

Waitomo District Council

# Annual Report 2016-2017



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

Creating a better future with vibrant communities and thriving business.

  
**Waitomo**  
District Council

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

We are pleased to present the Annual Report for the year ended 30 June 2017. This Report details Council's overall performance as well as the performance across the 10 activity areas for the 2016/17 financial year.

The Elected Council continues to apply our guiding principles of prudent financial management, sustainable asset infrastructure and the efficient delivery of services. 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 89% of people surveyed this year 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. Overall residents are more satisfied with Council's provision of effective waste transfer stations, Environmental Health, Building Control, Emergency Preparedness, Council Communications, and that the Councillors are approachable and interact with the community.

Our top financial results for the 2016/17 Financial Year are:

- **Public debt is at \$43.4 million**, compared with the \$54.63 million forecast in the 2015-25 Long Term Plan.
- Total expenditure was **\$2.2 million less** than budgeted
- Council also sourced a favourable interest rate which reduced the amount of interest costs we incurred over the year.
- We invested **\$9.7 million** in Capital Projects to renew and/or improve our public assets.

We have made good progress on implementing the work programmes set out in the Annual Plan for 2016/17. Some of the infrastructure highlights for the past year include:

- Installation of a new playground equipment in Waitomo Caves Village, and Eketone Street.
- Completion of public toilets at Benneydale.
- Completion of the sealing of Maraeroa Road.
- Completion of the phase one of the Te Kuiti Water Treatment Plant upgrade, which involved:
  - » Construction of new building housing the laboratory.
  - » Self-bunded chemical tanks and dosing system.
  - » Ultraviolet disinfection reactors.
  - » Underground storage tanks for buffer volume and backwash.
  - » Pumps and four new filters with individual outlets to meet NZ Drinking Water Standards.
  - » Instrumentation and SCADA control.
  - » Refurbishment of the main reservoir.
- Replacement of part of the main water pipe on North Street, Mokau (from Oha Street to Rerenga Street).
- Replacement of the water main from Awakino Road to the Blackman's Reservoir.
- Improvements to the condition of stormwater assets in Te Kuiti and Mokau.

WDC facilitates the involvement of young people in leadership activities and decision-making. We achieve this by establishing a formal group of youth who provide a voice for our community. The 2017 Waitomo District Youth Council (WDYC) was officially announced on Thursday 1 June. The students from Te Kuiti High School, Te Wharekura o Maniapoto and Piopio College are a team of diverse young people aged 13-17 years, representing various ethnicities, age, geographic location, gender, and experience. We look forward to guiding and supporting our Youth Council with their planned projects over the next 12 months.

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.

The project to revitalise the Te Kuiti Railway Station Buildings began in 2012 and consisted of five separate sub-projects. During the 2016/17 financial year we completed the restoration of the community space in Building 1 and construction of the link to the Visitor Information Centre i-SITE. This concludes the overall building development aspect of the vibrant hub in Te Kuiti. The final result is a modern, fresh community space within Building 1 which currently hosts the Gallagher Meads Brother Exhibition and attracts a high number of visitors to Te Kuiti.

Inframax Construction Limited (ICL) continues to deliver great results. This is very encouraging and will provide benefits to the wider district in the medium term. ICL has reported a net profit after tax of \$2.7 million for the 2016/17 year. The equity of the company has increased substantially over the last 5 financial years, from \$0.36 million at 30 June 2012 to \$6.41 million at 30 June 2017. This excellent progress 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 congratulate the Board, Management and Staff on this stellar performance.

In conclusion, during the 2016/17 financial year 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.

We have a committed elected Council and staff working collectively to achieve great outcomes for our ratepayers and the District as a whole.



**BRIAN HANNA**  
**MAYOR**



**CHRIS RYAN**  
**CHIEF EXECUTIVE**



TATSUNO JAPANESE GARDEN, TE KUITI

## Elected Representatives



**Mayor Brian Hanna**

Phone: (07) 878 7227  
 Mobile: 021 726 282  
 Email: brian.hanna@waitomo.govt.nz  
 Address: 160 Tate Road, RD2,  
 Te Kuiti 3982.



**Guy Whitaker**  
 (Deputy Mayor)

Phone: (07) 878 3331  
 Phone (work): (07) 878 8147  
 Mobile: 021 151 5575  
 Email: guy.whitaker@waitomo.govt.nz  
 Address: 15 Liverpool Street,  
 Te Kuiti 3910.  
 WARD: URBAN



**Janene New**

Phone: (07) 878 7032  
 Mobile: 027 336 3061  
 Email: Janene.New@waitomo.govt.nz  
 Address: 75 Awakino Road,  
 Te Kuiti 3910.  
 WARD: URBAN



**Terry Davey**

Phone: (07) 878 6330  
 Mobile: 021 755 099  
 Email: td@waitomo.govt.nz  
 Address: 2 Blackman Street,  
 Te Kuiti 3910.  
 WARD: URBAN



**Phil Brodie**

Phone: (07) 877 8033  
 Mobile: 027 347 9843  
 Email: phil.brodie@waitomo.govt.nz  
 Address: 112 Auahi North Road,  
 RD2, Piopio 3970  
 WARD: RURAL



**Sue Smith**

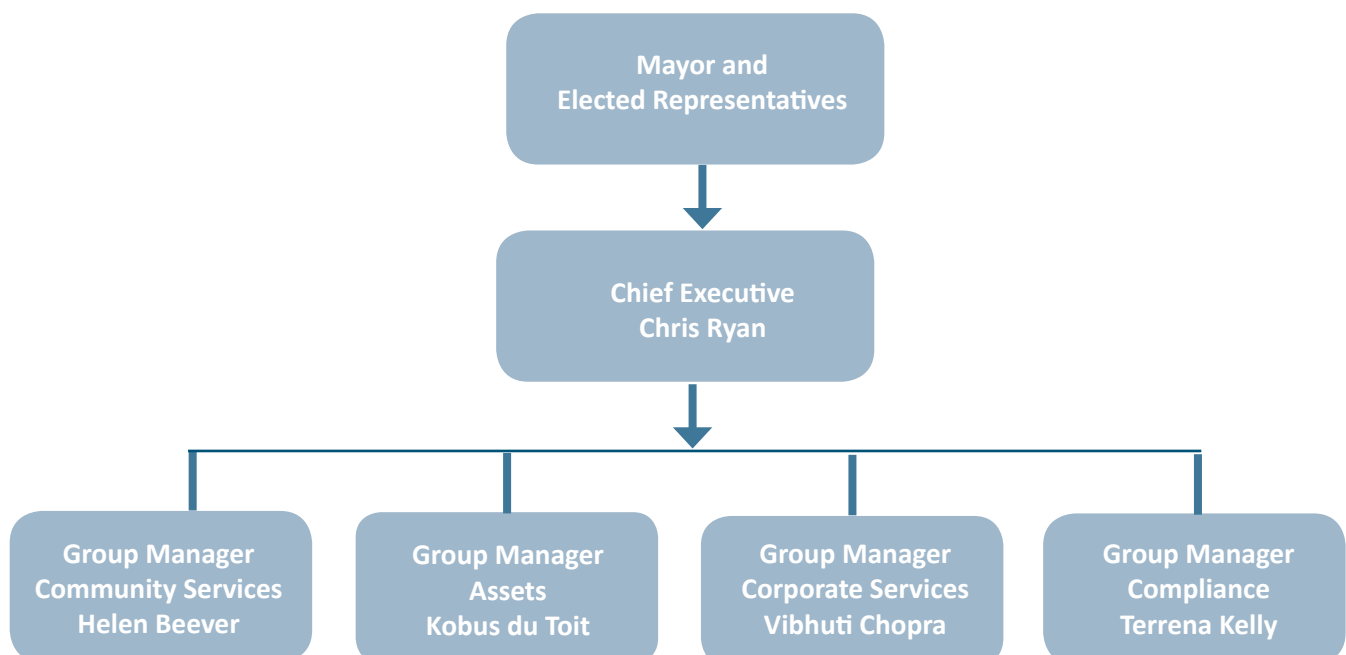
Phone/Fax: (07) 876 7518  
 Email: ss@waitomo.govt.nz  
 Address: 313 Te Waitere Road,  
 RD8, Te Kuiti 3988  
 WARD: RURAL



**Allan Goddard**

Phone: (07) 878 7865  
 Email: allan.goddard@waitomo.govt.nz  
 Address: 566 Mangaokewa Road,  
 RD7, Te Kuiti 3987.  
 WARD: RURAL

## Management Structure



# INTRODUCTION

## What is an Annual Report?

In June 2015 the Council adopted its 2015-2025 Long Term Plan. This is the second annual report of that Long Term Plan, read in conjunction with the Exceptions Annual Plan for 2016/2017 adopted in June 2016. This report focuses on how Council has delivered on its plan for the year.

For every activity we explain what we did compared to what we said we'd do, what it cost and how we performed against budget:

- to ensure consistent decisions and actions are made across our business;
- to show the public what we've achieved, what we haven't achieved and to provide transparency on our decision making processes to the public;
- to be efficient in the way we work – one well thought-out decision in the form of a policy can be applied to many cases, and staff working within the business have a framework to help them get on with the job; and
- to meet legal requirements.

On 2 May 2017 we adopted the Exceptions Annual Plan for 2017/2018. While this does not impact on our reporting for the 2016/2017 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](http://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 and our Annual Planning processes.

**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 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 2016/17 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.



NEW PLAYGROUND AT EKETONE STREET, TE KUITI

## 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.



MAYOR BRIAN HANNA, SOMYING MINGKHWAN (FRONT RIGHT)  
AND STUDENTS FROM THAILAND



# 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 2017 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, except for those noted in Note 37.



**BRIAN HANNA**  
**MAYOR**



**CHRIS RYAN**  
**CHIEF EXECUTIVE**

Dated this 31<sup>st</sup> day of October 2017.



REHABILITATION OF KUMARA ROAD



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WAITOMO DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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

We are also required to report on:

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

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

We completed our work on 31 October 2017. This is the date on which we give our report.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 64 to 138:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2017;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 117, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and Group's Annual Plan;
- the statement of service performance (referred to as groups of activities) on pages 20 to 62 and pages 139 to 140:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 106 to 108, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and Group's Annual Plan; and
- the funding impact statement for each group of activities on pages 118 to 127, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and Group's Annual Plan.

## Report on the disclosure requirements

We report that the District Council and Group has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 129 to 136, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council and Group's long-term plan and annual plans.

## Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

## Responsibilities of the Council for the audited information

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

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

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

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

## Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.

# Deloitte.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Statement of Service Performance as a reasonable basis for assessing the levels of service achieved and reported by the District Council and Group.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 9 and 13 to 19 and 140 to 147, but does not include the audited information and the disclosure requirements.

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

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

## Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



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

# SNAPSHOT OF OUR SERVICES

Facilities that we provide...

|                                |                          |
|--------------------------------|--------------------------|
| <b>18</b><br>PUBLIC<br>TOILETS | <b>10</b><br>PLAYGROUNDS |
|                                | <b>7</b><br>CEMETERIES   |

In 2016/17 we...

**Recycled 1,442**  
TONNES OF PLASTIC, GLASS, PAPER AND TIN

**REGISTERED 3,590**  
DOGS

**+ 51**  
RE-HOMED  
DOGS

Promoting our District:

**150,216**  
COMMERCIAL GUEST NIGHTS  
IN THE DISTRICT

**11,991** VISITORS TO THE  
AQUATIC CENTRE

Thousands attend  
GREAT NZ  
**MUSTER**

Supporting our communities:

**\$154,553** IN GRANTS  
ADMINISTERED TO THE COMMUNITY

...and engage with our residents  
and ratepayers:

**95%** OF RESPONDENTS SATISFIED WITH  
**COMMUNICATIONS**

**23,104** CUSTOMER  
SERVICE CALLS



Across the Waitomo District we:

**MAINTAINED 461** kms  
OF SEALED ROADS

**MAINTAINED 553** kms  
OF UNSEALED ROADS

COMPLETED  
**166,000** **KERBSIDE**  
RUBBISH & RECYCLING  
COLLECTIONS

# OVERVIEW OF FINANCIAL PERFORMANCE

The following information provides an overview of our financial performance for the year to 30 June 2017.

## Surplus

WDC reported a net surplus after tax of **\$4.4 million** compared to a budget surplus of \$2.9 million. This result is mainly attributable to less expenditure than budgeted.

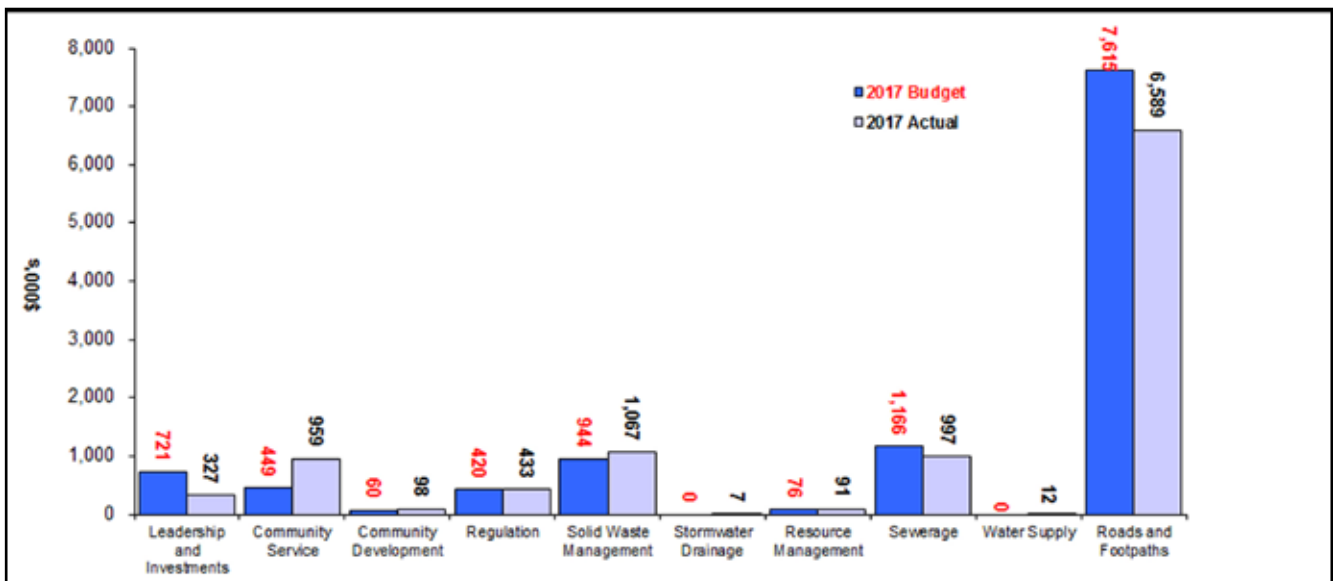
|  | 2017<br>Council<br>Budget<br>\$000's | 2017<br>Council<br>Actual<br>\$000's | 2016<br>Council<br>Actual<br>\$000's |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cost of Service Statement for All Council</b>     |                                      |                                      |                                      |
| Total Revenue (excluding rates)                      | 11,451                               | 10,580                               | 10,613                               |
| Total Expenditure                                    | 27,592                               | 25,389                               | 25,719                               |
| <b>Net Operating Cost</b>                            | <b>16,141</b>                        | <b>14,809</b>                        | <b>15,106</b>                        |
| Total Capital Expenditure                            | 12,341                               | 9,703                                | 9,810                                |
| <b>Total Net Expenditure (Operating and Capital)</b> | <b>28,482</b>                        | <b>24,512</b>                        | <b>24,916</b>                        |
| Funded by  |                                      |                                      |                                      |
| Internal Loans Drawn                                 | 4,220                                | 3,379                                | 2,604                                |
| Reserves   | 5,206                                | 1,936                                | 3,612                                |
| Rates, metered water rates and penalties             | 19,056                               | 19,197                               | 18,700                               |
| <b>Total Funding</b>                                 | <b>28,482</b>                        | <b>24,512</b>                        | <b>24,916</b>                        |

## Operating Revenue was \$0.7 million less 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 for each activity area how our budgeted revenue (excluding rates revenue) compared to the revenue we actually received.



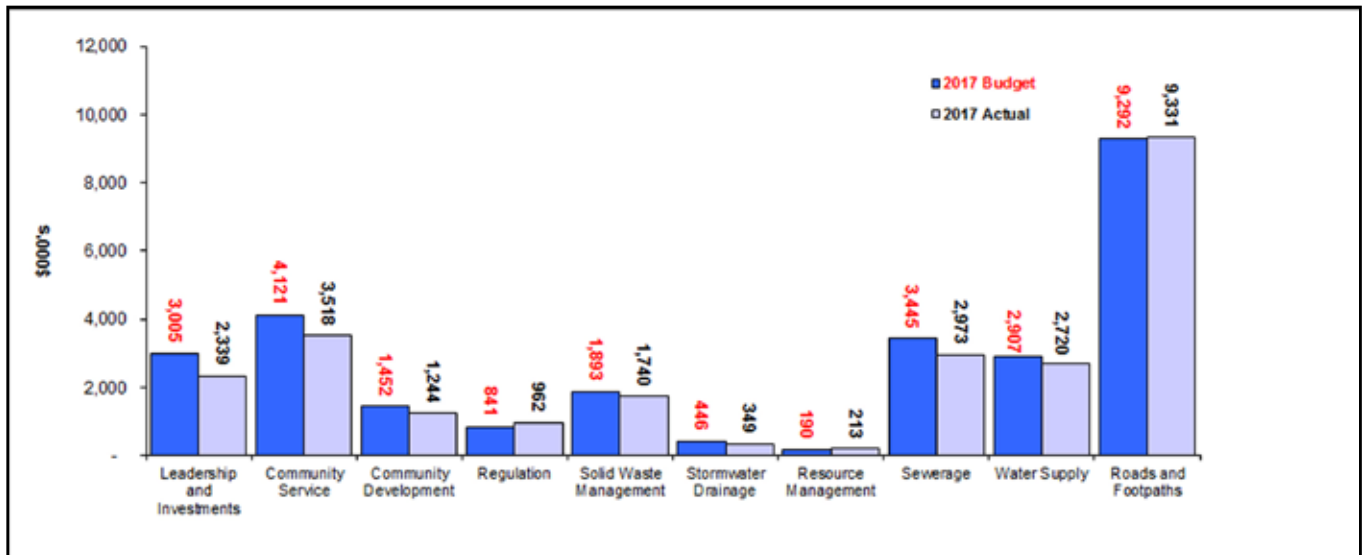
The main reasons for the difference between our budgeted and actual revenue received were:

- For Leadership and Investments it is due to a change in classification for penalty revenue and actual revenue received for penalties was less. No revenue was received in relation to safety improvement work at council owned quarry sites as this work has not commenced.
- Road subsidy revenue was less due to reduced capital expenditure for subsidised roads which resulted in less subsidy revenue being received.

- Less trade waste revenue was received for the Sewerage activity.
- This was offset by an increase in Community Service revenue due to the donation revenue being recognised on the transfer of the Sir Colin Meads statue.
- There was also an increase in revenue from landfill users for the solid waste activity.

## Operating Expenditure was \$2.2 million less than budget.

The graph below shows for each activity area how our budgeted expenditure compared to what we actually spent.



