)	213,398
Revaluation reserve	73,843	2,102	75,945
Non Current Assets			
Property, plant and equipment	339,077	2,033	341,110

During the 2017/18 year, the Council discovered that \$2,102,000 of assets were not included in the 30 June 2015 asset valuation for the water, sewerage and stormwater classes. The assets should have been included in the asset listing that was subsequently used to prepare the 2015 valuations. A prior year adjustment of \$2,102,000 was made to opening revaluation reserve and adjusted through the carrying value of this asset class. A further adjustment of \$69,000 has been made to opening accumulated funds to recognise the depreciation expense on these discovered assets.

41• Exchange and non exchange revenue

(\$000's)	2018 Council Actual	2017 Council Actual	2018 Group Actual	2017 Group Actual
Revenue from exchange transactions				
Metered water rates revenue	754	690	754	690
Interest revenue	62	45	25	8
Fees and charges and income from construction	392	290	27,448	19,632
Total Revenue from exchange transactions	1,208	1,025	28,227	20,330
Revenue from non exchange transactions				
Rates revenue excluding metered water rates	18,973	18,507	18,960	18,494
Subsidies and Grants	7,627	6,359	7,627	6,359
Fees and Charges and Income from Construction	3,497	3,037	3,452	3,037
Other revenue from non exchange transactions	338	659	338	659
Total Revenue from non exchange transactions	30,435	28,562	30,377	28,549
Other gains/(losses)	33	190	33	190
Total Revenue	31,676	29,777	58,637	49,069

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 (WLISS) Limited.

Inframax Construction Limited

Background

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

Shareholders

ICL is a wholly owned subsidiary of Waitomo District Council.

Company Objectives

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

In pursuing the principle objective the Company and Directors shall:

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

Nature and Scope of Operations

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

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

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

Performance Results

Statement of Performance Measures: Year ended 30 June 2018

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	49%	45%
Current Ratio	Positive	Positive
EBITDA (\$000's)	\$4.1m	\$4.1m
Revenue (\$000's)	\$41m	\$37m
Closing bank and shareholder loans (\$000's)	\$4.2m	\$5.3m
Banking covenants	Unconditionally Met	Unconditionally Met

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

Average assets and average shareholder's funds are based on 30 June 2018 and 30 June 2017 figures.

Non-financial Performance

	Statement of Corporate Intent	Actual Achievement
Lost time injury accident (LTIA) rate	0	17

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

Non Financial Performance	Statement of Corporate Intent	Actual Achievement
Accident compensation days	40	29
Achievement of ISO9001 accreditation	Standard Achieved	Standard achieved
Assessed compliance level of environmental consents by Waikato Regional Council		
Non-compliant		1
Partially compliant		2
Highly compliant		9
Fully compliant	All	2
Number of local events within operational areas where the company provided complimentary services	8	9

Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2018

\$000's	2018 Actual	2017 Actual
Total Revenue	36,715	26,487
Total Expenditure (including Depreciation and Interest)	33,859	25,285
Net Profit Before Tax	2,856	1,202
Company Tax/(Credit)	750	(1,512)
Net Profit After Tax	2,106	2,714