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

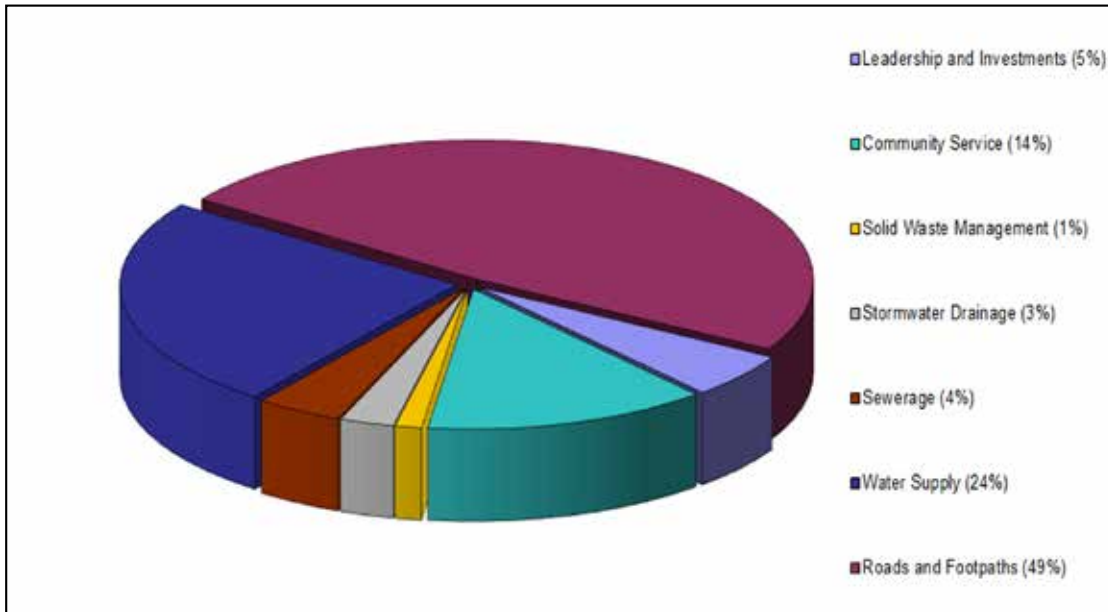
- Leadership costs were less due to delays to the district plan work-stream and costs associated with Parkside sections not spent. Finance costs were less due to a reduced public debt level than what was budgeted for coupled with lower interest rates.
- Community Service costs were less due to rates 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.
- Sewerage costs were less due to reduced operations and maintenance costs for all schemes.

## We invested \$9.7 million in Capital Projects.

Some key projects undertaken were:

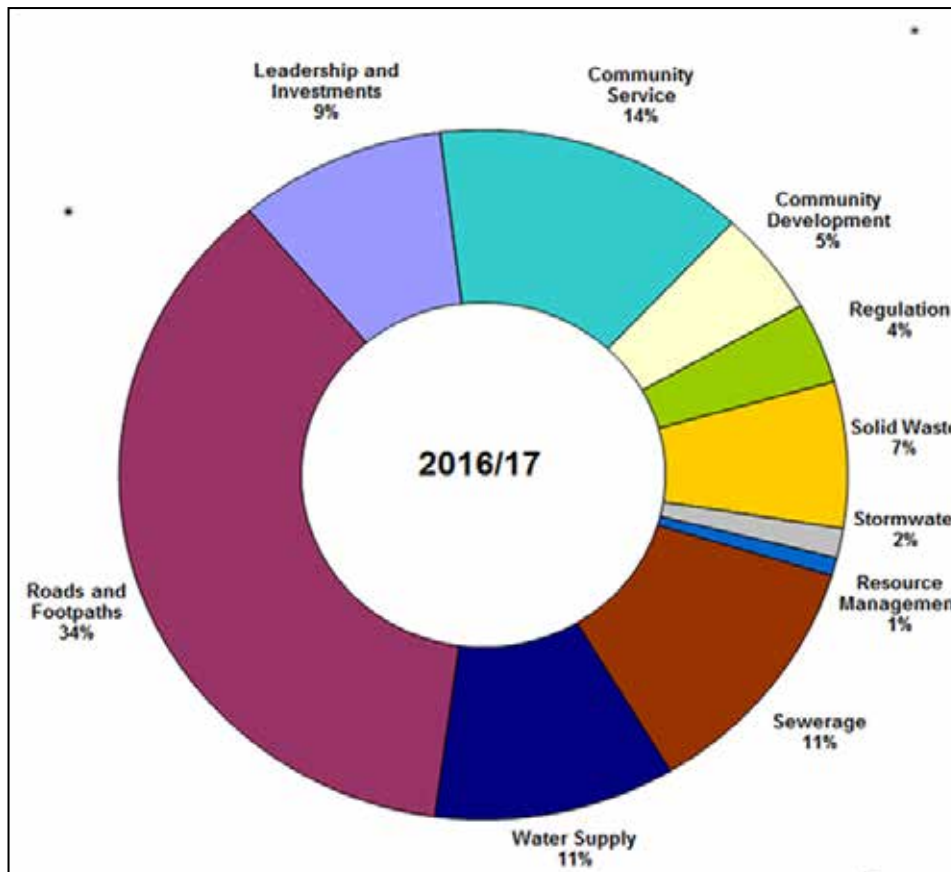
- The playground upgrade at Waitomo Village
- The Plaza tidy up work and development of the community space in the northern building of the railway station buildings and I-site linkage project
- Upgrade of the courtyard and replacement kitchen appliances at the Les Munro Centre
- Earthwork shaping of the high wall and cell 3 liner development and replacement of the generator at the landfill
- Stormwater pipe replacements at George, Elizabeth and Rora Streets in Te Kuiti
- Stormwater rehabilitation on Edward and Hill Streets in Te Kuiti
- Improvements of the UV system and other minor improvements at Te Kuiti wastewater treatment plant
- Replacement of the wetland liner and installation of floating rafts at Benneydale wastewater plant
- Phase 1 of the Te Kuiti water treatment plant upgrade
- Installation of the main reticulation line down SH3 in Mokau and dam upgrades for safety requirements
- Maraeroa Road seal extension
- Road maintenance and renewals
- Car parking at Te Kuiti Primary School and remedial works along the Kawhia Harbour Road

This graph shows capital expenditure in our different activity sections



## How Your Rates Were Spent

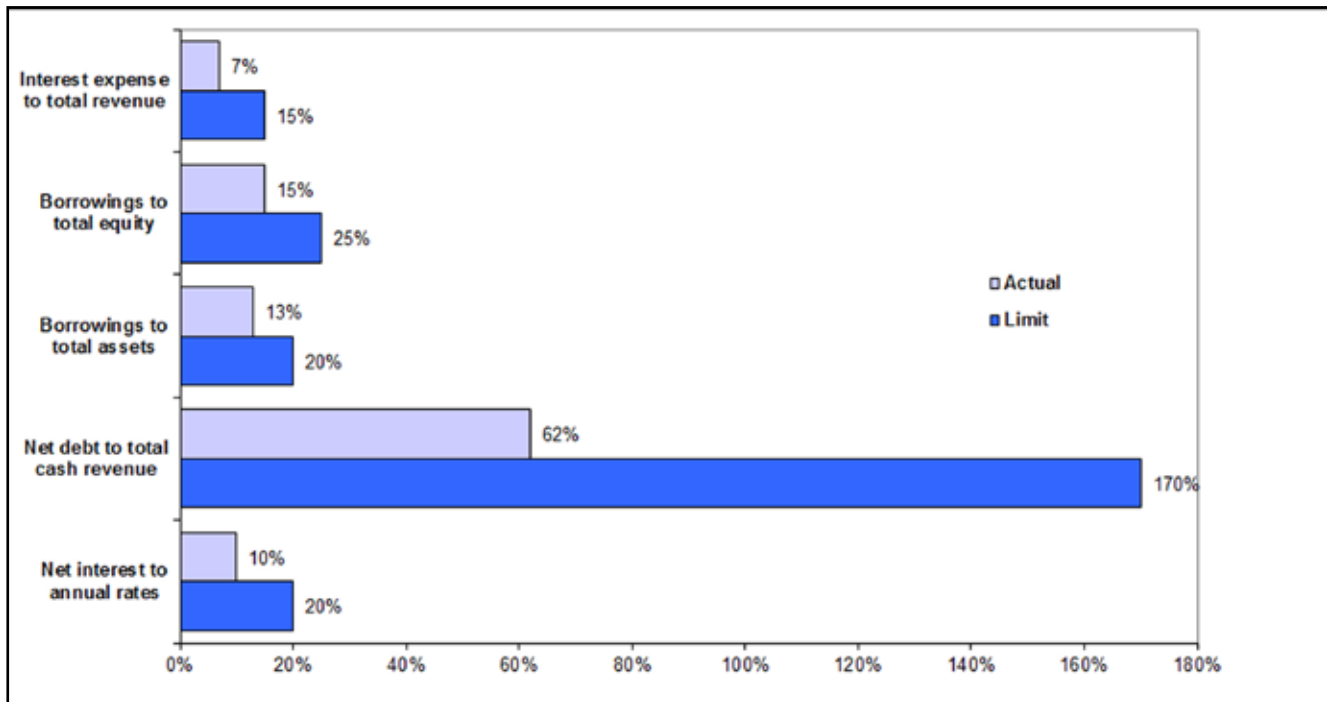
This graph shows the percentage of Council's spending on each Group of Activity.



## Debt

WDC borrows money to provide cashflow 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 \$54.63 million in the 2016/17 year. **Actual debt was \$43.42 million at 30 June 2017.**

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

|  | 2015     | 2016     | 2017            |
|--|----------|----------|-----------------|
| Forecast Public Debt (LTP) \$000's         | \$52,120 | \$52,834 | <b>\$54,628</b> |
| Actual Public Debt \$000's                 | \$46,139 | \$44,786 | <b>\$43,419</b> |
| \$ Trend \$000's (LTP forecast and Actual) | -5,981   | -8,048   | <b>-11,209</b>  |
| % Trend                                    | -11.5%   | -15.2%   | <b>-20.5%</b>   |

These trends show that actual debt has **continued to reduce** against forecast levels over the last three years, despite the significant 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 **\$6.8 million**.

Inframax Construction Ltd (ICL) reported a net profit after tax of \$2.71 million for the year ended 30 June 2017. This is another positive result for the company which continues on its trajectory of improved operational performance.

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 2017 total equity for the Group was **\$296 million**.

There was a \$8.4 million increase in equity reflecting net asset increases due to:

- The Group's after tax profit of \$6.8 million
- Current assets increased by \$1.3 million mainly due to an increase in assets held for sale
- Non current assets increased by \$5.4 million due mostly to an increase in property, plant and equipment and deferred tax asset.
- Non current liabilities decreased by \$1.6 million due mainly to a decrease in derivative financial instruments.

# ACTIVITY HIGHLIGHTS FOR 2016 - 2017

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 liveability 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 and plan to continue this direction in the 2017/18 year. Our Activity Highlights for 2016/17 are outlined below.

## Economic Development

### Timber Trail marketing

Council is supporting the Timber Trail marketing initiatives as a shared arrangement with Ruapehu District Council. The marketing strategy was developed with input from key stakeholders and includes actions for website development, increased social media reach through Facebook and Instagram, and the development of a branding story.

### Railway Station building and i-SITE project

Construction work has been completed on the fourth stage of the Railway Station Building Project. This involved the internal refurbishment of Building 1 and Te Kuiti i-SITE and a new entrance way to link the two buildings. This fourth stage followed an extensive restoration and strengthening project which re-invigorates and showcases the railway heritage of the town, as well as creating a vibrant central hub for the community of Te Kuiti.

### District Plan Development

Council commenced a full review of the District Plan in the 2016/17 year. The District Plan is a key Council document which establishes the framework for the planning and management of land use activities in the District.



TE KUITI VISITOR INFORMATION CENTRE - ENTRANCE TO RAILWAY STATION BUILDING 1.



THE NEW DECK AREA AT THE LES MUNRO CENTRE

## Community Connectivity and Development

### Ultra-fast broadband

Council made an application on behalf of our towns for Central Government's Ultra-Fast Broadband (UFB) programme. Te Kuiti and Piopio are amongst the towns included in the Waikato region for the UFB installations (to be completed by 2024). Residents and businesses will have access to world-class broadband, contributing to our economy and ensuring the district is a vibrant place to live, work and visit.

### Restricted driver training programme

WDC and Otorohanga District Council joined forces to deliver a Restricted Driver Licence Programme for youth. Te Kuiti Community House and Number Twelve were contracted by the Councils to support young people in each district who need extra help to make the important step from a learner licence to a restricted licence.

### Les Munro Centre

The Les Munro Centre is located in Te Kuiti and provides a large multi-purpose hall facility. The outdoor area has been upgraded this year. The new deck provides improved outdoor access from the supper room, and makes the area more user-friendly, and updated landscaping completes upgrade. The Les Munro Centre continues to be an important facility for the Waitomo Community.

## Menacing Dogs de-sexing programme

In April 2017, Council received funding from the Department of Internal Affairs (DIA) to run a menacing dog campaign in support of the national strategy to reduce the risk and harm of dog attacks. An upcoming change to the Dog Control Act will likely require all menacing dogs, as categorised under the Act, to be neutered. The programme offered free de-sexing, free microchipping, and a reduced registration fee for dogs classified as 'menacing' under the Dog Control Act 2000. As at 30 June 2017, 12 dogs have been neutered under this campaign, with one dog classified due to behaviour, and 11 dogs classified due to breed type. The campaign is ongoing while funding is available.

## Good Asset Stewardship and Management

**Love Food Hate Waste** is being run by 60 councils from around New Zealand in conjunction with WasteMINZ and Wanaka Wastebusters. Waitomo District Council is part of the national campaign which aims to inspire and enable people to waste less food. This campaign enhances WDC's waste minimisation initiatives and promotes the 'Love Food, Hate Waste, Save Money' message using various media, including WDC's newsletter Waitomo Way and social media.

### Affordable and efficient streetlights

In 2016/17 Council investigated a number of streetlight options, and decided to upgrade to LED lights, which will mean reduced electricity consumption, reduced maintenance requirements, and the ability for Council to access financial assistance from the NZ Transport Agency. The upgrade will be implemented in 2017/18.

### Te Kuiti Water Treatment Plant Upgrade

Phase one of three of this major upgrade has been successfully completed and commissioned. This project will ensure we meet the water quality requirements set out under the Drinking Water Standards for New Zealand 2005 (Revised 2008). While the weather events in April 2017 have hampered some aspects of the project, phases two and three are expected to be completed in the 2017/18 financial year.



PROMOTION OF LOVE FOOD, HATE WASTE, SAVE MONEY & STORAGE TIPS IN THE GREEN LIVING FEATURE - WAITOMO NEWS

### Extension of sealed roading network

Pureora is an important eastern gateway to the District, contributing to the local economy and growth of the Waitomo area.

Maraeroa Road provides access from State Highway 30 to Pureora Forest Park, the scenic location of tourist destinations Pa Harakeke and the Timber Trail.

Previously, this road experienced slippery conditions in winter and dust in summer. The road is travelled by people who potentially have less experience in driving in such conditions. The decision to seal 1.5km of Maraeroa Road has been well received by the businesses operating at Pureora, for an improved level of road safety and for minimising the potential for dust nuisance.

WDC was successful in obtaining a subsidy from the NZ Transport Agency to partially fund the cost of this \$817,000 project, which was completed in April 2017.



ULTRAVIOLET FILTRATION SYSTEM INSTALLED AS PART OF THE TE KUITI WATER TREATMENT PLANT UPGRADE

# OUR ACTIVITIES

## How to read this section

In this section we report against what we planned to do in year two (2016/17) of our Long Term Plan (LTP), for each of our activities through a statement of service performance. At the start of each group of activities section there's a brief description to explain what it's about, an overview of performance against our non-financial performance measures within the group, and a summary of the financial performance within the group.

By activity, we've set out the performance measures we determined as part of our service delivery planning (they're in our 2015-2025 LTP). We've reported what we said we'd do and what we actually did (how well we performed).

**For the purpose of our 2015-2025 LTP, Council arranged its services into the following groups and activities:**

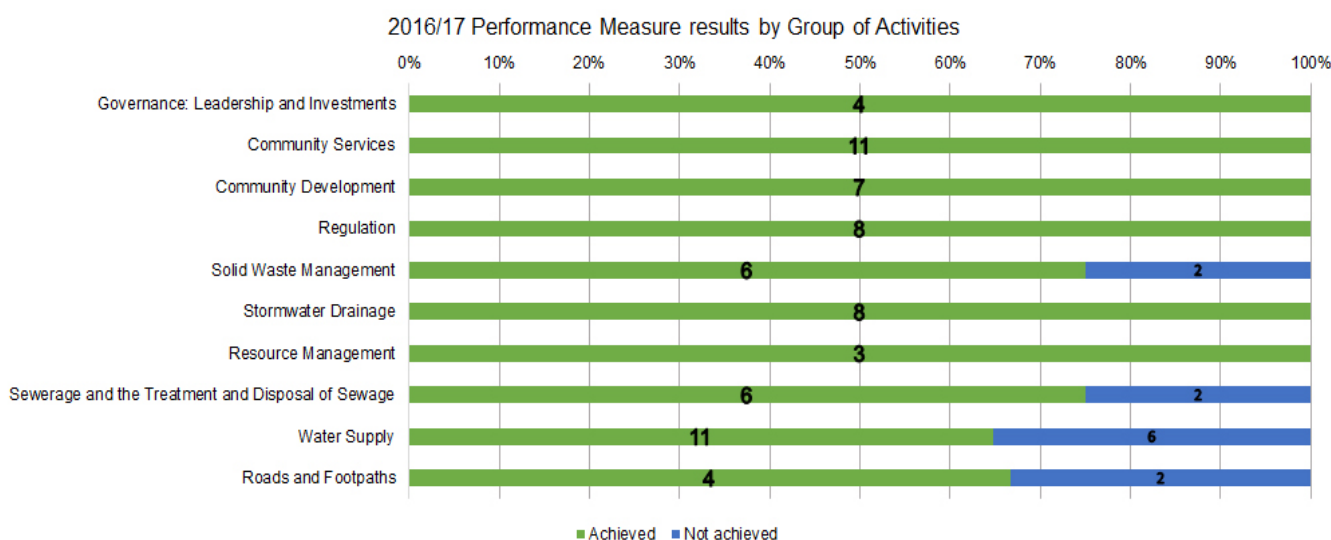
| SUSTAINABILITY GROUPS |  |   |                         |
|-----------------------|--|---|-------------------------|
| GROUPS OF ACTIVITIES  | Community and Cultural Sustainability  | Environmental Sustainability                      | Economic Sustainability |
|                       | Governance: 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 |                         |

For more information about our activities, head to our 2015-25 LTP activity pages (available on our website).

## 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 68 of our 80 measures (85%). The Groups of Activities which achieved **100% of their targets** were Governance, Community Services, Community Development, Regulation, Stormwater Drainage and Resource Management. The following graph shows the overall performance of the ten groups of activities. Green shows activities where all targets were achieved and blue shows activities where some targets were not achieved.

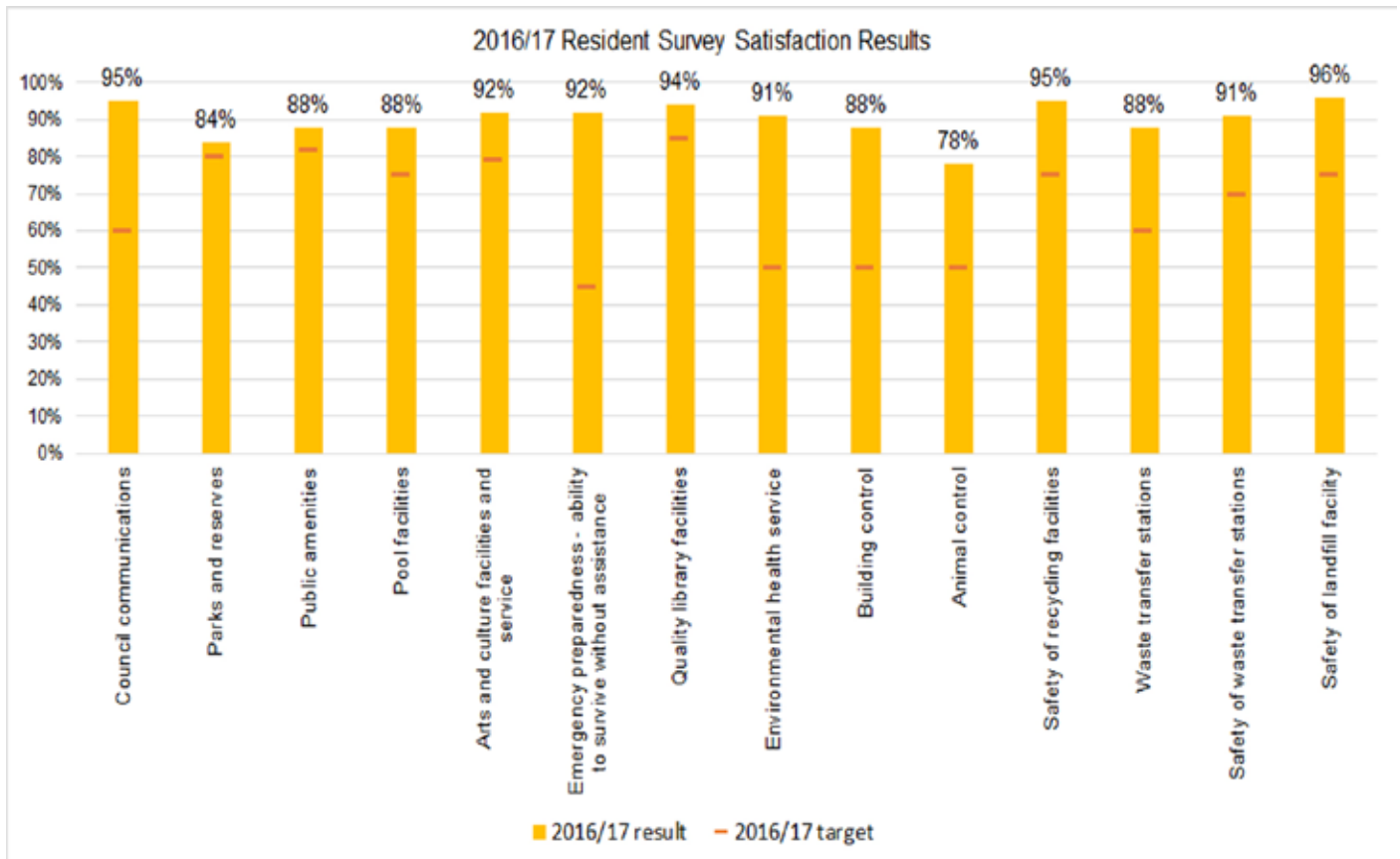


## Resident Survey

The measurement method for fourteen targets (within different activities) is through our annual Resident Survey. The remainder of our performance targets are measured through a range of different methods such as our service request system which records all enquiries and complaints, user surveys, water quality readings, and WDC inspection records.

The 2017 Resident Survey was developed and conducted in-house (similar to previous years) by WDC. The survey booklet was delivered direct to all letterboxes across the District, and made available online via Survey Monkey. The survey was open to the public from 3 May - 7 June 2017. A total of 305 surveys were completed.

**The graph below shows satisfaction statistics measured through Resident Survey. For the 2016/17 year, we have exceeded all of our target satisfaction levels.**



VIEW FROM ABOVE - WAITOMO DISTRICT LANDFILL, WILLIAMS STREET TE KUITI

# 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 Local Authority Shared Services (LASS)
- Investment in Inframax Construction Ltd (ICL)
- Council Owned Quarries
- Forestry Holding
- Parkside Subdivision
- Investment in Civic Assurance Ltd

### Key projects completed in 2016/17

- The 2017/18 Exceptions Annual Plan was adopted by Council on 2 May 2017. As there were no significant or material changes from what was planned in year 3 of the 2015-25 Long Term Plan, Council did not undergo a formal consultation process.
- The 2015/16 Annual Report was developed in the 2016/17 year and was adopted by Council on 6 October 2016.
- The Triennial Local Government elections for Waitomo District Council was conducted in October 2016, and the new Councils inaugural meeting held on 18 October 2016.
- Council adopted the updated Triennial Agreements with Waikato and Manawatu-Wanganui Regional Councils at its meeting on 13 December 2016.
- The Waitomo District Council Governance Statement was reviewed after the October 2016 election, and was adopted by Council at its 28 February 2017 meeting.
- Council's Code of Conduct was reviewed after the October 2016 triennial election and was adopted at Council's 28 February 2017 meeting.
- Work started on developing Council's 2018-28 Long Term Plan. The bulk of this work will be completed in the 2017/18 year.



WINTER MORNING ON RORA STREET TE KUITI

## Statement of Service Performance

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

| What we do<br>(Level of Service)  | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2017  | Key      |
|---|---|--|----------|
| <b>Leadership</b>   |   |  |          |
| Decision making in compliance with provisions of the Local Government Act 2002.             | Number of successful challenges to the decision making process.<br>Target 0   | <b>Achieved (0)</b><br>Nil challenges received.  | (a)<br>● |
| Consultation is in accordance with the Special Consultative Procedure outlined in LGA 2002. | Number of successful challenges to the decision making process.<br>Target 0   | <b>Achieved (0)</b><br>Nil challenges received.  | (b)<br>● |
| Effective communication with the community.   | Customer satisfaction rating of effectiveness and usefulness of Council communications "good or better".<br>Target ≥ 60%  | <b>Achieved (95%)</b><br>95% of respondents to Council's 2017 Residents Survey were somewhat satisfied, satisfied or very satisfied that the effectiveness and usefulness of Council communications is good or better. | (c)<br>● |
| <b>Investments</b>  |   |  |          |
| Investments contribute to economic and social well-being.                                   | Analysis of investment financials and activity including investment company reporting statements are reported to Council and made available to the public as applicable.<br>Target 2 reports per year | <b>Achieved (&gt;2)</b><br>Regular reports were received by Council throughout the year on its investments. Half yearly financials and annual financials were provided on time.  | (d)<br>● |

## Summary of Service Performance

The overall performance of the Governance: Leadership and Investments Activity for the period ending 30 June 2017 was excellent with all four key performance targets achieved.



TATSUNO JAPANESE GARDEN, TE KUITI

## How we went against our budget

| <b>Cost of Service Statement - Governance: Leadership and Investments (\$000's)</b> | <b>2017 Council Budget</b> | <b>2017 Council Actual</b> | <b>2016 Council Actual</b> |
|---|----------------------------|----------------------------|----------------------------|
| <b>Operating Income</b>   |                            |                            |                            |
| Representation  | 510                        | 18                         | 19                         |
| Investments   | 201                        | 234                        | 92                         |
| Treasury Management and Overhead Accounts   | 10                         | 75                         | 36                         |
| <b>Total Operating Income</b>   | <b>721</b>                 | <b>327</b>                 | <b>147</b>                 |
| <b>Operating Expenditure</b>  |                            |                            |                            |
| Representation  | 781                        | 749                        | 772                        |
| Planning and Policy and Monitoring  | 935                        | 607                        | 909                        |
| District and Urban Development  | 304                        | 390                        | 178                        |
| Investments   | 975                        | 577                        | 618                        |
| Treasury Management and Overhead Accounts   | 10                         | 16                         | 11                         |
| <b>Total Operating Expenditure</b>  | <b>3,005</b>               | <b>2,339</b>               | <b>2,488</b>               |
| <b>Net Operating Cost/(Surplus)</b>   | <b>2,284</b>               | <b>2,012</b>               | <b>2,341</b>               |
| <b>Capital Expenditure</b>  |                            |                            |                            |
| Investments   | 115                        | 0                          | 0                          |
| Corporate Support   | 562                        | 505                        | 398                        |
| <b>Total Capital Expenditure</b>  | <b>677</b>                 | <b>505</b>                 | <b>398</b>                 |
| <b>Net Expenditure</b>  | <b>2,961</b>               | <b>2,517</b>               | <b>2,739</b>               |
| <b>Funded By</b>  |                            |                            |                            |
| Internal Loans  | 188                        | 0                          | 0                          |
| Reserves  | 578                        | (55)                       | 318                        |
| General Rates   | 1,121                      | 1,090                      | 981                        |
| UAGC  | 1,074                      | 1,038                      | 960                        |
| Rates Penalties   | 0                          | 444                        | 480                        |
| <b>Total Funding</b>  | <b>2,961</b>               | <b>2,517</b>               | <b>2,739</b>               |

## Variations to Annual Plan

### Operating Income

Revenue was \$394,000 less than budget. The budget of \$510,000 for Representation includes \$490,000 for rates penalties. A subsequent change in classification of revenue has resulted in the actual rates penalties received of \$444,000 being disclosed in the 'Funded by' section of the Cost of Service Statement. Additional revenue was received for Treasury management and Overhead accounts for depreciation recovered from the disposal of motor vehicles. Revenue was also recognised for the gain on the disposal of four Parkside sections as well as a gain on the remaining sections that are held for sale. Included in the budget is revenue related to the safety improvement work at Council owned quarry sites. As this work has not been completed no revenue has been received.



## **Operating Expenditure**

Expenditure was \$666,000 less than budget due to:

- (a) The potential reconfiguration of the Parkside sections for a housing proposal was budgeted but was not undertaken during the year. This expenditure will now not be required.
- (b) The review of District Plan has commenced and will continue in the next financial year.
- (c) Rates paid on council owned properties were excluded. The budget figure includes rates paid on Council owned properties.

## **Capital Expenditure**

The planned improvement capital works at a number of council owned quarries has been deferred.

# 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 2016/17









- New play equipment was installed at the green space in Eketone Street, Te Kuiti, to create a new play area for the neighbourhood. The planned second stage of this play area is a half-court basketball court.
- An audit of all walking tracks was commenced in the 2016/17 year, which will inform a Walking Track Strategy.
- Renewal of the outdoor courtyard area of the Les Munro Centre with the construction of a deck, gardens and plantings.
- Development of accurate maps of Council cemeteries to assist with development, record keeping and compliance and include cemetery signs for visitors has occurred, with new signs installed at the entrance to all the district cemeteries. Site maps were installed at the Te Kuiti New Cemetery.
- New public toilets were completed in Benneydale.
- The final stage of the Railway Buildings revitalisation and restoration was completed which included forming a new link between the Te Kuiti i-SITE Information Centre and Railway Building 1. Railway Building 1 is now home to the Gallagher Meads Brothers Exhibition.
- Renewal of works were completed around the Shearer Statue which included painting of the statue and redesign and replanting of the gardens.



WDC'S COMMUNITY SERVICES TEAM PREPARE FOR THE LIONS RUGBY TOUR - RORA STREET TE KUITI

## Statement of Service Performance

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

| What we do<br>(Level of Service)  | How we measure success<br>(Performance Measure and Target)   | Our Performance to 30 June 2017  | 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.<br>Target ≥80%  | <b>Achieved (84%)</b><br>84% of respondents to Council's 2017 Residents Survey were somewhat satisfied, satisfied or very satisfied of the quality of Parks and Reserves.  | (a)<br>   |
| 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.<br>Target > 65%  | <b>Achieved (80%)</b><br>There are 20 tenants in total, and 16 of them participated in the 2016/2017 Elderly Persons Housing Tenant Survey. All 16 respondents were satisfied or very satisfied with services provided.  | (b)<br>   |
| Quality public amenities will be provided.  | Percentage of community satisfied with the quality of public amenities (Public Toilets and Cemeteries).<br>Target ≥ 82%  | <b>Achieved (88%)</b><br>88% of respondents to Council's 2017 Residents Survey were somewhat satisfied, satisfied or very satisfied with the quality of public amenities.  | (c)<br>   |
| 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.<br>Target ≥ 75%             | <b>Achieved (88%)</b><br>88% of respondents to Council's 2017 Residents Survey were somewhat satisfied, satisfied or very satisfied of the quality of the pool facilities and service.   | (e)<br>   |
| 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.<br>Target ≥ 79% | <b>Achieved (92%)</b><br>92% of respondents to Council's 2017 Residents Survey were somewhat satisfied, satisfied or very satisfied of the quality of the arts and culture facilities and service.   | (f)<br> |
| Council's public facilities are provided to standards of fitness for use.                   | Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules.<br>Target 100%   | <b>Achieved (100%)</b><br>All public facilities have a current BWOFF issued.   | (g)<br> |
| Pool is safe for use of pool patrons at all times.  | Pool accreditation in place.<br>Target 100%  | <b>Achieved (100%)</b><br>The pool accreditation is in place until 1 April 2018.   | (h)<br> |
|   | Number of pool non complying water quality readings per year.<br>Target < 5  | <b>Achieved (0)</b><br>No non complying water quality readings have been recorded in the 2016/17 year.   | (i)<br> |
| 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.<br>Target ≥ 45%                      | <b>Achieved (92%)</b><br>92% of respondents to Council's 2017 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. | (j)<br> |

| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2017   | Key      |
|--|---|---|----------|
| Council will ensure that staff are equipped and trained to efficiently man the Civil Defence headquarters in an emergency. | One major training exercise involving Civil Defence headquarters staff will be held per year.<br>Target One exercise per year | <b>Achieved (1)</b><br>The National Civil Defence Exercise Tangaroa was held on 31 August 2016, and WDC civil defence staff participated. | (k)<br>● |
| Playground equipment is safe to use for parks and reserves playground users.   | Number of accidents directly attributable to playground equipment failure.<br>Target Nil accidents                            | <b>Achieved (Nil accidents)</b><br>Nil accidents recorded.  | (l)<br>● |

### Summary of service performance

The overall performance for Community Services for the year ended 30 June 2017 was excellent with all eleven key performance targets achieved.



GALLAGHER MEADS BROTHERS EXHIBITION LOCATED IN RAILWAY STATION BUILDING 1.

## How we went against our budget

| <b>Cost of Service Statement - Community Service<br/>(\$000's)</b> | <b>2017<br/>Council<br/>Budget</b> | <b>2017<br/>Council<br/>Actual</b> | <b>2016<br/>Council<br/>Actual</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Operating Income</b>  |                                    |                                    |                                    |
| Parks and Reserves   | 2                                  | 9                                  | 12                                 |
| Housing and Other Property   | 266                                | 305                                | 312                                |
| Recreation and Culture   | 126                                | 132                                | 138                                |
| Public Amenities   | 55                                 | 513                                | 67                                 |
| Safety   | 0                                  | 0                                  | 0                                  |
| <b>Total Operating Income</b>                                      | <b>449</b>                         | <b>959</b>                         | <b>529</b>                         |
| <b>Operating Expenditure</b>                                       |                                    |                                    |                                    |
| Parks and Reserves   | 628                                | 532                                | 511                                |
| Housing and Other Property   | 1,273                              | 916                                | 1,067                              |
| Recreation and Culture   | 1,184                              | 1,125                              | 1,102                              |
| Public Amenities   | 827                                | 830                                | 766                                |
| Safety   | 209                                | 115                                | 98                                 |
| <b>Total Operating Expenditure</b>                                 | <b>4,121</b>                       | <b>3,518</b>                       | <b>3,544</b>                       |
| <b>Net Operating Cost/(Surplus)</b>                                | <b>3,672</b>                       | <b>2,559</b>                       | <b>3,015</b>                       |
| <b>Capital Expenditure</b>   |                                    |                                    |                                    |
| Parks and Reserves   | 132                                | 70                                 | 21                                 |
| Housing and Other Property   | 372                                | 432                                | 1,432                              |
| Recreation and Culture   | 226                                | 220                                | 271                                |
| Public Amenities   | 410                                | 601                                | 223                                |
| Safety   | 10                                 | 0                                  | 0                                  |
| <b>Total Capital Expenditure</b>                                   | <b>1,150</b>                       | <b>1,323</b>                       | <b>1,947</b>                       |
| <b>Net Expenditure</b>   | <b>4,822</b>                       | <b>3,882</b>                       | <b>4,962</b>                       |
| <b>Funded By</b>   |                                    |                                    |                                    |
| Internal Loans   | 819                                | 594                                | 1,503                              |
| Reserves   | 656                                | 95                                 | 231                                |
| General Rates  | 1,464                              | 1,390                              | 1,407                              |
| UAGC   | 1,619                              | 1,538                              | 1,559                              |
| Targeted Rate - Marokopa Hall                                      | 4                                  | 4                                  | 4                                  |
| Targeted Services Rate - Rural                                     | 78                                 | 78                                 | 78                                 |
| Targeted Services Rate - Urban                                     | 182                                | 183                                | 180                                |
| <b>Total Funding</b>   | <b>4,822</b>                       | <b>3,882</b>                       | <b>4,962</b>                       |

## Variations to Annual Plan

### Operating Income

Revenue was \$510,000 more than budget. The transfer of Sir Colin Meads Statue to Council ownership as a community asset gave rise to the recognition of donation revenue of \$430,000 in line with accounting requirements. The annual valuation of the investment property portfolio resulted in a valuation gain and rentals, lease and cemetery revenue were also more than budget.

## Operating Expenditure

Expenditure was \$603,000 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 and rural fire.

## Capital Expenditure

Total capital expenditure was \$173,000 more than budget due to the net effect of:

- (a) The Sir Colin Meads statue commissioned by Legendary Te Kuiti has been donated to Council as a community asset and as a result \$430,000 was recognised as capital expenditure in line with accounting requirements.
- (b) The security camera upgrade has been completed. The Benneydale public toilet work was completed in July 2017 and is accounted for in the 2016/17 and 2017/18 financial year. These projects were in the previous year’s budget.
- (c) The development of the community space in the northern building of the Railway Station Building complex and the i-SITE linkage upgrade were completed during the year.
- (d) Renewal expenditure on the Centennial Park facilities and Marokopa public toilet replacement were not completed and have been deferred until next year.



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 2016/17**

- Administration of the Community Development Fund, with around \$200,000.00 distributed in grants through 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.
- Adoption of Council's Economic Development Strategy.
- Support of the Timber Trail marketing strategy and action plan with key stakeholders.
- Continued delivery of district events such as the Great NZ Muster and the Waitomo District Christmas Parade.