Waikato Local Authority Shared Services (WLASS) Limited

Background

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

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

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

Shareholders

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

Company Objectives

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

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

Nature and Scope of Activities

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

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

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

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

PERFORMANCE TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>PROCUREMENT:</p> <p>Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration</p>	<p>Implement the recommendations of the procurement review, as approved by the Board.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p>	<p>Achieved.</p> <p>In line with the recommendations:</p> <ul style="list-style-type: none"> - a procurement specialist has been engaged to assist Councils; and - work has commenced on developing a standard procurement framework, policies, templates and supporting tools which will be applied across councils. <p>Achieved.</p> <p>New shared services contracts were procured following competitive tender processes for On-line Driver assessment and training services and occupational health services, and Vehicle Fleet Management and Maintenance (where WLASS agreed to exercise the contract right of renewal).</p>
<p>COLLABORATIVE PROJECTS:</p> <p>Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>Achieved</p> <p>Board approved business cases to:</p> <ul style="list-style-type: none"> • develop the Waikato Data Portal • execute the digital strategy • transform WLASS into a service delivery agent • establish a new platform for shared valuation data <p>A single suite of resource consent applications was developed.</p> <p>Regional Infrastructure Technical Specifications relating to the design and construction of infrastructure assets was completed.</p>
<p>WLASS CONTRACTS:</p> <p>Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p>	<p>Achieved.</p> <p>Contracts Register is maintained.</p> <p>Achieved.</p> <p>Throughout the period 18 contracts due for renewal were reviewed and where appropriate renegotiated prior to extension.</p>
<p>CASHFLOW:</p> <p>The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly.</p>	<p>The WLASS Board Reviews the financial statements quarterly.</p>	<p>Achieved.</p> <p>The cash flow surplus for the period was ~\$616k, although this is largely a result of revenue being invoiced in advance.</p> <p>The Board received management accounts at each board meeting.</p>
<p>COST CONTROL:</p> <p>Administration expenditure shall be managed and monitored.</p>	<p>The Financial Accountant and Chief Executive review expenditure monthly.</p> <p>The WLASS Board reviews the financial statements quarterly.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Achieved.</p> <p>Company administration costs were ~\$54k less than budgeted – 83% of the budgeted amount.</p> <p>Specific line items materially greater than budget were approved by the board in advance.</p>

PERFORMANCE TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>REPORTING:</p> <p>Six monthly reports provided to Shareholders.</p>	<p>The Chief Executive prepares a written report for the WLASS Board every meeting.</p> <p>One 6-monthly and one Annual Report are prepared for shareholders.</p>	<p>The Board shall provide a written report on the business operations and financial position of the WLASS to the Shareholders every six months.</p> <p>Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of WLASS are being adhered to.</p>	<p>Achieved. Completed via Half and Full-Year report prepared and circulated to shareholding councils.</p> <p>Achieved. Completed as set out in this annual report.</p>
<p>WAIKATO MAYORAL FORUM:</p> <p>The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.</p>	<p>Mayoral Forum projects shall be managed financially through WLASS.</p>	<p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>	<p>Achieved.</p>
<p>SHARED VALUATION DATA SERVICES (SVDS):</p> <p>The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>The Contract Manager monitors performance of the contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>	<p>Achieved. The SVDS was available 99.84% of business hours during the year.</p> <p>N/A. There has been no capital enhancement work over the last 12 months.</p> <p>Achieved. The advisory group had four scheduled meetings throughout the year. There was an additional meeting in April 2018 to discuss the business case for the SVDS replacement.</p>
<p>INSURANCE</p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>	<p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>	<p>Achieved Based on the shareholders survey undertaken in March 2018, all respondents regarded the advice as either satisfactory or very satisfactory.</p> <p>Achieved All respondents regarded the advice as either satisfactory or very satisfactory.</p>

PERFORMANCE TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>RATA</p> <p>All stakeholders are kept informed about RATA's projects and achievements.</p> <p>Sub-regional data collection contracts deliver good quality data on roading assets.</p>	<p>Six monthly and annual reports are provided to all stakeholders.</p> <p>Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience</p> <p>Data collection contracts (minimum of two across the region) are managed in accordance with best practice.</p> <p>Data supplied by contractors is of good quality and meets all councils' requirements.</p>	<p>Reports presented to WCLASS Board as at 30 December and 30 June, and circulated to stakeholders.</p> <p>Reports include a summary of savings achieved.</p> <p>All RATA councils participate in the tour.</p> <p>Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders .</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p> <p>Any data issues are identified and resolved, with any incidents reported to stakeholders.</p>	<p>Achieved. Half and full year reporting presented to the Board (half year reporting on 13 April 2018 and final report on 28 September 2018 as part of the year end reporting). Partially Achieved</p> <p>Achieved. Reports presented savings to Councils.</p> <p>Achieved. The tours were undertaken in August/September 2017.</p> <p>Partially Achieved. Report on outcomes completed and shared but in January 2018.</p> <p>Achieved The three RATA contracts related to High Speed Data Collection, Condition Rating Surveys and Traffic Counting awarded during the year follow tender processes and contract renewals were reviewed and renegotiated. All suppliers are operating in accordance with contract requirements.</p> <p>Achieved All performance criteria met with no data issues identified.</p>
<p>WAIKATO REGIONAL TRANSPORT MODEL (WRTM):</p> <p>The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of LASS, and monitors the performance of the model supplier (currently Traffic Design Group).</p> <p>RATA reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report from RATA on any new developments and on the status of the model is provided to the WCLASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>	<p>Achieved Stantec (previously the known as the traffic design group) provide to customers under contract to WRTM all modelling reports requested. The WRTM commercial manager oversees this contract and established a schedule aty the beginning of each financial year. Further there are meetings held within Stantec every 6 weeks that review performance plus formal quarterly reporting. During the year 22 reports have been completed.</p> <p>Achieved Land use and low population projections included in the model.</p> <p>Half and full-year reporting presented to Board (half year reporting presented to board (half yearly reporting on 13 April 2018 and final report on 28 September 2018as part of year end reporting).</p> <p>Achieved The model has been developed in accordance with an agreed approach with NZTA, and it has been peer reviewed by an independent traffic modelling consultant. NZTA have received the peer review and have endorsed the model.</p>