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<br>(Level of Service)  | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2016  | Key  |
|---|---|--|--|
| Provide assistance for community support activities.  | Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy.<br>Target 100% compliance                                      | <b>Achieved (100%)</b><br>All funding rounds throughout the 2016/17 year were advertised in the Waitomo News, WDC Website and Facebook, and were administered as per the Community Development Fund Policy.  | (a)<br>   |
| Support the positive development of youth within the District.  | Youth Council makes one submission to Council per year.<br>Target 1 per annum   | <b>Achieved</b><br>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). As there was no formal EAP consultation during the year, the Youth Council met with elected members in June 2017 to discuss their aspirations and goals for youth in the community and plans for the Youth Council for the coming year. | (b)<br>   |
|   | Youth Council undertakes two youth related projects per year.<br>Target 2 per annum   | <b>Achieved (2)</b><br>The Youth Council hosted the Youth Achievement Awards on 14 December 2016. The Youth Council, in conjunction with Number Twelve participated in the 2016 Waitomo District Christmas Parade. For their efforts, their float was awarded 2nd place.   | (c)<br>   |
| 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.<br>Target One Major event (the Muster) and one minor event (the Christmas Parade)                           | <b>Achieved (one major, one minor)</b><br>The Great NZ Muster was held on 1 April 2017, and the Waitomo District Christmas Parade was held on 9 December 2016.   | (d)<br> |
| 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.<br>Target ≥ 85% | <b>Achieved (94%)</b><br>94% of respondents to the Council's 2017 Resident Survey were satisfied with the quality of the library facility and service.   | (e)<br> |



| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)   | Our Performance to 30 June 2016  | Key      |
|--|--|--|----------|
| 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.<br>Target > 4                              | <b>Achieved (9)</b><br>The Waitomo District was profiled in a range of key publications and industry events over the 2016/17 year, including: <ul style="list-style-type: none"> <li>• Tour the North Island Campaign</li> <li>• Short Escapes Campaign</li> <li>• Explore Your Own Backyard Campaign</li> <li>• Hamilton &amp; Waikato Regional Visitor Guide 2017</li> <li>• Profile at Trade Events – Experience the Trilogy Event, AU</li> <li>• Travel Trade including Qantas Holidays and Hunter Travel, Australian All-stars Mega Itinerary and GeoEx x USA</li> <li>• Advertorials in domestic and international publications including: On Your Bike NZ Herald, Lets Go Kids, Australia NZ Magazine (UK)</li> <li>• Consumer, Trade and Media e-Newsletters</li> <li>• Hamilton and Waikato Tourism’s social profiles including hamiltonwaikato.com, Facebook, Instagram, Twitter and YouTube.</li> </ul> | (f)<br>● |
| Council will encourage and support business expansion and sustainable economic development opportunities within the District.  | Economic Development Action Plan developed and implemented.<br>Target - Actions implemented as per Economic Development Action Plan. | <b>Achieved</b><br>The Economic Development Strategy was adopted by Council on 29 October 2016. Implementation of the action plan has commenced and initiatives are underway   | (g)<br>● |

## Summary of Service Performance

All of seven of the Community Development performance targets were achieved for the year ended 30 June 2017.



ENVIROWASTE SUPPORTS THE RECYCLING MESSAGE IN THE 2016 CHRISTMAS PARADE

## How we went against our budget

| Cost of Service Statement - Community Development<br>(\$000's) | 2017<br>Council<br>Budget | 2017<br>Council<br>Actual | 2016<br>Council<br>Actual |
|--|---------------------------|---------------------------|---------------------------|
| <b>Operating Income</b>  |                           |                           |                           |
| Community Support  | 4                         | 23                        | 53                        |
| District Development   | 34                        | 62                        | 38                        |
| Agencies   | 22                        | 13                        | 22                        |
| <b>Total Operating Income</b>                                  | <b>60</b>                 | <b>98</b>                 | <b>113</b>                |
| <b>Operating Expenditure</b>                                   |                           |                           |                           |
| Community Support  | 693                       | 653                       | 687                       |
| District Development   | 728                       | 562                       | 556                       |
| Agencies   | 31                        | 29                        | 30                        |
| <b>Total Operating Expenditure</b>                             | <b>1,452</b>              | <b>1,244</b>              | <b>1,273</b>              |
| <b>Net Operating Cost/(Surplus)</b>                            | <b>1,392</b>              | <b>1,146</b>              | <b>1,160</b>              |
| <b>Capital Expenditure</b>                                     |                           |                           |                           |
| District Development   | 40                        | 1                         | 0                         |
| <b>Total Capital Expenditure</b>                               | <b>40</b>                 | <b>1</b>                  | <b>0</b>                  |
| <b>Net Expenditure</b>   | <b>1,432</b>              | <b>1,147</b>              | <b>1,160</b>              |
| <b>Funded By</b>   |                           |                           |                           |
| Internal Loans   | 40                        | 0                         | 0                         |
| Reserves   | 295                       | 46                        | 140                       |
| General Rates  | 590                       | 593                       | 531                       |
| UAGC   | 278                       | 278                       | 283                       |
| Targeted Rate - Piopio Retirement                              | 15                        | 15                        | 15                        |
| Targeted Rate - District Development                           | 214                       | 215                       | 191                       |
| <b>Total Funding</b>   | <b>1,432</b>              | <b>1,147</b>              | <b>1,160</b>              |

## Variations to Annual Plan

### Operating Income

Revenue was \$38,000 more than budget due to Grant revenue received from the Ministry of Social Development for youth programmes. A funding contribution was also received for Timber Trail marketing.

### Operating Expenditure

Expenditure was \$208,000 less than budget. Telecommunication initiatives expenditure was not incurred as this project was delayed. District development costs were also less than budget.

### Capital Expenditure

A motor home friendly district initiative that was budgeted for was not spent during the year and has been deferred.

# 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 2016/17

- Council obtained funding from the Department of Internal Affairs to run a menacing dog neutering campaign. For the campaign, council offered free de-sexing, free microchipping and reduced rate dog registration fee.
- A special consultative procedure was run for the review and adoption for fees and charges for functions delivered under the Food Act 2014.

### Statement of Service Performance

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

| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2017   | 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<br>Target 100%  | <b>Achieved (100%)</b><br>100% of the premises selling alcohol are licensed to do so.<br>100% of the premises requiring food licences are registered.   | (a)<br>   |
| Provision of an effective environmental health service for the community.                        | Customer satisfaction survey rating on Environmental Health Service.<br>Target > 50%  | <b>Achieved (91%)</b><br>91% of respondents to the 2017 Resident Survey who had used this service in the last 12 months were satisfied with the provision of an effective environmental health service. | (b)<br> |
| Building consents and project information memoranda issued within 15 working days.               | Percentage of building consents and project information memoranda issued within 15 working days.<br>Target 90%                          | <b>Achieved (100%)</b><br>All building consents and project information memoranda were processed within the required timeframes.  | (c)<br> |
| Council will process, inspect and certify buildings work in the Waitomo District.                | WDC maintains building control systems and process to meet IANZ Audit requirements.<br>Target BCA Accreditation achieved every 2 years. | <b>Achieved</b><br>BCA accreditation was achieved in June 2016. WDC's next assessment is due in June 2018.  | (d)<br> |
| Provision of an effective building control service to the community.                             | Customer satisfaction survey rating on Building Control.<br>Target > 50%  | <b>Achieved (88%)</b><br>88% of respondents to the 2017 Resident Survey who had used this service in the last 12 months were satisfied with the provision of an effective building control service.     | (e)<br> |

| What we do<br>(Level of Service)  | How we measure success<br>(Performance Measure and Target)   | Our Performance to 30 June 2017   | 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.<br>Target Urban 100%<br>Rural 15%<br><br>During the year, Council changed this target by resolution to ensure compliance with the DCA. The updated target is that rural properties are only inspected if Council identifies any breaches of the Dog Control Act 1991 (DCA). | <b>Achieved (Urban 100%, Rural 5.7%)*</b><br>100% of urban properties where dogs are registered as selected owners have been inspected.<br>There are 969 dog owners' properties classified as rural, and 55 were inspected.<br><br>* performance is against updated target  | (f)<br> |
| High level of customer satisfaction with animal control service.  | Customer satisfaction survey rating on Animal Control.<br>Target ≥ 50%   | <b>Achieved (78%)</b><br>78% of respondents to the 2017 Resident Survey were satisfied with the provision of an effective animal control service.   | (g)<br> |
| Dog Owners are well informed of their responsibilities and WDC Support.   | Number of Dog/Owner Education initiatives.<br>Target ≥ 2   | <b>Achieved (2)</b><br>A number of initiatives have been undertaken during this year using public advertisements, information on Council's website and social media; including a specific dog neutering campaign for menacing dogs (assisted by funding from the Department of Internal Affairs) and promotion of dog safety and responsible dog ownership messages through providing free homework books and safety awareness program for Waitomo and District schools including Waitomo Caves, Piripiri, Rangitoto, Te Kura O Tahaaroa, and Kinohaku for this year. | (h)<br> |

### Summary of Service Performance

The overall performance for Regulation for the year ended 30 June 2017 was good with all of the eight performance targets achieved.



SHERIDAN STREET TE KUITI

## How we went against our budget

| Cost of Service Statement - Regulation<br>(\$000's) | 2017<br>Council<br>Budget | 2017<br>Council<br>Actual | 2016<br>Council<br>Actual |
|---|---------------------------|---------------------------|---------------------------|
| <b>Operating Income</b>                             |                           |                           |                           |
| Regulation  | 420                       | 433                       | 424                       |
| <b>Total Operating Income</b>                       | <b>420</b>                | <b>433</b>                | <b>424</b>                |
| <b>Operating Expenditure</b>                        |                           |                           |                           |
| Regulation  | 841                       | 962                       | 812                       |
| <b>Total Operating Expenditure</b>                  | <b>841</b>                | <b>962</b>                | <b>812</b>                |
| <b>Net Operating Cost/(Surplus)</b>                 | <b>421</b>                | <b>529</b>                | <b>388</b>                |
| <b>Capital Expenditure</b>                          |                           |                           |                           |
| Regulation  | 0                         | 0                         | 0                         |
| <b>Total Capital Expenditure</b>                    | <b>0</b>                  | <b>0</b>                  | <b>0</b>                  |
| <b>Net Expenditure</b>                              | <b>421</b>                | <b>529</b>                | <b>388</b>                |
| <b>Funded By</b>                                    |                           |                           |                           |
| Internal Loans                                      | 0                         | 0                         | 0                         |
| Reserves  | (20)                      | 86                        | (32)                      |
| General Rates                                       | 352                       | 353                       | 340                       |
| UAGC  | 89                        | 90                        | 80                        |
| <b>Total Funding</b>                                | <b>421</b>                | <b>529</b>                | <b>388</b>                |

## Variations to Annual Plan

### Operating Income

Operating income was \$13,000 more than budget due to the grant contribution received from the central government for the neutering of menacing dogs campaign. Revenue for animal control and alcohol licencing were also more than budget.

### Operating Expenditure

Expenditure was \$121,000 more than budget due to additional work being required as a result of amendments to legislation for environmental health and alcohol licencing. In addition to this, expenses for the shared legal costs for the Carter Holt Harvey litigation (that 50 other councils are also party to) were also incurred.

# 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 2016/17**









- Successful procurement of services for both the kerbside and recycling collection services and for the Waitomo District Landfill operations.
- GIS mapping of solid waste services made accessible on the Council's website, making it easy for ratepayers to find information regarding services in their area.
- Upgrades including painting and new signs at the Benneydale and Kinohaku transfer stations.
- Continuation of waste reduction initiatives in the District - various media campaigns have been run promoting waste reduction initiatives in the local Waitomo News, Waitomo Way and using electronic media. Council also continued support of other initiatives such as the Love Food Hate Waste initiative and Agrecovery Rural Recycling Programme.
- The Waitomo District landfill has a consent to 2033 and a consented volume of 232,000 tonnes and a residual unused capacity of approximately 7 years. Council has begun the process to increase the consented volume to approximately 500,000 tonnes, providing certainty for the period approaching 2033 and beyond.



MOKAU SCHOOL RECEIVE A BRONZE RECOGNITION AWARD FOR DEDICATION AND COMMITMENT TO THE ENVIROSCHOOLS PROGRAMME.

## Statement of Service Performance

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

| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2017   | Key  |
|--|---|---|--|
| Users find the recycling facilities safe to use.   | Percentage of users rate the safety of Council's recycling facilities as satisfactory or better.<br>Target 75%  | <b>Achieved (95%)</b><br>95% of respondents to the Council's 2017 Residents Survey rate the safety of Council's recycling facilities as satisfactory or better.   | (a)<br>   |
| Provision of effective waste service for the community.  | Customer satisfaction survey rating on waste transfer stations.<br>Target 60%   | <b>Achieved (88%)</b><br>88% of respondents to the Council's 2017 Residents Survey are satisfied with the Council's waste transfer stations.  | (b)<br>   |
| The solid waste management facilities feel safe to the user.                                       | Percentage of users rate the District's waste transfer stations safe to use.<br>Target 70%  | <b>Achieved (91%)</b><br>91% of respondents to the Council's 2017 Residents Survey rate the Council's waste transfer stations as safe to use.   | (c)<br>   |
| Users find the landfill facility safe to use.  | Percentage of users rate the safety of Council's landfill facility as satisfactory or better.<br>Target 75%   | <b>Achieved (96%)</b><br>96% of respondents to the Council's 2017 Residents Survey rate the safety of Council's landfill facility as satisfactory or better.  | (d)<br>   |
| 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.<br>Target *≤1  | <b>Achieved (0)</b><br>No complaints were received due to facilities not being open at advertised times for the 2016/17 year.   | (e)<br>   |
| 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).<br>Target 2% | <b>Not Achieved (1.57% reduction)</b>   | (f)<br> |
| 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).<br>Target 1.5%                    | <b>Not Achieved (2.75% increase)</b>  | (g)<br> |
| Provision of an effective solid waste service for the community.                                   | Number of complaints received per month regarding solid waste activities.<br>Target ≤ 10  | <b>Achieved (1.9 per month)</b><br>Council received 23 complaints regarding solid waste activities over the 2016/17 period, or an average of 1.9 per month. Complaints related to: <ul style="list-style-type: none"> <li>• non-collection of refuse and recycling bins</li> <li>• overflowing public rubbish bins</li> <li>• non-return of recycling bin.</li> </ul> | (h)<br> |

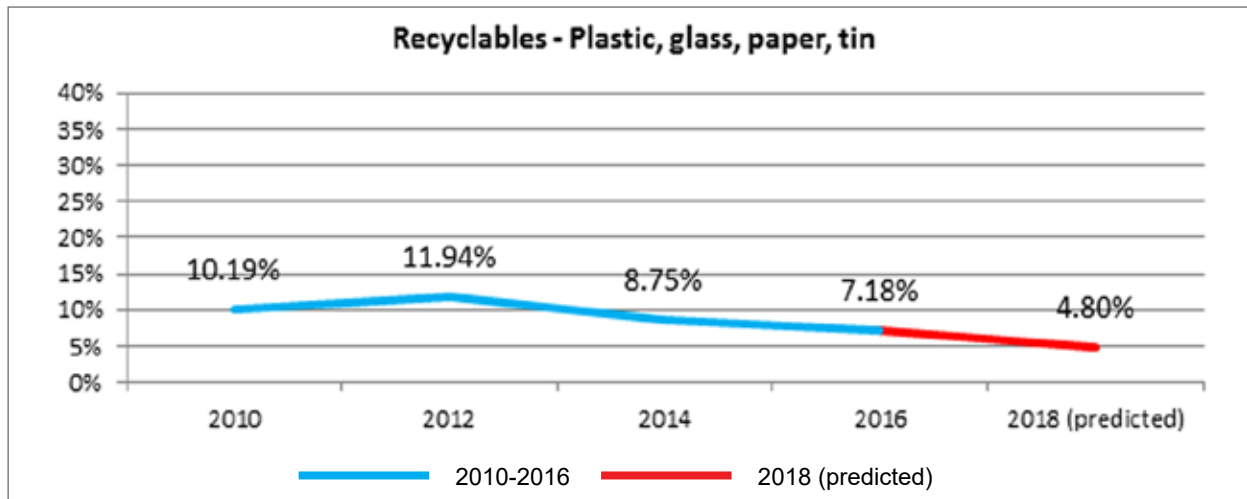
\* This is the correct measure, the symbol will be edited in LTP

## Summary of Service Performance

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

- (f) The performance target for 'the percentage of reduction of the quantity of recyclables such as paper and plastics entering the landfill per annum leading to 10% reduction by 2016 and 15% by 2025 (both measured against the 2014 Waste Audit)' was not achieved. The results from the 2016 Waste Audit identified a 1.57% reduction in recyclables against the 2014 Waste Audit, tracking in a downwards trend.

The following graph and table shows a decrease in the amount of recyclables that enter the landfill via general refuse for the 2014-2016 period. Since 2012 the trend has been tracking steadily downwards however not at the desired rate. This indicates that whilst we are tracking in the right direction the projected figures show we are unlikely to meet the required reduction target by 2025.



| Recyclables (Average) |        |        |        | Recyclables (Predicted) |
|-----------------------|--------|--------|--------|-------------------------|
|                       | 2012   | 2014   | 2016   | 2018                    |
|                       | 11.94% | 8.75%  | 7.18%  | 4.80%                   |
| Percentage Change     |        | -3.19% | -1.57% | -2.38%                  |

- (g) The performance target for 'the percentage of reduction per annum achieved through continual education leading to 10% reduction by 2025 (measured against the 2014 Waste Audit)' was not achieved. The results from the 2016 Waste Audit identified a 2.75% increase in putrescibles (organic/food waste) against the 2014 Waste Audit.

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.

The following table shows an increase in putrescibles, which in turn indicates that we are unlikely to meet the required target by 2025 should this trend continue. Continual public education for home composting may minimise this particular type of waste.

| Putrescibles: Food and Organic (Average) |        |        |        | Putrescibles (Predicted) |
|--|--------|--------|--------|--------------------------|
|  | 2012   | 2014   | 2016   | 2018                     |
|  | 12.97% | 36.31% | 39.06% | 52.50%                   |
| Percentage Change                        |        | 23.34% | 2.75%  | 13.00%                   |



## How we went against our budget

| Cost of Service Statement - Solid Waste Management<br>(\$000's) | 2017<br>Council<br>Budget | 2017<br>Council<br>Actual | 2016<br>Council<br>Actual |
|---|---------------------------|---------------------------|---------------------------|
| <b>Operating Income</b>   |                           |                           |                           |
| Collection  | 134                       | 134                       | 144                       |
| Management  | 810                       | 933                       | 885                       |
| <b>Total Operating Income</b>                                   | <b>944</b>                | <b>1,067</b>              | <b>1,029</b>              |
| <b>Operating Expenditure</b>                                    |                           |                           |                           |
| Collection  | 338                       | 322                       | 330                       |
| Management  | 1,555                     | 1,418                     | 1,460                     |
| <b>Total Operating Expenditure</b>                              | <b>1,893</b>              | <b>1,740</b>              | <b>1,790</b>              |
| <b>Net Operating Cost/(Surplus)</b>                             | <b>949</b>                | <b>673</b>                | <b>761</b>                |
| <b>Capital Expenditure</b>                                      |                           |                           |                           |
| Management  | 146                       | 124                       | 218                       |
| <b>Total Capital Expenditure</b>                                | <b>146</b>                | <b>124</b>                | <b>218</b>                |
| <b>Net Expenditure</b>  | <b>1,095</b>              | <b>797</b>                | <b>979</b>                |
| <b>Funded By</b>  |                           |                           |                           |
| Internal Loans  | 67                        | 52                        | 0                         |
| Reserves  | 253                       | (25)                      | 241                       |
| General Rate  | 12                        | 12                        | 11                        |
| UAGC  | 12                        | 12                        | 11                        |
| Targeted Rate - Mokau   | 40                        | 39                        | 38                        |
| Targeted Rate - Piopio  | 26                        | 26                        | 25                        |
| Targeted Rate - Te Kuiti  | 100                       | 100                       | 95                        |
| Targeted Rate - Waitomo   | 38                        | 37                        | 35                        |
| Targeted Rate - Solid Waste Management                          | 547                       | 544                       | 523                       |
| <b>Total Funding</b>  | <b>1,095</b>              | <b>797</b>                | <b>979</b>                |

## Variations to Annual Plan

### Operating Income

Revenue was \$123,000 more than budget due to an increase in disposal revenue for green waste, general refuse charges and the sale of landscape products.

### Operating Expenditure

Expenditure was \$153,000 less than budget due to:

- Expenditures for intermediary capping material budgeted for was not required
- The surrender cost of carbon credits used to meet the Emissions Trading Scheme obligations was less than budget.
- Rates on council properties being excluded, the budget figure includes these rates.
- Favourable loan interest rates achieved during the year meaning less interest costs were incurred.