PERFORMANCE TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>WAIKATO BUILDING CONSENT GROUP</p> <p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business practice.</p>	<p>Internal audits completed annually for each Group member.</p> <p>Group Members are provided with a joint quality assurance system that meets statutory compliance.</p> <p>Report at least six monthly to the WLASS Board on the Group's activities .</p>	<p>Not achieved Lack of resource has compromised the audit programme. This issue is being addressed as part of the WBCG strategy for FY19.</p> <p>Achieved QA manual, standard documents and public information on www.Buildwaikato.co.nz has been signed off by IANZ at 6 assessments since 1 July 2017. Only minor changes required.</p> <p>Achieved Reporting to WLASS Board provided in January 2018 and September 2018 as part of the year end process.</p>
<p>FUTURE PROOF</p> <p>All stakeholders are kept informed about Future Proofs projects and achievements.</p>	<p>Six monthly and annual reports are provided to all stakeholders.</p>	<p>Reports presented to WLASS Board as at 30 December and 30 June, and circulated to stakeholders.</p>	<p>Achieved. Six monthly reports presented at the December 2017 and July 2018 Board meetings.</p>
<p>SHAREHOLDER SURVEY:</p> <p>Shareholders are satisfied with the performance of WLASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>In Progress. The survey has been completed although the response rate was low at 42%. Results are being reported to shareholders as part of this annual report.</p>
<p>REVIEW OF BENEFITS:</p> <p>Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p>	<p>The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders.</p> <p>The Collaboration in Action document which summaries the achievements of WLASS, is updated and circulated to shareholders by 31 December 2017.</p>	<p>Achieved. Benefits are set out in the Statement of Intent.</p> <p>Partially achieved The collaboration in Action document is complete and included on WLASS website, with shareholding Councils being notified, although this occurred in the first half of 2018.</p>

APPENDICES

About our District

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

Te Kuiti is the administrative centre and main township of the Waitomo District, with approximately 47% of the District population residing in this town.

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

Tourism, sheep and beef farming, forestry and logging and mining and quarrying are the main economic activities in the District. The Waitomo Caves, a limestone labyrinth of glowworm caves and other caving adventures in the area, is an internationally known tourist destination attracting over 500,000 visitors every year, which is an increase of 100,000 over the last ten years. The Ministry of Innovation, Business and Employment estimate the annual tourism spend in the District at approximately \$87 million, with \$41 million of this attributable to the international market.

The resident population of Waitomo District based on the 2013 census is 8,910. Waitomo District has a higher number of people aged less than 15 and older than 65 years old compared to the national average.



District Statistics

POPULATION ANALYSIS (Source data 2013 Census)

Total Population	8,910
Median age	35
Number of rating units at 30 June 2018	5,877
Electors	5,793

RATING STATISTICS

Total Rates Revenue 2017/18 (excluding Penalties) Budget:	\$19,571,000 (excl GST)
Total Rateable Capital Value as at 30 June 2018	\$2,997,954,000
Total Capital Value at as 30 June 2018	\$3,083,991,600
Total Land Value at 30 June 2018	\$1,959,140,250

PUBLIC DEBT OUTSTANDING

30 June 2018 (Actual)	\$41,737,000
30 June 2018 (Budget)	\$51,136,000

PUBLIC EQUITY

30 June 2018 (Actual)	\$313,659,000
30 June 2018 (Budget)	\$299,033,000

OTHER INFORMATION

Number of Building Consents issued 2017/18	139
Total District Roading Sealed	461.2 kilometres
Total Unsealed Roads	553.6 kilometres
Total Roads	1014.8 kilometres