### Capital Expenditure

Total capital expenditure was \$22,000 less than budget as expenditure on the cell 3 liner development was less.

# 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 2016/17**









- Continued with the collection of asset management data, by continual updating of asset data into AssetFinda (Council's asset information database) and updating GIS (spatial information and mapping) accordingly.
- A number of minor capital works were identified as required on the basis of known asset conditions and those identified during network cleaning and inspections, for example:
  - A storm water manhole and pipe subsided at Awakino Heads. The manhole was replaced and section of mismatched pipes were replaced
  - The storm water manhole and inlet in Julian Street was repaired and upgraded
  - Storm water pipe upgrade in Elizabeth Street Te Kuiti. It was noticed when a sink hole developed in a driveway.
  - A section of Hill Street storm water pipe was rerouted away from underneath several houses where this pipe was subsiding and could potentially cause issues for the home owners. It was also upgraded to allow for the increasing intensity rainfall events
  - A section of drain, heavily silted up over the years, was opened up and minor repairs done in Waitete Road near Ahoroa Ford West



REPLACEMENT OF THE THE OLD STORM WATER PIPE ON EDWARD STREET WITH A LARGER DIAMETER PIPE - IMPROVING COLLECTION AND DISPOSAL OF STORM WATER RUN-OFF.

## Statement of Service Performance

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

| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)   | Our Performance to 30 June 2017  | Key  |
|--|--|--|--|
| Stormwater drainage system is adequate and is sufficiently maintained.   | The number of flooding events that occur in the district in a financial year.<br>Target Nil (for less than 1 in 2 year event)  | <b>Achieved (0)</b><br>No flooding events of less than 1 in 2 year occurred in the district for the 2016/17 year.  | (a)<br>   |
|  | For each flooding event the number of habitable floors affected in a financial year.<br>Target ≤ 1 per 1000 properties   | <b>Achieved (0)</b><br>There were no flooding events of less than 1 in 2 year, therefore no habitable floors were affected by a flooding event.                            | (b)<br>   |
| 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<br>Target 0  | <b>Achieved (0)</b><br>No abatement notices were issued to WDC throughout the 2016/17 year.  | (c)<br>   |
|  | infringement notices<br>Target ≤2  | <b>Achieved (0)</b><br>No infringement notices were issued to WDC throughout the 2016/17 year.   | (d)<br> |
|  | enforcement orders<br>Target Nil   | <b>Achieved (Nil)</b><br>No enforcement orders were issued to WDC throughout the 2016/17 year.   | (e)<br> |
|  | successful prosecutions<br>Target Nil  | <b>Achieved (Nil)</b><br>No successful prosecutions were brought against WDC throughout the 2016/17 year.  | (f)<br> |
| 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)<br>Target ≤ 180 minutes (3hrs) | <b>Achieved (0)</b><br>No notifications regarding flooding events were received regarding stormwater issues during the 2016/17 year.                                       | (g)<br> |
| 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.<br>Target ≤4 complaints per 1000 properties                     | <b>Achieved (2.9)</b><br>There were 6 complaints received about the performance of the Council's urban stormwater system in the 2016/17 year, or 2.9 per 1,000 properties. | (h)<br> |

## Summary of Service Performance

The overall performance for Stormwater Drainage for the year ended 30 June 2017 was excellent with all eight performance targets being achieved.

## How we went against our budget

| Cost of Service Statement - Stormwater Drainage<br>(\$000's) | 2017<br>Council<br>Budget | 2017<br>Council<br>Actual | 2016<br>Council<br>Actual |
|--|---------------------------|---------------------------|---------------------------|
| <b>Operating Income</b>                                      |                           |                           |                           |
| Urban  | 0                         | 7                         | 0                         |
| Rural  | 0                         | 0                         | 0                         |
| <b>Total Operating Income</b>                                | <b>0</b>                  | <b>7</b>                  | <b>0</b>                  |
| <b>Operating Expenditure</b>                                 |                           |                           |                           |
| Urban  | 397                       | 309                       | 365                       |
| Rural  | 49                        | 40                        | 44                        |
| <b>Total Operating Expenditure</b>                           | <b>446</b>                | <b>349</b>                | <b>409</b>                |
| <b>Net Operating Cost/(Surplus)</b>                          | <b>446</b>                | <b>342</b>                | <b>409</b>                |
| <b>Capital Expenditure</b>                                   |                           |                           |                           |
| Urban  | 272                       | 227                       | 344                       |
| Rural  | 5                         | 25                        | 7                         |
| <b>Total Capital Expenditure</b>                             | <b>277</b>                | <b>252</b>                | <b>351</b>                |
| <b>Net Expenditure</b>                                       | <b>723</b>                | <b>594</b>                | <b>760</b>                |
| <b>Funded By</b>   |                           |                           |                           |
| Internal Loans   | 42                        | 0                         | 0                         |
| Reserves   | 258                       | 200                       | 382                       |
| Target Rate - Stormwater (Urban)                             | 369                       | 339                       | 326                       |
| Target Rate - Stormwater (Rural)                             | 54                        | 55                        | 52                        |
| <b>Total Funding</b>   | <b>723</b>                | <b>594</b>                | <b>760</b>                |

## Variations to Annual Plan

### Operating Income

Revenue was \$7,000 more than budget from connection fees.

### Operating Expenditure

Expenditure was \$97,000 less than budget for operational and maintenance costs. Rates on council properties were also excluded, the budget figure includes these rates.

### Capital Expenditure

Total capital expenditure was \$25,000 less than budget as the contingency budget for Taupiri St stormwater pipe rehabilitation was not required.

## *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 2016/17**

- 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.
- In September 2015 Council resolved to commence a full review of the Waitomo District Plan, and the Resource Management activity supported this work throughout the 2016/17 year. The District Plan review sits within the Governance: Leadership and Investments activity.



LAKE TAHAROA

## Statement of Service Performance

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

| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)                                 | Our Performance to 30 June 2017  | 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.<br>Target 90% | <b>Achieved</b><br>No notified resource consents were submitted to Council during the 2016/17 year.      | (a)<br>● |
|  | Percentage of non-notified consents processed within 20 working days.<br>Target 90%        | <b>Achieved (100%)</b><br>All non-notified resource consents have been processed within 20 working days. | (b)<br>● |
| All premises where resource consent have been issued will be monitored at least biennially to ensure compliance.                                 | Percentage of consented premises visited each year.<br>Target 50%                          | <b>Achieved (100%)</b><br>All landuse consents which require monitoring have been monitored.             | (c)<br>● |

## Summary of Service Performance

The overall performance for Resource Management was excellent with all three performance targets achieved for the period ending 30 June 2017.



VIEW ACROSS FARMLAND - AWAKAU ROAD MOKAU

## How we went against our budget

| <b>Cost of Service Statement - Resource Management<br/>(\$000's)</b> | <b>2017<br/>Council<br/>Budget</b> | <b>2017<br/>Council<br/>Actual</b> | <b>2016<br/>Council<br/>Actual</b> |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Operating Income</b>  |                                    |                                    |                                    |
| District Plan Administration   | 76                                 | 91                                 | 74                                 |
| <b>Total Operating Income</b>  | <b>76</b>                          | <b>91</b>                          | <b>74</b>                          |
| <b>Operating Expenditure</b>   |                                    |                                    |                                    |
| District Plan Administration   | 190                                | 213                                | 187                                |
| <b>Total Operating Expenditure</b>                                   | <b>190</b>                         | <b>213</b>                         | <b>187</b>                         |
| <b>Net Operating Cost/(Surplus)</b>                                  | <b>114</b>                         | <b>122</b>                         | <b>113</b>                         |
| <b>Funded By</b>   |                                    |                                    |                                    |
| Reserves   | 0                                  | 8                                  | (1)                                |
| General Rates  | 57                                 | 57                                 | 57                                 |
| Uniform Annual General Charges                                       | 57                                 | 57                                 | 57                                 |
| <b>Total Funding</b>   | <b>114</b>                         | <b>122</b>                         | <b>113</b>                         |

## Variations to Annual Plan

### Operating Income

Revenue was \$15,000 more than budget due to an increase in revenue from LIMs.

### Operating Expenditure

Expenditure was \$23,000 more than budget due to additional organisational resource being applied to this activity.

# 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 2016/17**

- Further improvements to the performance and safety operation of the Te Kuiti Waste Water Treatment Plant were completed. This included the installation of bunded chemical tanks, work area improvements and minor pipe renewals. This project has been successfully completed and commissioned and will contribute to improvements in health and safety.
- A sewer main was rerouted from underneath a set of flats in Nettie Street, Te Kuiti. This work was necessary to avoid potential undermining of the foundations of the flats.
- Several new manholes were installed along Taupiri Street, Te Kuiti to clean the sewer line reticulation more efficiently. During the installation it became clear that the sewer pipe is in very poor condition and leaks all along the length of the main line. A design is underway to install a secondary main line to aid in the replacement of the main sewer line.
- The Benneydale Waste Water Treatment Plant wetland was renewed with a new liner installed and a floating raft with vegetation installed. This replaces the previous reed bed inside the pond that was heavily silted up. The original liner has perished.
- Several on-site septic tanks in the Piopio waste water system were converted from gravity outlet to pumped systems due to continued overflows occurring.
- The Te Kuiti landfill leachate manholes were upgraded in response to highly diluted leachate overflowing from manholes located on Williams Street during the Cyclone Cook deluge.
- Council successfully renewed the discharge consent of the Te Waitere soakage field until July 2042.











TE KUITI WASTE WATER TREATMENT PLANT



## Statement of Service Performance

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

| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2017  | 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.<br>Target Total complaints per 1000 connections ≤20    | <b>Not Achieved (47.5)</b>   | (a)<br>   |
| 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<br>Target Nil   | <b>Achieved (Nil)</b><br>No abatement notices were issued to WDC during the 2016/17 year.  | (b)<br>   |
|  | infringement notices<br>Target Nil  | <b>Achieved (Nil)</b><br>No infringement notices were issued to WDC during the 2016/17 year.   | (c)<br>   |
|  | enforcement orders<br>Target Nil  | <b>Achieved (Nil)</b><br>No enforcement notices were issued to WDC during the 2016/17 year.  | (d)<br>   |
|  | convictions received<br>Target Nil  | <b>Achieved (Nil)</b><br>No convictions were received by WDC during the 2016/17 year.  | (e)<br> |
| 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<br>Target ≤180 minutes (3hrs)                                    | <b>Achieved (&lt;2 hours)</b><br>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 2016/17 period was <2 hours.       | (f)<br> |
|  | 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<br>Target ≤540 minutes (9hrs) | <b>Achieved (&lt;6 hours)</b><br>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 2016/17 period was <6 hours. | (g)<br> |
| 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.<br>Target ≤ 5 per 1000 connections   | <b>Not Achieved (16)</b>   | (h)<br> |

### Summary of Service Performance

The overall performance for sewerage and treatment and disposal of sewage for the year ended 30 June 2017 was good with six 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 2016/17 year, as 92 complaints were received in total (or 47.5 per 1,000 connections). There are 1,936 connections across the four sewerage schemes (Te Kuiti, Piopio, Te Waitere and Benneydale).

The majority of these complaints relate to issues in the Piopio Wastewater Scheme and were largely about system faults, overflows and blockages. These issues arise from what is being discharged to the wastewater systems by the residents, and therefore increased maintenance requirements. Council sends regular correspondence to Piopio residents with recommendations of how they can help to reduce issues with their septic tanks. A small number of these complaints relate to the Te Kuiti Scheme, and were mostly about overflows and blockages.

(h) The performance target for 'Number of dry weather sewage overflows from the Council's sewerage system in a financial year' was not achieved. The annual target has not been met for the 2016/17 year, as 31 complaints were received in total (or 16 per 1,000 connections). There are 1,936 connections across the four sewerage schemes (Te Kuiti, Piopio, Te Waitere and Benneydale).

Most of the overflows were in Piopio, and arise from what is being discharged to the wastewater systems by the residents. Council sends regular correspondence to Piopio residents with recommendations of how they can help to reduce issues with their septic tanks.



BENNEYDALE WASTE WATER TREATMENT PLANT

## How we went against our budget

| Cost of Service Statement - Sewerage (\$000's) | 2017 Council Budget | 2017 Council Actual | 2016 Council Actual |
|--|---------------------|---------------------|---------------------|
| <b>Operating Income</b>                        |                     |                     |                     |
| Te Kuiti Sewerage                              | 1,160               | 954                 | 1,285               |
| Benneydale Sewerage                            | 1                   | 2                   | 1                   |
| Piopio Sewerage                                | 5                   | 41                  | 5                   |
| <b>Total Operating Income</b>                  | <b>1,166</b>        | <b>997</b>          | <b>1,291</b>        |
| <b>Operating Expenditure</b>                   |                     |                     |                     |
| Waitomo Sewerage                               | 0                   | 9                   | 0                   |
| Te Kuiti Sewerage                              | 2,890               | 2,537               | 2,839               |
| Te Waitere Sewerage                            | 45                  | 42                  | 42                  |
| Benneydale Sewerage                            | 204                 | 136                 | 185                 |
| Piopio Sewerage                                | 306                 | 249                 | 274                 |
| <b>Total Operating Expenditure</b>             | <b>3,445</b>        | <b>2,973</b>        | <b>3,340</b>        |
| <b>Net Operating Cost/(Surplus)</b>            | <b>2,279</b>        | <b>1,976</b>        | <b>2,049</b>        |
| <b>Capital Expenditure</b>                     |                     |                     |                     |
| Te Kuiti Sewerage                              | 769                 | 325                 | 226                 |
| Te Waitere Sewerage                            | 32                  | 3                   | 0                   |
| Benneydale Sewerage                            | 54                  | 41                  | 23                  |
| Piopio Sewerage                                | 37                  | 34                  | 45                  |
| <b>Total Capital Expenditure</b>               | <b>892</b>          | <b>403</b>          | <b>294</b>          |
| <b>Net Expenditure</b>                         | <b>3,171</b>        | <b>2,379</b>        | <b>2,343</b>        |
| <b>Funded By</b>                               |                     |                     |                     |
| Internal Loans Drawn                           | 360                 | 143                 | 0                   |
| Reserves                                       | 526                 | 4                   | 173                 |
| Target Rate - Te Kuiti                         | 1,693               | 1,645               | 1,598               |
| Target Rate - Trade Waste Contribution         | 166                 | 165                 | 165                 |
| Target Rate - Te Waitere                       | 43                  | 43                  | 42                  |
| Target Rate - Benneydale                       | 152                 | 151                 | 144                 |
| Target Rate - Piopio                           | 231                 | 228                 | 221                 |
| <b>Total Funding</b>                           | <b>3,171</b>        | <b>2,379</b>        | <b>2,343</b>        |

## Variations to Annual Plan

### Operating Income

Revenue was \$169,000 less than budget due to better pre-treatment of trade waste by major commercial users and therefore reduced nutrient loads in their discharge. Additional revenue was received from connections fees for Piopio scheme.

## **Operating Expenditure**

Expenditure was \$472,000 less than budget due to:

- (a) Overall operations and maintenance costs are being less than budget for all schemes. Part of the reduced operational costs was offset by expenditure on land easement expenditure and increased expenditure for chemicals.
- (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 meaning less interest costs were incurred.
- (d) Expenditure was incurred for the investigation into the Waitomo sewerage scheme.

## **Capital Expenditure**

Total capital expenditure was \$489,000 less than budget due to:

- (a) Work on the bunded chemical tank and the base structure for the sludge removal process at Te Kuiti wastewater plant are yet to be completed.
- (b) Some sewer pipe renewal projects in Te Kuiti were delayed and will be carried out in the following year.
- (c) Te Waitere unspecified renewals and pump station renewals work were planned but will be carried out in 2017/18 year.

# 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 2016/17**










- Phase 1 of the major upgrade Te Kuiti Water Treatment Plant has been successfully completed and commissioned.
- A number of minor capital works have been successfully completed. These projects are planned on the basis of known asset conditions.
- The main arterial water pipe along North Street in Mokau was replaced from the Inframax yard in Oha Street to the sea mine at Rerenga Street.
- A new ring feed rider main was installed in Piopio with new connections to the properties.
- The pump station in Awakino Road, Te Kuiti was completely upgraded with new, energy efficient water pumps on a duty/standby configuration. New pipe connections and control valve were installed.
- The water main from Awakino Road to the Blackman's Reservoir was replaced due to premature failure. A water main near the Blackman's Reservoir, installed a number of years ago and dormant until now, was connected up and new valves were installed.











THE NEW STEEL WATER FILTERS WERE INSTALLED AS PART OF THE TE KUITI WATER TREATMENT PLANT UPGRADE

## Statement of Service Performance

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

| What we do<br>(Level of Service)  | How we measure success<br>(Performance Measure and Target)   | Our Performance to 30 June 2017   | 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)<br>Target 100%  | <b>Not Achieved (75% Achieved)</b>  | (a)<br>   |
|   | The extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2005 (revised 2008) (protozal compliance criteria)<br>Target 100%  | <b>Not Achieved (0% Achieved)</b>   | (b)<br>   |
| 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<br>Target ≤ 25%   | <b>Achieved (20%)</b><br>The percentage of real water loss from the Council's networked reticulation system in the 2016/17 period for the Te Kuiti scheme was 20%.                        | (c)<br>   |
|   | Mokau<br>Target ≤ 25%  | <b>Achieved (20%)</b><br>The percentage of real water loss from the Council's networked reticulation system in the 2016/17 period for the Mokau scheme was 20%.                           | (d)<br>  |
|   | Piopio<br>Target ≤ 25%   | <b>Achieved (25%)</b><br>The percentage of real water loss from the Council's networked reticulation system in a financial year for the 2016/17 period for the Piopio scheme was 25%.     | (e)<br> |
|   | Benneydale<br>Target ≤ 15%   | <b>Achieved (10%)</b><br>The percentage of real water loss from the Council's networked reticulation system in a financial year for the 2016/17 period for the Benneydale scheme was 10%. | (f)<br> |
| Timely response and resolution of service requests.                                     | The median response times for attendance for urgent call-outs in a financial year*<br>Target ≤ 180 minutes (3 hrs)   | <b>Achieved (&lt;2 hrs)</b><br>The median response time for attendance for urgent call outs during the 2016/17 period was <2 hours.   | (g)<br> |
|   | The median resolution time of urgent call-outs in a financial year**<br>Target ≤ 540 minutes (9 hrs)   | <b>Achieved (&lt;6 hrs)</b><br>The median resolution time of urgent call outs during the 2016/17 period was <6 hours.   | (h)<br> |
| Timely response and resolution of service requests.                                     | The median response times for attendance for non-urgent call outs in a financial year*<br>Target ≤ 660 minutes (11 hrs)  | <b>Achieved (&lt;8 hrs)</b><br>The median response time for attendance for non-urgent call outs during the 2016/17 period was <8 hours.   | (i)<br> |

| What we do<br>(Level of Service)  | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2017   | Key  |
|---|---|---|--|
|   | The median resolution time of non-urgent call-outs in a financial year**<br>Target ≤ 850 minutes (14.1 hrs)   | <b>Not Achieved (&lt;72 hrs)</b>  | (j)<br>   |
|   | * from the time that the Council receives notification to the time that the service personnel reach the site.<br>** 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:   |   |  |
|   | drinking water clarity<br>Target ≤ 5 per 1000 connections   | <b>Achieved (3.2)</b><br>Council received 7 complaints during the 2016/17 year, or 3.2 per 1,000 connections.                                   | (k)<br>   |
|   | drinking water taste<br>Target ≤ 5 per 1000 connections   | <b>Achieved (0.9)</b><br>Council received 2 complaints during the 2016/17 year, or 0.9 per 1,000 connections.                                   | (l)<br>   |
|   | drinking water odour<br>Target ≤ 5 per 1000 connections   | <b>Achieved (0.9)</b><br>Council received 2 complaints during the 2016/17 year, or 0.9 per 1,000 connections.                                   | (m)<br> |
|   | drinking water pressure flow<br>Target ≤ 5 per 1000 connections   | <b>Not Achieved (47)</b>  | (n)<br> |
|   | continuity of supply<br>Target ≤ 5 per 1000 connections   | <b>Not Achieved (37)</b>  | (o)<br> |
|   | Median response time to any of these issues within a year<br>Target ≤ 180 minutes   | <b>Not Achieved (&lt;360)</b>   | (p)<br> |
| Efficient management of demand for water for the community.               | Average consumption of drinking water per day per resident within the district.<br>Target ≤ 400 litres per person per day   | <b>Achieved (276)</b><br>The average consumption of drinking water per day per resident within the district for the 2017 period was 276 litres. | (q)<br> |

## Summary of Service Performance

The overall performance for water supply for the year ended 30 June 2017 was satisfactory with eleven out of seventeen targets being achieved.