Glossary of terms used in the Annual Report

Term	Definition
Activity	The goods or services that WDC provides to the Community.
Annual Report	A document that WDC prepares each year which provides the public with information on the performance of the WDC during the financial year (in both financial and non-financial terms). A financial year runs from 1 July to 30 June.
Asset Management Plan/AMP	A planning document that combines management, financial, strategic and engineering techniques to ensure an asset continues to provide the desired level of service to its customers at the lowest long term cost.
Assets	Assets are things that WDC owns, such as roads, parks, buildings and cash holdings.
Capital Expenditure /Capex	The term used to describe expenditure on assets (land, infrastructure, plant and equipment) that will provide benefit to the Community for a period greater than 12 months.
Capital Value	The sum of the unimproved value (land value), and the value of the improvements is equal to the capital value of the land.
Community	A network of people and organisations linked together by common factors. This might refer to a network of people linked by place (that is, a geographic community), common interest or identity (for example, a Hapu, a voluntary organisation or society), or an administrative community (such as a District).
Community Outcomes	The Outcomes that Council aims to achieve in meeting the current and future needs of its communities for good quality infrastructure, local public services and performance of regulatory functions. These outcomes inform the development of WDC's planning and co-ordinate the activities and planning of all sectors of the community.
Corporate Support	Used to describe the inputs that are used by all of WDC's activities, such as IT support, or corporate buildings.
Council/Councillors	The seven elected members that form the governing body of WDC
Current Assets	Assets that can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.
Current Liabilities	Creditors and other liabilities due for payment within the financial year.
Development Expenditure	A form of capital expenditure that refers to an investment in an asset to improve its value due to increased need and demand due to growth. The investment in the asset results in the asset's condition being better than when it was first purchased, or built by WDC. This does not include renewing old assets to their original state; these are classed as renewal works.
Exceptions Annual Plan/ Annual Plan	A document adopted by WDC in each of the years between LTPs which sets out the budget and sources of funding for the year and reports on any exceptions from those forecast in the LTP.
Infrastructural Assets	Fixed utility systems that provide a continuing service to the Community and are not generally regarded as tradable. WDC's infrastructural assets consist of roads and footpaths, water supply systems, sewerage systems, stormwater systems and solid waste management systems (e.g transfer stations and the Rangitoto Landfill).
Key Performance Indicators (KPIs)	Targets set by WDC to enable the Community to monitor WDC's progress towards agreed outcomes each year. A table of performance measures is provided in each activity section.
Level of Service Expenditure	A form of capital expenditure that refers to an investment in an asset to improve its value as a result of improving the service that the asset provides to the community. The level of service investment in the asset results in the asset's condition being better than when it was first purchased or built by WDC. This does not include improvements to assets as a result of increased need or demand for that asset due to growth, this is classed as Development Expenditure; or renewal of old assets to their original state, which is classed as Renewal Expenditure.
Levels of Service	Operational levels of service are stated in the activity sections of the Waitomo District Council's Long Term Plan (LTP)
Local Government Act 2002/LGA	The Key legislation that defines the regulations and responsibilities for local authorities.
Long Term Plan / LTP	A plan covering a period of 10 years, developed by the WDC. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how the things contribute to community outcomes and WDC's strategic goals, how much these things will cost including how they will be funded and how success will be judged. This Annual Report is reporting against year three (2017/18) of the 2015-2025 Long Term Plan.
Operating Revenue	Money earned through WDC activities in return for service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include New Zealand Transport Agency (NZTA) Financial Assistance Rates (FAR) subsidies, rental income and fees and charges.
Operating Surplus	An accounting term meaning the excess of income over expenditure. Income and expenditure in this context excludes "capital" items such as the receipt of repayment of intergeneration loans, the cost of capital works and transfers to and from reserves. An operating surplus is inclusive of non-cash items such as income and expenditure owing but not paid (debtors and creditors) and depreciation.
Operating Expenditure	The expenditure required to meet the costs of normal day-to-day services provided by WDC. This includes expenditure resulting from inputs on such items as contract costs, materials, electricity and plant hire.
Outputs	Goods and services the WDC will produce or provide to achieve agreed outcomes.

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