- (a) The target for 'the extent to which WDC's drinking water supplies comply with Part 4 of NZ Drinking Water Standards (NZDWS) 2005 (bacteria compliance criteria) with a goal of 100%' was not achieved.

Much improvement has been made in this area in the 2016/17 year. Of WDC's four water treatment plants, only the Te Kuiti Water Treatment Plant has not been able to demonstrate compliance with Part 4 of the standards. Te Kuiti Water Treatment Plant is currently undergoing a major upgrade and is expected to meet compliance standards once the upgrades are complete.

- (b) The target for 'the extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking Water Standards 2005 (protozoal compliance criteria) with a goal of 100%' was not achieved.

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.

- (j) The target for 'the median resolution time of non-urgent call-outs in a financial year – with a goal of 14.1 hours' was not achieved.

The median resolution time of non-urgent call outs during the 2016/17 period was <72 hours, resulting in the non-achievement of this target. Resolution of urgent call outs such as burst pipes or no water supply are prioritised over non-urgent callouts.

- (n) The target for 'the total number of complaints received by Council in a year for drinking water pressure flow – with a goal of  $\leq 5$  per 1000 connections' was not achieved.

Council received 104 complaints during the 2016/17 year, or 47 per 1,000 connections. Most of the complaints related to fluctuations in the system resulting from the upgrade of the Te Kuiti water treatment plant, the three large water main bursts in Mokau and other related upgrade work in the water network.

- (o) The target for 'the total number of complaints received by Council in a year for continuity of supply – with a goal of  $\leq 5$  per 1000 connections' was not achieved.

Council received 83 complaints during the 2016/17 year, or 37 per 1,000 connections. Most of the complaints related to fluctuations in the system resulting from the upgrade of the Te Kuiti water treatment plant, water bursts and other related upgrade work in the water network.

- (p) The target for 'the total number of complaints received by Council in a year for Median response time to any of these issues within a year - with a goal of  $\leq 180$  minutes' was not achieved.

The median response time to any of the issues above within the 2016/17 period was < 6 hours.



MOKAU WATER STORAGE DAM



## How we went against our budget

| Cost of Service Statement - Water Supply<br>(\$000's) | 2017<br>Council<br>Budget | 2017<br>Council<br>Actual | 2016<br>Council<br>Actual |
|---|---------------------------|---------------------------|---------------------------|
| <b>Operating Income</b>                               |                           |                           |                           |
| Te Kuiti Water  | 0                         | 2                         | 809                       |
| Mokau Water   | 0                         | 8                         | 172                       |
| Piopio Water  | 0                         | 2                         | 0                         |
| Benneydale Water                                      | 0                         | 0                         | 0                         |
| <b>Total Operating Income</b>                         | <b>0</b>                  | <b>12</b>                 | <b>981</b>                |
| <b>Operating Expenditure</b>                          |                           |                           |                           |
| Te Kuiti Water  | 1,976                     | 1,778                     | 1,914                     |
| Mokau Water   | 365                       | 417                       | 413                       |
| Piopio Water  | 381                       | 330                       | 380                       |
| Benneydale Water                                      | 185                       | 186                       | 167                       |
| Waitomo Water   | 0                         | 9                         | 0                         |
| <b>Total Operating Expenditure</b>                    | <b>2,907</b>              | <b>2,720</b>              | <b>2,874</b>              |
| <b>Net Operating Cost/(Surplus)</b>                   | <b>2,907</b>              | <b>2,708</b>              | <b>1,893</b>              |
| <b>Capital Expenditure</b>                            |                           |                           |                           |
| Te Kuiti Water  | 2,205                     | 1,829                     | 1,939                     |
| Mokau Water   | 48                        | 468                       | 320                       |
| Piopio Water  | 76                        | 66                        | 66                        |
| Benneydale Water                                      | 0                         | 18                        | 4                         |
| <b>Total Capital Expenditure</b>                      | <b>2,329</b>              | <b>2,381</b>              | <b>2,329</b>              |
| <b>Net Expenditure</b>                                | <b>5,236</b>              | <b>5,089</b>              | <b>4,222</b>              |
| <b>Funded By</b>                                      |                           |                           |                           |
| Internal Loans  | 2,328                     | 2,289                     | 1,101                     |
| Reserves  | 533                       | 460                       | 807                       |
| Target Rate - Te Kuiti                                | 968                       | 941                       | 904                       |
| Target Rate - Mokau                                   | 288                       | 271                       | 272                       |
| Target Rate - Piopio                                  | 281                       | 276                       | 268                       |
| Target Rate - Benneydale                              | 163                       | 161                       | 158                       |
| Metered Water Rates                                   | 675                       | 691                       | 712                       |
| <b>Total Funding</b>                                  | <b>5,236</b>              | <b>5,089</b>              | <b>4,222</b>              |

## Variations to Annual Plan

### Operating Income

Revenue was \$12,000 more than budget. The remaining subsidy from the Ministry of Health was recognised for Mokau and additional revenue was also received for water connections for Te Kuiti and Piopio.

### Operating Expenditure

Expenditure was \$187,000 less than budget due to:

- (a) Operation and maintenance costs were less than budget for Te Kuiti and Piopio.
- (b) Additional expenditures were incurred for Mokau with several bursts along the SH3 (North Street) water main. These bursts gave rise to the replacement of this section of reticulation. In addition there has been an increase in water treatment plant maintenance 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 meaning less interest costs were incurred.
- (e) Expenditure was incurred for the investigation into the Waitomo water scheme.

### Capital Expenditure

Total capital expenditure was \$52,000 more than budget due to:

- (a) The installation of the main reticulation line on SH3 in Mokau and dam upgrades for safety requirements were completed. Amounts budgeted in future years in 2015-25 LTP were brought forward for this work.
- (b) Phase 1 of the Te Kuiti water treatment plant upgrade was completed which included expenditure incurred for design work, the filter replacement and the new building.



MOKAU WATER RETICULATION - MAIN PIPE REPLACEMENT PROJECT

## *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 2016/17**

The following roading activities (maintenance contracts and capital projects) are of significance:

- The current roading maintenance contract has been divided into 24 maintenance zones. To ensure that the intended measure of attention is given to general maintenance of the entire network. The annual routine (zonal) road maintenance programme is based on two complete maintenance cycles of the entire network per year. Monthly routine maintenance programmes of approximately 40km each (sealed and unsealed) are based on geographical sequence and asset planning data. The indication so far is that the new format is resulting in an improved outcome for the maintenance of WDC's roading network.
- A street light upgrade has been researched and recommended to Council in the 2016/17 year for implementation in the 17/18 year. The upgrade will reduce maintenance requirements and allows for the use of the NZ Transport Agency LED conversion support package.
- The Maraeroa Road seal extension is another success story completed during 2016/17. The 1.5km stretch of road provides access from State Highway 30 to Pureora Forest Park, the scenic location of tourist destinations Pa Harakeke and The Timber Trail. The NZ Transport Agency supported the funding application for the extension of Waitomo District Council's sealed roading network.
- A parking improvement project was completed on Rora Street and Domain Road in the vicinity of Te Kuiti Primary School in April 2017. The aim of this project was to improve the layout and positioning of car parks, the turning circle, and to achieve a better level of road safety at the pedestrian crossing.
- Kawhia Harbour Road slip repairs were completed in order to protect the Kawhia Harbour roadway from tidal erosion. A total of eleven erosion sites were repaired and reinforced.
- The cyclone weather events of 4 to 6 April 2017 and 12 to 14 April 2017 caused extensive damage to the roading network. Repair sites are being dealt with in order of prioritised urgency and the work is planned to be spread out over more than one financial year in order to lessen the financial impact on the available budget.









WORK COMPLETED IN THE VICINITY OF TE KUITI PRIMARY SCHOOL, TO IMPROVE THE POSITION OF THE CAR PARKS AND FOR THE PURPOSE OF ROAD SAFETY.



STORM DAMAGE TO PAEKAKA ROAD, PIOPIO - 5 APRIL 2017.

## Statement of Service Performance

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

| What we do<br>(Level of Service)   | How we measure success<br>(Performance Measure and Target)  | Our Performance to 30 June 2017  | 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.<br>Target 1 (or maintain at 0)  | <b>Achieved (1)</b><br>During the 2016/17 year there has been 5 fatality/serious injury crashes on the local road network. In the 2015/16 year there were 4. | (a)<br>   |
| Maintain the overall condition of local roads to a specified adequate standard<br>*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%.)<br>Target 90% | <b>Achieved (94%)</b><br>This is measured every two years. The latest NAASRA roughness count from 2016 was 94%.  | (b)<br>   |
| Maintain the overall condition of the unsealed roads to a specified adequate standard.   | Percentage of unsealed road metalled each year.<br>Target 15% (of total)  | <b>Not Achieved (7%)</b>   | (c)<br>   |
| Maintain the overall condition of sealed roads to a specified adequate standard.   | Percentage of the sealed local road network that is resurfaced each year.<br>Target 7% (of total)   | <b>Achieved (8%)</b><br>WDC resurfaced 37km out of 459.4km of sealed road in the 2016/17 year  | (d)<br>   |
| Maintain the overall condition of footpaths to a specified adequate standard.  | The percentage of footpath network that falls within a condition rating of 3<br>Target 90%  | <b>Achieved (91%)</b><br>91% of footpaths in the Waitomo District network had a condition rating of 3 or better in the 2016/17 year.                         | (e)<br> |
| 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.<br>Target 95%   | <b>Not Achieved (71%)</b>  | (f)<br> |

\* 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

Four out of the six performance targets were achieved in the Roads and Footpaths activity for the year ended 30 June 2017.

(c) The target for the 'Percentage of unsealed road metalled each year of 15% or more' was not achieved.

38.6km of the total 555km of unsealed road was metalled this year. This target was not achieved due to reduced budget capacity resulting from a refocus of maintenance spend required by NZTA for part of the 2016/17 financial year.

(f) The target for 'the percentage of customer service requests relating to roads and footpaths responded to within 10 working days being 95% or more' was not achieved.

A total of 396 service requests were received during 2016/17 year, of which 283 (71%) were responded to within 10 working days.

A majority of these complaints were related to corrugations on rural roads, potholes, stock/animal waste on both rural roads and urban roads/footpaths (referred to as detritus) and vegetation issues that pose a visual danger to the road users. There were a significant number of requests for service relating to damaged or displaced road signage, all in urban areas.

## How we went against our budget

| Cost of Service Statement - Roads and Footpaths<br>(\$000's) | 2017<br>Council<br>Budget | 2017<br>Council<br>Actual | 2016<br>Council<br>Actual |
|--|---------------------------|---------------------------|---------------------------|
| <b>Operating Income</b>                                      |                           |                           |                           |
| Subsidised Roads   | 7,537                     | 6,465                     | 5,898                     |
| Unsubsidised Roads   | 78                        | 124                       | 127                       |
| <b>Total Operating Income</b>                                | <b>7,615</b>              | <b>6,589</b>              | <b>6,025</b>              |
| <b>Operating Expenditure</b>                                 |                           |                           |                           |
| Subsidised Roads   | 8,915                     | 9,004                     | 8,622                     |
| Unsubsidised Roads   | 377                       | 327                       | 380                       |
| <b>Total Operating Expenditure</b>                           | <b>9,292</b>              | <b>9,331</b>              | <b>9,002</b>              |
| <b>Net Operating Cost/(Surplus)</b>                          | <b>1,677</b>              | <b>2,742</b>              | <b>2,977</b>              |
| <b>Capital Expenditure</b>                                   |                           |                           |                           |
| Subsidised Roads   | 6,500                     | 4,561                     | 4,247                     |
| Unsubsidised Roads   | 330                       | 153                       | 26                        |
| <b>Total Capital Expenditure</b>                             | <b>6,830</b>              | <b>4,714</b>              | <b>4,273</b>              |
| <b>Net Expenditure</b>                                       | <b>8,507</b>              | <b>7,456</b>              | <b>7,250</b>              |
| <b>Funded By</b>   |                           |                           |                           |
| Internal Loans   | 376                       | 301                       | 0                         |
| Reserves   | 2,127                     | 1,117                     | 1,353                     |
| UAGC   | 84                        | 85                        | 83                        |
| Targeted Services Rate - Rural                               | 28                        | 28                        | 27                        |
| Targeted Services Rate - Urban                               | 233                       | 234                       | 227                       |
| Targeted Rate - Roads and Footpaths                          | 5,659                     | 5,691                     | 5,560                     |
| <b>Total Funding</b>   | <b>8,507</b>              | <b>7,456</b>              | <b>7,250</b>              |

## Variations to Annual Plan

### Operating Income

Revenue was \$1,026,000 less than budget due to the capital expenditure for subsidised roads being less for the year. This resulted in reduced subsidy revenue being received than was included in the budget. This was partly offset by increased revenue for overweight permit applications.

### Operating Expenditure

Expenditure was \$39,000 more than budget due to:

- Unpredictable weather events and resulting damage leading to additional expenditure for emergency re-instatement (first response).
- Environmental maintenance and traffic services expenditure were more than budget.
- These were offset by reduced unsealed pavement maintenance expenditure and no asset disposals.
- Favourable loan interest rates achieved during the year meaning less interest costs were incurred.

### Capital Expenditure

Total capital expenditure was \$2,116,000 less than budget due to:

- The remaining chip sealing work for pavement rehabilitation will now be completed in the summer months when the weather is warmer.
- Oparure Rd structures reinstatement project was not completed as this work required confirmation from OMYA regarding their quarry plan which has been put on hold.
- Emergency reinstatement capital expenditure was less than budget.
- Maraeroa Road seal extension works were more than budget. This was offset by reduced expenditure in drainage renewals and unsealed road metalling.

# 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 64) shows all revenue received including revenue from Rates, the Significant Activities and Council's subsidiary company.
2. The Statement of Changes in Equity (page 65) discloses movements in total equity.
3. The Statement of Financial Position (page 66) shows the assets and liabilities of the Council and its subsidiary.
4. The Cash Flow Statement (page 67) summarises the cash flows from operating, investing and financing activities during the year.
5. The "Notes to the Financial Statements" (pages 68 - 138) should be read in conjunction with the above statements.
6. The individual Statements of Cost of Service for Council's Significant Activities (pages 20-62) 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 38 (starting page 129) 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 2017

|  | NOTE    | Council                              |                                      |                                      | Group                              |                                    |
|--|---------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|------------------------------------|
|  |         | 2017<br>COUNCIL<br>BUDGET<br>\$000's | 2017<br>COUNCIL<br>ACTUAL<br>\$000's | 2016<br>COUNCIL<br>ACTUAL<br>\$000's | 2017<br>GROUP<br>ACTUAL<br>\$000's | 2016<br>GROUP<br>ACTUAL<br>\$000's |
| <b>Revenue</b>   |         |                                      |                                      |                                      |                                    |                                    |
| Rates revenue excluding metered water rates                                  | 1       | 18,871                               | 18,507                               | 17,988                               | 18,494                             | 17,977                             |
| Metered water rates from exchange transactions                               | 2       | 675                                  | 690                                  | 712                                  | 690                                | 712                                |
| Subsidies and grants   | 3       | 7,390                                | 6,359                                | 6,763                                | 6,359                              | 6,763                              |
| Interest revenue from exchange transactions                                  |         | 58                                   | 45                                   | 71                                   | 8                                  | 27                                 |
| Fees, charges and income from construction                                   | 4       | 3,513                                | 3,327                                | 3,522                                | 22,669                             | 25,043                             |
| Other revenue including gains/(losses)                                       | 5       | 0                                    | 849                                  | 257                                  | 849                                | 257                                |
| <b>Total Revenue and Gains/(Losses)</b>                                      |         | <b>30,507</b>                        | <b>29,777</b>                        | <b>29,313</b>                        | <b>49,069</b>                      | <b>50,779</b>                      |
| <b>Expenses</b>  |         |                                      |                                      |                                      |                                    |                                    |
| Employee benefit expenses  | 6       | 4,889                                | 4,612                                | 4,503                                | 12,138                             | 11,605                             |
| Depreciation and amortisation expense  | 7,21,22 | 5,780                                | 5,839                                | 5,639                                | 6,572                              | 6,325                              |
| Finance costs  | 8       | 2,695                                | 1,982                                | 2,174                                | 2,286                              | 2,565                              |
| Other expenses   | 9       | 14,228                               | 12,956                               | 13,403                               | 22,770                             | 26,558                             |
| <b>Total Expenses</b>  |         | <b>27,592</b>                        | <b>25,389</b>                        | <b>25,719</b>                        | <b>43,766</b>                      | <b>47,053</b>                      |
| <b>Surplus/(Deficit) Before Tax</b>  |         | <b>2,915</b>                         | <b>4,388</b>                         | <b>3,594</b>                         | <b>5,303</b>                       | <b>3,726</b>                       |
| Income tax expense/(revenue)   | 10      | 0                                    | 0                                    | 0                                    | (1,512)                            | (459)                              |
| <b>Surplus/(Deficit) from continuing operations</b>                          |         | <b>2,915</b>                         | <b>4,388</b>                         | <b>3,594</b>                         | <b>6,815</b>                       | <b>4,185</b>                       |
| Surplus for the year from discontinued operations                            | 42      | 0                                    | 0                                    | 0                                    | 0                                  | 84                                 |
| <b>Surplus/(Deficit)</b>   |         | <b>2,915</b>                         | <b>4,388</b>                         | <b>3,594</b>                         | <b>6,815</b>                       | <b>4,269</b>                       |
| <b>Other Comprehensive Revenue and Expense</b>                               |         |                                      |                                      |                                      |                                    |                                    |
| Revaluation of property, plant and equipment                                 | 11      | 4,620                                | (493)                                | 0                                    | 444                                | 136                                |
| Gains/(losses) from cash flow hedges   |         | 0                                    | 1,121                                | (1,828)                              | 1,121                              | (1,828)                            |
| Revaluation of available for sale assets                                     | 13      | 0                                    | 0                                    | 1,900                                | 0                                  | 0                                  |
| Income tax relating to components of other comprehensive revenue and expense | 10      | 0                                    | 0                                    | 0                                    | 0                                  | (38)                               |
| <b>Total Other Comprehensive Revenue and Expense</b>                         |         | <b>4,620</b>                         | <b>628</b>                           | <b>72</b>                            | <b>1,565</b>                       | <b>(1,730)</b>                     |
| <b>Total Comprehensive Revenue and Expense</b>                               |         | <b>7,535</b>                         | <b>5,016</b>                         | <b>3,666</b>                         | <b>8,380</b>                       | <b>2,539</b>                       |

These financial statements should be read in conjunction with the notes to the financial statements on pages 68 to 138



## Statement of Changes in Equity for the year ended 30 June 2017

|  | NOTE | Council                   |   | Group                     |   |
|--|------|---------------------------|---|---------------------------|---|
|  |      | 2017<br>ACTUAL<br>\$000's | 2016<br>(Restated)<br>ACTUAL<br>\$000's | 2017<br>ACTUAL<br>\$000's | 2016<br>(Restated)<br>ACTUAL<br>\$000's |
| <b>Total Equity</b>                                  |      |                           |   |                           |   |
| Balance at 1 July                                    |      | 289,174                   | 287,081                                 | 287,717                   | 286,751                                 |
| Prior Period Adjustment                              | 41   | 0                         | (1,573)                                 | 0                         | (1,573)                                 |
| <b>Adjusted Balance at 1 July</b>                    |      | <b>289,174</b>            | <b>285,508</b>                          | <b>287,717</b>            | <b>285,178</b>                          |
| Total Comprehensive Revenue and Expense for the year |      | 5,016                     | 3,666                                   | 8,380                     | 2,539                                   |
| <b>Balance at 30 June</b>                            |      | <b>294,190</b>            | <b>289,174</b>                          | <b>296,097</b>            | <b>287,717</b>                          |

These financial statements should be read in conjunction with the notes to the financial statements on pages **68 to 138**

# Statement of Financial Position at 30 June 2017

|   | NOTE | Council                   |                           |                                      | Group                     |                                      |
|---|------|---------------------------|---------------------------|--------------------------------------|---------------------------|--------------------------------------|
|   |      | 2017<br>BUDGET<br>\$000's | 2017<br>ACTUAL<br>\$000's | 2016 (restated)<br>ACTUAL<br>\$000's | 2017<br>ACTUAL<br>\$000's | 2016 (restated)<br>ACTUAL<br>\$000's |
| <b>Equity</b>   |      |                           |                           |                                      |                           |                                      |
| Accumulated Funds   | 11   | 213,356                   | 210,367                   | 207,663                              | 213,467                   | 208,336                              |
| Other Reserves  | 11   | 6,451                     | 13,287                    | 10,352                               | 8,787                     | 5,852                                |
| Revaluation Reserve   | 11   | 78,787                    | 70,536                    | 71,159                               | 73,843                    | 73,529                               |
| <b>Total Equity</b>   |      | <b>298,594</b>            | <b>294,190</b>            | <b>289,174</b>                       | <b>296,097</b>            | <b>287,717</b>                       |
| <b>Current Assets</b>   |      |                           |                           |                                      |                           |                                      |
| Cash and Cash Equivalents                                     | 12   | 100                       | 112                       | 174                                  | 211                       | 174                                  |
| Other Financial Assets  | 13   | 2                         | 378                       | 3                                    | 3                         | 3                                    |
| Inventory   | 14   | 71                        | 49                        | 38                                   | 1,566                     | 1,281                                |
| Receivables under Exchange Transactions                       | 15   | 372                       | 395                       | 357                                  | 2,609                     | 2,928                                |
| Receivables under Non Exchange Transactions                   | 15   | 4,815                     | 5,966                     | 5,688                                | 5,966                     | 5,688                                |
| Capitalised Quarry Development Asset                          | 25   | 0                         | 0                         | 0                                    | 82                        | 71                                   |
| Assets Held for Sale  | 24   | 67                        | 1,050                     | 78                                   | 1,050                     | 78                                   |
| Deferred Tax Asset  | 10   | 0                         | 0                         | 0                                    | 0                         | 0                                    |
| <b>Total Current Assets</b>                                   |      | <b>5,427</b>              | <b>7,950</b>              | <b>6,338</b>                         | <b>11,487</b>             | <b>10,223</b>                        |
| <b>Current Liabilities</b>                                    |      |                           |                           |                                      |                           |                                      |
| Bank Overdraft (Secured)                                      | 18   | 0                         | 0                         | 0                                    | 1,500                     | 275                                  |
| Payables and Deferred Revenue under Exchange Transactions     | 17   | 3,338                     | 4,111                     | 2,811                                | 4,706                     | 4,361                                |
| Payables and Deferred Revenue under Non Exchange Transactions | 17   | 702                       | 685                       | 719                                  | 942                       | 875                                  |
| Current Portion of Borrowings                                 | 18   | 5,200                     | 13,419                    | 15,032                               | 14,002                    | 15,907                               |
| Provisions  | 19   | 17                        | 26                        | 20                                   | 76                        | 20                                   |
| Employee Entitlements   | 20   | 422                       | 549                       | 514                                  | 1,127                     | 1,090                                |
| Derivative Financial Instruments                              | 16   | 317                       | 608                       | 561                                  | 608                       | 561                                  |
| <b>Total Current Liabilities</b>                              |      | <b>9,996</b>              | <b>19,398</b>             | <b>19,657</b>                        | <b>22,961</b>             | <b>23,089</b>                        |
| <b>Net Working Capital</b>                                    |      | <b>(4,569)</b>            | <b>(11,448)</b>           | <b>(13,319)</b>                      | <b>(11,474)</b>           | <b>(12,866)</b>                      |
| <b>Non Current Assets</b>                                     |      |                           |                           |                                      |                           |                                      |
| Property, Plant and Equipment                                 | 21   | 346,130                   | 331,301                   | 328,264                              | 339,077                   | 334,711                              |
| Intangible Assets   | 22   | 416                       | 388                       | 303                                  | 435                       | 316                                  |
| Investment Property   | 23   | 1,295                     | 750                       | 1,346                                | 750                       | 1,346                                |
| Assets Held for Sale  | 24   | 278                       | 0                         | 439                                  | 0                         | 439                                  |
| Capitalised Quarry Development Asset                          | 25   | 0                         | 0                         | 0                                    | 372                       | 368                                  |
| Other Financial Assets  | 13   | 758                       | 788                       | 763                                  | 413                       | 13                                   |
| Investment in CCO and Civic Financial Services Ltd            | 13   | 2,620                     | 4,520                     | 4,520                                | 20                        | 20                                   |
| Deferred Tax Asset  | 10   | 0                         | 0                         | 0                                    | 2,162                     | 650                                  |
| Derivative Financial Instruments                              | 16   | 153                       | 0                         | 0                                    | 0                         | 0                                    |
| <b>Total Non Current Assets</b>                               |      | <b>351,650</b>            | <b>337,747</b>            | <b>335,635</b>                       | <b>343,229</b>            | <b>337,863</b>                       |
| <b>Non Current Liabilities</b>                                |      |                           |                           |                                      |                           |                                      |
| Payables and Deferred Revenue under Non Exchange Transactions | 17   | 141                       | 141                       | 300                                  | 141                       | 300                                  |
| Borrowings  | 18   | 46,771                    | 30,000                    | 29,754                               | 33,549                    | 33,892                               |
| Employee Entitlements   | 20   | 0                         | 0                         | 0                                    | 0                         | 0                                    |
| Provisions  | 19   | 879                       | 940                       | 933                                  | 940                       | 933                                  |
| Derivative Financial Instruments                              | 16   | 696                       | 1,028                     | 2,155                                | 1,028                     | 2,155                                |
| <b>Total Non Current Liabilities</b>                          |      | <b>48,487</b>             | <b>32,109</b>             | <b>33,142</b>                        | <b>35,658</b>             | <b>37,280</b>                        |
| <b>Net Assets</b>   |      | <b>298,594</b>            | <b>294,190</b>            | <b>289,174</b>                       | <b>296,097</b>            | <b>287,717</b>                       |

These financial statements should be read in conjunction with the notes to the financial statements on pages 68 to 138

# Cashflow Statement for the year ended 30 June 2017

|  | NOTE | Council                   |                           |                           | Group                     |                           |
|--|------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  |      | 2017<br>BUDGET<br>\$000's | 2017<br>ACTUAL<br>\$000's | 2016<br>ACTUAL<br>\$000's | 2017<br>ACTUAL<br>\$000's | 2016<br>ACTUAL<br>\$000's |
| <b>Cash flows from Operating Activities</b>                              |      |                           |                           |                           |                           |                           |
| <b>Cash was provided from:</b>   |      |                           |                           |                           |                           |                           |
| Rates Revenue (including penalties)                                      |      | 22,404                    | 22,091                    | 21,331                    | 22,075                    | 21,318                    |
| Subsidies and Grants   |      | 8,499                     | 6,598                     | 6,379                     | 6,598                     | 6,379                     |
| Property Rentals   |      | 506                       | 501                       | 501                       | 676                       | 716                       |
| Petroleum Tax  |      | 120                       | 133                       | 126                       | 133                       | 126                       |
| Interest from Investments  |      | 58                        | 45                        | 71                        | 8                         | 26                        |
| Receipts from Other Revenue and Construction Contracts                   |      | 3,480                     | 4,151                     | 4,868                     | 27,368                    | 31,452                    |
|  |      | <b>35,067</b>             | <b>33,519</b>             | <b>33,276</b>             | <b>56,858</b>             | <b>60,017</b>             |
| <b>Cash was applied to:</b>  |      |                           |                           |                           |                           |                           |
| Payments to Suppliers and Employees                                      |      | 21,025                    | 18,430                    | 19,138                    | 39,416                    | 41,555                    |
| Elected Members  |      | 267                       | 229                       | 235                       | 349                       | 343                       |
| Interest Paid on Borrowings  |      | 2,695                     | 1,988                     | 2,180                     | 2,292                     | 2,572                     |
| GST Received/(Paid) (net)  |      | 684                       | 1,564                     | 1,134                     | 2,409                     | 2,498                     |
|  |      | <b>24,671</b>             | <b>22,211</b>             | <b>22,687</b>             | <b>44,466</b>             | <b>46,968</b>             |
| <b>Net Cash Inflow from Operating Activities</b>                         | 28   | <b>10,396</b>             | <b>11,308</b>             | <b>10,589</b>             | <b>12,392</b>             | <b>13,049</b>             |
| <b>Cash flows from Investing Activities</b>                              |      |                           |                           |                           |                           |                           |
| <b>Cash was provided from:</b>   |      |                           |                           |                           |                           |                           |
| Proceeds from Sale of Property, Plant and Equipment                      |      | 0                         | 82                        | 13                        | 385                       | 13                        |
| Proceeds from Sale of Assets Held for Sale                               |      | 78                        | 179                       | 0                         | 179                       | 0                         |
| Repayment from Advance to Community Groups                               |      | 4                         | 0                         | 2                         | 0                         | 2                         |
|  |      | <b>82</b>                 | <b>261</b>                | <b>15</b>                 | <b>564</b>                | <b>15</b>                 |
| <b>Cash was applied to:</b>  |      |                           |                           |                           |                           |                           |
| Purchase and Development of Property, Plant and Equipment                |      | 13,932                    | 9,752                     | 11,255                    | 11,338                    | 12,032                    |
| Purchase of Intangible Assets  |      | 260                       | 184                       | 302                       | 230                       | 312                       |
| Renewals of Investment Properties  |      | 0                         | 0                         | 35                        | 0                         | 35                        |
| Purchase of Financial Assets   |      | 0                         | 400                       | 0                         | 400                       | 0                         |
|  |      | <b>14,192</b>             | <b>10,336</b>             | <b>11,592</b>             | <b>11,968</b>             | <b>12,379</b>             |
| <b>Net Cash Inflow from Investing Activities</b>                         |      | <b>(14,110)</b>           | <b>(10,075)</b>           | <b>(11,577)</b>           | <b>(11,404)</b>           | <b>(12,364)</b>           |
| <b>Cash flows from Financing Activities</b>                              |      |                           |                           |                           |                           |                           |
| <b>Cash was provided from:</b>   |      |                           |                           |                           |                           |                           |
| Cash was provided from Borrowings  |      | 8,914                     | 35,960                    | 8,705                     | 35,961                    | 9,952                     |
|  |      | <b>8,914</b>              | <b>35,960</b>             | <b>8,705</b>              | <b>35,961</b>             | <b>9,952</b>              |
| <b>Cash was applied to:</b>  |      |                           |                           |                           |                           |                           |
| Repayment of Borrowings  |      | 5,200                     | 37,255                    | 10,000                    | 38,137                    | 10,818                    |
|  |      | <b>5,200</b>              | <b>37,255</b>             | <b>10,000</b>             | <b>38,137</b>             | <b>10,818</b>             |
| <b>Net Cash Inflow from Financing Activities</b>                         |      | <b>3,714</b>              | <b>(1,295)</b>            | <b>(1,295)</b>            | <b>(2,176)</b>            | <b>(866)</b>              |
| Net increase/(decrease) in cash, cash equivalents and bank overdrafts    |      | 0                         | (62)                      | (2,283)                   | (1,188)                   | (181)                     |
| Cash, cash equivalents and bank overdrafts at the beginning of the year  |      | 100                       | 174                       | 2,457                     | (101)                     | 80                        |
| <b>Cash, cash equivalents and bank overdrafts at the end of the year</b> |      | <b>100</b>                | <b>112</b>                | <b>174</b>                | <b>(1,289)</b>            | <b>(101)</b>              |
| <b>Balance at end of year represented by:</b>                            |      |                           |                           |                           |                           |                           |
| Cash at Bank and In Hand   |      | 100                       | 112                       | 174                       | 211                       | 174                       |
| Bank Overdraft   |      | 0                         | 0                         | 0                         | (1,500)                   | (275)                     |
|  |      | <b>100</b>                | <b>112</b>                | <b>174</b>                | <b>(1,289)</b>            | <b>(101)</b>              |

These financial statements should be read in conjunction with the notes to the financial statements on pages **68 to 138**

# Notes to the Financial Statements

## Statement of Accounting Policies for the year ended 30 June 2017

### 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 2017. The financial statements were authorised for issue by the Council on 31 October 2017.

### 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 2017   | 30 June 2018  |
| PBE IFRS 9 Financial Instruments                          | 1 January 2021   | 30 June 2022  |
| 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  |

## Summary of Significant Accounting Policies

### Basis of Consolidation

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

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

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

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

### Revenue

Revenue comprises rates, revenue from operating activities, grant revenue, interest revenue and other revenue and

is measured at fair value of the consideration received or receivable.

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

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

- Exchange transactions

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

- Non-exchange transactions

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

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

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

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

#### *Rates revenue*

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

#### *Interest Revenue*

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

#### *Sale of goods*

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

#### *Property Rental Revenue*

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

### **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.

Metal stocks held by Inframax Construction Limited are measured using a standard cost which is based on the average cost of production. This valuation includes allowance for slow moving or obsolete items. The standard cost approximates actual costs and is reviewed annually and adjusted where necessary to reflect current conditions.

### **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.

### *Long-Term Employee Entitlements*

#### *Retirement Gratuities*

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as retirement gratuities have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of estimated future cash flows.

#### **Leases**

##### *Finance Leases*

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

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

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

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

##### *Operating Leases*

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

## **Property, Plant & Equipment**

Property, plant and equipment consists of:

### *Operational Assets*

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

### *Restricted Assets*



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

#### Infrastructural Assets

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

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

#### Additions

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

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

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

#### Disposals

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

#### Subsequent Costs

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

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

#### Depreciation

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

#### Operational Assets

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

|                                 |             |
|---------------------------------|-------------|
| Buildings                       | 5-100 years |
| Plant and Equipment             | 2-15 years  |
| Quarry Production and Equipment | 4-15 years  |
| Motor Vehicles                  | 5-15 years  |

|                        |                 |
|------------------------|-----------------|
| Furniture and Fittings | 2-5 years       |
| Computers              | 2-5 years       |
| Library books          | 3-7 years       |
| Archive books          | Not depreciated |

#### Restricted Assets

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

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

#### Infrastructural Assets

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

##### Roads

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

##### Water Reticulation

|                          |              |
|--------------------------|--------------|
| Pipes, hydrant, valves   | 30-120 years |
| Pump station, reservoirs | 25-100 years |

##### Sewerage Reticulation

|                    |              |
|--------------------|--------------|
| Pipes and manholes | 50-120 years |
| Pump station       | 15-100 years |
| Treatment plant    | 10-80 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 asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

#### *Value in use for non cash generating assets*

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

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

#### *Value in use cash generating assets*

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

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

## **Equity**

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

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

## **Other Reserves**

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

Council created reserves are a combination of depreciation reserves and transfers of surplus or deficit from operations. The purpose of the reserves is to maintain balances of funded depreciation for future renewal of assets and to hold revenue streams in separate balances as required by Council.

Available for sale reserves consists of valuation gains associated with Council's investments, classified as Available

for Sale.

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

## **Property Revaluation Reserves**

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

## **Emissions Trading Scheme (ETS)**

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

## **Budget Figures**

The budget figures are those approved by the Council in its 2016/17 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 2016 resulting in a gain on revaluation of \$1.9 million. The valuation report indicated a value between \$3.9 million and \$5.1 million for the investment. Council conservatively recognised the investment at \$4.5 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 2017.

#### *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 2018 for the subsidiary.

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

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

#### **Comparatives**

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where Council has made additional disclosure in the current year, and where greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

## 1• Rates Revenue excluding metered water rates

| (\$000's)                                    | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| General Rate                                 | 3,617                    | 3,441          | 3,615                  | 3,439          |
| Uniform Annual General Charge                | 3,222                    | 3,142          | 3,220                  | 3,140          |
| Targeted Rates - Sewerage                    | 2,287                    | 2,214          | 2,286                  | 2,214          |
| Targeted Rates - Water                       | 1,707                    | 1,651          | 1,704                  | 1,648          |
| Targeted Rates - Solid Waste                 | 762                      | 730            | 761                    | 729            |
| Targeted Rates - Roads and Footpaths         | 5,953                    | 5,814          | 5,950                  | 5,811          |
| Targeted Rates - Other                       | 922                      | 879            | 921                    | 879            |
| Rates Penalties                              | 444                      | 480            | 444                    | 480            |
| <b>Sub Total</b>                             | <b>18,914</b>            | <b>18,351</b>  | <b>18,901</b>          | <b>18,340</b>  |
| Less Rates paid on Council properties        | (407)                    | (363)          | (407)                  | (363)          |
| <b>Total Rates Revenue</b>                   | <b>18,507</b>            | <b>17,988</b>  | <b>18,494</b>          | <b>17,977</b>  |
| Rates Revenue from non exchange transactions | 18,507                   | 17,988         | 18,494                 | 17,977         |

## 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 |                |
|---------------------|--------------------------|----------------|------------------------|----------------|
|                     | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Metered Water Rates | 690                      | 712            | 690                    | 712            |

## 3• Subsidies and Grants

| (\$000's)  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| NZTA Rooding Subsidy   | 6,317                    | 5,745          | 6,317                  | 5,745          |
| Ministry of Health Government Grants   | 8                        | 945            | 8                      | 945            |
| Ministry of Social Development Grants  | 20                       | 42             | 20                     | 42             |
| Grants received for Railway Station Building                                 | 0                        | 10             | 0                      | 10             |
| Grants received for refurbishment for relocation of Te Kuiti Community House | 0                        | 11             | 0                      | 11             |
| Other Grants   | 14                       | 10             | 14                     | 10             |
| <b>Total Subsidies and Grants</b>  | <b>6,359</b>             | <b>6,763</b>   | <b>6,359</b>           | <b>6,763</b>   |
| Subsidies and grants revenue from non exchange transactions                  | 6,359                    | 6,763          | 6,359                  | 6,763          |

In February 2013 Council entered into an agreement with the Ministry of Health to provide a subsidy for construction of the Mokau Water Supply storage dams. The total approved subsidy available is \$725,789. The subsidy is subject to obtaining the necessary resource consents and completing the construction and commissioning the works within two years of the funding agreement. The works were estimated to be completed in June 2014. A variation to the agreement was sought to extend the completion date to 31 August 2014. The necessary consents were obtained and Council completed the construction work by 31 August 2014. A further variation to the agreement was sought to extend the completion date for the upper dam works. This work was completed in June 2016 and the subsidy revenue of \$164,600 was recognised in the 2015/16 year. The final subsidy claim was claimed in June 2017 with further subsidy revenue being recognised for \$7,549.

In January 2012 Council entered into an agreement with the Ministry of Health to provide a subsidy for the construction of Te Kuiti Water Supply filtration and UV disinfection assets, which was part of the larger Te Kuiti Water Treatment Plant upgrade project. The total approved subsidy available is \$780,820. The subsidy is subject to obtaining the necessary resource consents and completing the construction and commissioning of the works within two years of the funding agreement. A variation to the agreement was sought, to extend the completion date to 31 December 2016. The full subsidy revenue of \$780,820 was recognised in the 2015/16 year as the majority of the part of project that the subsidy was for was completed by June 2016. The remaining work associated with the project was completed by 31 October 2016.

In July 2014 the New Zealand Lottery Grants Board confirmed the funding of \$15,823 for costs associated with the World War 1 commemorations. Some costs for commemorations were incurred in 2014/15. The remaining work on the Piopio memorial was completed in April 2017.

| 4• Fees, Charges and Income from Construction<br>(\$'000's) | Waitomo District Council |                | Waitomo District Group |                |
|---|--------------------------|----------------|------------------------|----------------|
|   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Revenue from exchange transactions</b>                   |                          |                |                        |                |
| Income from Construction Contracts                          | 0                        | 0              | 18,695                 | 20,844         |
| Resource Consent Revenue                                    | 0                        | 15             | 0                      | 15             |
| Property Rentals  | 25                       | 27             | 177                    | 235            |
| Rental Revenue from Investment Property                     | 23                       | 23             | 23                     | 23             |
| Sale of Goods   | 163                      | 156            | 723                    | 663            |
| Quarry Royalties  | 79                       | 38             | 14                     | 0              |
| <b>Total</b>  | <b>290</b>               | <b>259</b>     | <b>19,632</b>          | <b>21,780</b>  |
| <b>Revenue from non exchange transactions</b>               |                          |                |                        |                |
| Regulatory Revenue  | 406                      | 415            | 406                    | 415            |
| Property Rentals  | 401                      | 351            | 401                    | 351            |
| Trade Waste Charges   | 955                      | 1,269          | 955                    | 1,269          |
| Solid Waste Disposal Charges                                | 897                      | 859            | 897                    | 859            |
| Swimming Pool Revenue                                       | 47                       | 54             | 47                     | 54             |
| Resource Consent Revenue                                    | 46                       | 18             | 46                     | 18             |
| Other Fees and Charges                                      | 285                      | 297            | 285                    | 297            |
| <b>Total</b>  | <b>3,037</b>             | <b>3,263</b>   | <b>3,037</b>           | <b>3,263</b>   |
| <b>Total Fees, Charges and Income from Construction</b>     | <b>3,327</b>             | <b>3,522</b>   | <b>22,669</b>          | <b>25,043</b>  |

## 5• Other Revenue including gains and losses

| (\$000's)  | Waitomo District Council |             | Waitomo District Group |             |
|--|--------------------------|-------------|------------------------|-------------|
|  | 2017 ACTUAL              | 2016 ACTUAL | 2017 ACTUAL            | 2016 ACTUAL |
| Other Revenue  | 92                       | 132         | 92                     | 132         |
| Donations Received   | 432                      | 2           | 432                    | 2           |
| Revenue on Acquisition of Property, Plant and Equipment at nominal value | 0                        | 11          | 0                      | 11          |
| Petrol Tax   | 135                      | 128         | 135                    | 128         |
| <b>Total Other Revenue from non exchange transactions</b>                | <b>659</b>               | <b>273</b>  | <b>659</b>             | <b>273</b>  |
| Gain/(Loss) in Change in Fair Value of Investment Property               | 8                        | 22          | 8                      | 22          |
| Gain/(Loss) in Change in Fair Value of Assets held for Sale              | 74                       | (49)        | 74                     | (49)        |
| Gain/(Loss) in Sale of Assets held for Sale                              | 37                       | 0           | 37                     | 0           |
| Gain/(Loss) on Sale of Property, Plant and Equipment                     | 71                       | 11          | 71                     | 11          |
| <b>Total Other Gains/(Losses)</b>  | <b>190</b>               | <b>(16)</b> | <b>190</b>             | <b>(16)</b> |
| <b>Total Other Revenue including Gains/(Losses)</b>                      | <b>849</b>               | <b>257</b>  | <b>849</b>             | <b>257</b>  |

## 6• Employee Benefit Expenses

| (\$000's)   | Waitomo District Council |              | Waitomo District Group |               |
|---|--------------------------|--------------|------------------------|---------------|
|   | 2017 ACTUAL              | 2016 ACTUAL  | 2017 ACTUAL            | 2016 ACTUAL   |
| Salaries and Wages                                  | 4,577                    | 4,535        | 11,970                 | 11,621        |
| Defined Contribution Plan Employer Contributions    | 70                       | 60           | 201                    | 179           |
| Increase/(Decrease) in Employee Benefit Liabilities | (35)                     | (92)         | (33)                   | (195)         |
| <b>Total Employee Benefit Expenses</b>              | <b>4,612</b>             | <b>4,503</b> | <b>12,138</b>          | <b>11,605</b> |

## 7• Depreciation and Amortisation Expense

| (\$000's)  | Waitomo District Council |              |              | Waitomo District Group |              |
|--|--------------------------|--------------|--------------|------------------------|--------------|
|  | 2017 BUDGET              | 2017 ACTUAL  | 2016 ACTUAL  | 2017 ACTUAL            | 2016 ACTUAL  |
| Leadership and Investments                         | 438                      | 484          | 424          | 484                    | 424          |
| Community Service                                  | 881                      | 814          | 819          | 814                    | 819          |
| Community Development                              | 6                        | 9            | 5            | 9                      | 5            |
| Regulation   | 4                        | 5            | 4            | 5                      | 4            |
| Solid Waste Management                             | 72                       | 91           | 91           | 91                     | 91           |
| Stormwater Drainage                                | 183                      | 170          | 170          | 170                    | 170          |
| Sewerage   | 781                      | 753          | 750          | 753                    | 750          |
| Water Supply                                       | 572                      | 552          | 407          | 552                    | 407          |
| Roads and Footpaths                                | 2,843                    | 2,961        | 2,969        | 2,961                  | 2,969        |
| Other Activities                                   | 0                        | 0            | 0            | 733                    | 686          |
| <b>Total Depreciation and Amortisation Expense</b> | <b>5,780</b>             | <b>5,839</b> | <b>5,639</b> | <b>6,572</b>           | <b>6,325</b> |

## 8• Finance Costs

| (\$000's)                                 | Waitomo District Council |                | Waitomo District Group |                |
|---|--------------------------|----------------|------------------------|----------------|
|   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Interest on Bank Borrowings               | 1,912                    | 2,112          | 2,209                  | 2,488          |
| Interest on Finance Leases                | 4                        | 9              | 11                     | 24             |
| Discount Unwinding on Provision (note 16) | 25                       | 25             | 25                     | 25             |
| Interest derivatives (presented net):     |                          |                |                        |                |
| Ineffectiveness on cash flow hedges       | 41                       | 28             | 41                     | 28             |
| <b>Total Finance Costs</b>                | <b>1,982</b>             | <b>2,174</b>   | <b>2,286</b>           | <b>2,565</b>   |

## 9• Other Expenses

| (\$000's)  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Audit fee for Long Term Plan and Consultation Document | 0                        | 0              | 0                      | 0              |
| Audit Fees for Financial Statement Audit               | 130                      | 122            | 203                    | 188            |
| Audit Fees for Assurance Related Services              | 2                        | 3              | 2                      | 3              |
| Bad Debts Written Off                                  | 234                      | 388            | 234                    | 388            |
| Directors Fees   | 0                        | 0              | 120                    | 108            |
| Grants Expenditure                                     | 105                      | 96             | 105                    | 96             |
| Insurance Premiums                                     | 221                      | 217            | 403                    | 376            |
| Inventory Consumption                                  | 0                        | 0              | 1,738                  | 2,653          |
| Impairment of Property, Plant and Equipment            | 0                        | 165            | 0                      | 165            |
| (Gain)/Loss on Property, Plant and Equipment           | 193                      | 343            | 172                    | 354            |
| Operating Lease Expenses                               | 41                       | 35             | 68                     | 111            |
| Impairment of Receivables                              | 93                       | 157            | 93                     | 163            |
| Remuneration of Elected Members                        | 236                      | 227            | 236                    | 227            |
| Subscriptions  | 94                       | 88             | 122                    | 106            |
| Road Maintenance                                       | 4,616                    | 4,443          | 4,616                  | 4,443          |
| Other Maintenance Expenditure                          | 4,681                    | 4,902          | 6,671                  | 6,787          |
| Direct Contract Expenses                               | 0                        | 0              | 4,263                  | 6,272          |
| Other Expenditure                                      | 2,036                    | 1,949          | 3,450                  | 3,850          |
| Investment Property Expenditure                        | 0                        | 4              | 0                      | 4              |
| Rates and Penalties Remissions                         | 274                      | 264            | 274                    | 264            |
| <b>Total Other Expenditure</b>                         | <b>12,956</b>            | <b>13,403</b>  | <b>22,770</b>          | <b>26,558</b>  |

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)   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Income tax Recognised in Profit or Loss</b>                                      |                          |                |                        |                |
| Current tax   | 0                        | 0              | 0                      | 0              |
| Deferred tax on temporary differences   | 0                        | 0              | (1,512)                | (459)          |
|   | <b>0</b>                 | <b>0</b>       | <b>(1,512)</b>         | <b>(459)</b>   |
| <b>Reconciliation of Accounting Profit/(Loss) before tax and income tax expense</b> |                          |                |                        |                |
| Surplus/(deficit) before Taxation   | 4,388                    | 5,049          | 5,303                  | 4,417          |
| Prima facie taxation at 28% (2016: 28%)   | 1,229                    | 1,414          | 1,566                  | 1,237          |
| Taxation effect of non deductible expenditure                                       | (1,280)                  | (1,480)        | (1,279)                | (1,071)        |
| Non taxable Income  | 0                        | 0              | 1                      | (40)           |
| Non-Recognition of Benefit of Tax Losses  | 51                       | 66             | 51                     | 66             |
| Partial recognition of deferred tax benefit not previously recognised               | 0                        | 0              | (1,892)                | (824)          |
| Movement in temporary differences not recognised                                    | 0                        | 0              | 0                      | 216            |
| Under/(over) provided in prior periods  | 0                        | 0              | 41                     | (43)           |
| <b>Taxation Expense</b>   | <b>0</b>                 | <b>0</b>       | <b>(1,512)</b>         | <b>(459)</b>   |

| (\$000's)   | Depreciation and Amortisation | Employee Entitlements | Other       | Tax Losses Carried Forward | Total Deferred Tax Asset/(Liability) |
|---|-------------------------------|-----------------------|-------------|----------------------------|--------------------------------------|
| <b>Deferred tax balances</b>                                      |                               |                       |             |                            |                                      |
| <b>Council</b>  |                               |                       |             |                            |                                      |
| Council has not recognised any deferred tax assets or liabilities |                               |                       |             |                            |                                      |
| <b>Group 2016</b>   |                               |                       |             |                            |                                      |
| Opening Balance   | (545)                         | 103                   | (157)       | 860                        | 261                                  |
| (Charged)/Credited to Profit or Loss                              | 0                             | 17                    | 199         | 244                        | 460                                  |
| Write down of Deferred Tax Asset                                  | (37)                          | 0                     | 0           | 0                          | (37)                                 |
| (Charged)/Credited to discontinued operations                     | (2)                           | (2)                   | (3)         | (27)                       | (34)                                 |
| <b>Closing Balance</b>  | <b>(584)</b>                  | <b>118</b>            | <b>39</b>   | <b>1,077</b>               | <b>650</b>                           |
| <b>Group 2017</b>   |                               |                       |             |                            |                                      |
| (Charged)/Credited to Profit or Loss                              | (73)                          | 6                     | (130)       | 1,709                      | 1,512                                |
| <b>Closing Balance</b>  | <b>(657)</b>                  | <b>124</b>            | <b>(91)</b> | <b>2,786</b>               | <b>2,162</b>                         |

### Council

Council has accumulated tax losses of \$2,392,000 (2016: \$2,212,000) to 30 June 2017. 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 \$12,507,000 (2016: \$12,983,000) to 30 June 2017. The group has recognised a deferred tax asset for the partial use of accumulated tax losses in the 2017/18 financial year. The amount recognised is equivalent to the estimated income tax on three times the budgeted taxable profit for 2018 for the subsidiary.

### Imputation Credit Account

|                                | Waitomo District Group | Waitomo District Group |
|--------------------------------|------------------------|------------------------|
| (\$000's)                      | 2017 ACTUAL            | 2016 ACTUAL            |
| Balance 1 July                 | 3,417                  | 3,416                  |
| <b>Closing Balance 30 June</b> | <b>3,417</b>           | <b>3,416</b>           |

# 11• Equity

| (\$000's)  | Note | Waitomo District Council |                | Waitomo District Group |                |
|--|------|--------------------------|----------------|------------------------|----------------|
|  |      | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Accumulated Funds</b>                                       |      |                          |                |                        |                |
| <b>Balance at 1 July</b>                                       |      | <b>207,663</b>           | <b>203,593</b> | <b>208,336</b>         | <b>203,591</b> |
| Transfer to Revaluation Reserve Prior Period Adjustment        | 41   | 0                        | 61             | 0                      | 61             |
| <b>Adjusted Balance at 1 July</b>                              |      | <b>207,663</b>           | <b>203,654</b> | <b>208,336</b>         | <b>203,652</b> |
| Surplus/(Deficit) for the year                                 |      | 4,388                    | 3,594          | 6,815                  | 4,269          |
| Transfer from Revaluation Reserve on Asset Disposal            |      | 130                      | 666            | 130                    | 666            |
| Transfer from Revaluation Reserve on Reclassification of Asset |      | 0                        | 179            | 0                      | 179            |
| Transfer to Council Created Reserves                           |      | (1,814)                  | (430)          | (1,814)                | (430)          |
| <b>Balance at 30 June</b>                                      |      | <b>210,367</b>           | <b>207,663</b> | <b>213,467</b>         | <b>208,336</b> |
| <b>Other Reserves</b>  |      |                          |                |                        |                |
| <b>Council Created Reserves</b>                                |      |                          |                |                        |                |
| Balance at 1 July  |      | 8,532                    | 8,102          | 8,532                  | 8,102          |
| Transfers from Retained Earnings                               |      | 1,814                    | 430            | 1,814                  | 430            |
| <b>Balance at 30 June</b>                                      |      | <b>10,346</b>            | <b>8,532</b>   | <b>10,346</b>          | <b>8,532</b>   |
| <b>Available for Sale Reserves</b>                             |      |                          |                |                        |                |
| Balance at 1 July  |      | 4,504                    | 2,604          | 4                      | 4              |
| Valuation Gains/(Losses)                                       |      | 0                        | 1,900          | 0                      | 0              |
| <b>Balance at 30 June</b>                                      |      | <b>4,504</b>             | <b>4,504</b>   | <b>4</b>               | <b>4</b>       |
| <b>Hedging Reserve</b>   |      |                          |                |                        |                |
| <b>Balance at 1 July</b>                                       |      | <b>(2,684)</b>           | <b>(856)</b>   | <b>(2,684)</b>         | <b>(856)</b>   |
| Gains/(Losses) from Cash Flow Hedges                           |      | 1,121                    | (1,828)        | 1,121                  | (1,828)        |
| <b>Balance at 30 June</b>                                      |      | <b>(1,563)</b>           | <b>(2,684)</b> | <b>(1,563)</b>         | <b>(2,684)</b> |
| <b>Total Other Reserves at 30 June</b>                         |      | <b>13,287</b>            | <b>10,352</b>  | <b>8,787</b>           | <b>5,852</b>   |
| <b>Revaluation Reserves</b>                                    |      |                          |                |                        |                |
| Balance at 1 July  |      | 71,159                   | 73,638         | 73,529                 | 75,910         |
| Prior Period Adjustment  |      | 0                        | (1,634)        | 0                      | (1,634)        |
| <b>Adjusted Balance at 1 July</b>                              |      | <b>71,159</b>            | <b>72,004</b>  | <b>73,529</b>          | <b>74,276</b>  |
| Revaluation Gains/(Losses)                                     |      | (493)                    | 0              | 444                    | 136            |
| Income tax expense relating to other comprehensive income      |      | 0                        | 0              | 0                      | (38)           |
| Transfer from Retained Earnings on Asset Disposal              |      | (130)                    | (845)          | (130)                  | (845)          |
| <b>Balance at 30 June</b>                                      |      | <b>70,536</b>            | <b>71,159</b>  | <b>73,843</b>          | <b>73,529</b>  |
| This is made up of:  |      |                          |                |                        |                |
| Operational Land   |      | 4,333                    | 4,336          | 4,753                  | 4,756          |
| Operational Buildings  |      | 3,537                    | 3,537          | 3,680                  | 3,680          |
| Library Books  |      | 4                        | 5              | 4                      | 5              |
| Restricted Land  |      | 5,104                    | 5,104          | 5,104                  | 5,104          |
| Restricted Buildings   |      | 336                      | 336            | 336                    | 336            |
| Infrastructural Land   |      | 668                      | 668            | 668                    | 668            |
| Roading Assets   |      | 39,160                   | 39,991         | 41,447                 | 42,975         |
| Water Reticulation Assets                                      |      | 4,701                    | 4,822          | 4,701                  | 4,822          |
| Sewerage Reticulation Assets                                   |      | 5,812                    | 5,812          | 5,812                  | 5,812          |
| Stormwater Reticulation Assets                                 |      | 5,893                    | 5,898          | 5,893                  | 5,898          |
| Refuse System Assets   |      | 988                      | 650            | 988                    | 650            |
| Quarry Plant Assets  |      | 0                        | 0              | 457                    | 457            |
| <b>Total Revaluation Reserves</b>                              |      | <b>70,536</b>            | <b>71,159</b>  | <b>73,843</b>          | <b>75,163</b>  |
| <b>Total Equity</b>  |      | <b>294,190</b>           | <b>289,174</b> | <b>296,097</b>         | <b>287,717</b> |

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

| Waitomo District Council                    |                                   |                   |                      |                                    |
|---|-----------------------------------|-------------------|----------------------|------------------------------------|
| (\$000's)                                   | OPENING<br>BALANCE<br>1 JULY 2016 | TOTAL<br>DEPOSITS | TOTAL<br>WITHDRAWALS | CLOSING<br>BALANCE 30<br>JUNE 2017 |
| <b>Operational Reserves</b>                 |                                   |                   |                      |                                    |
| <b>Leadership and Investments</b>           |                                   |                   |                      |                                    |
| Leadership                                  | 93                                | 163               | (14)                 | 242                                |
| Investments                                 | (3,218)                           | 337               | 0                    | (2,881)                            |
|   | <b>(3,125)</b>                    | <b>500</b>        | <b>(14)</b>          | <b>(2,639)</b>                     |
| <b>Community Service</b>                    |                                   |                   |                      |                                    |
| Parks and Reserves                          | 326                               | 68                | (1)                  | 393                                |
| Housing and Other Property                  | 412                               | 172               | (1)                  | 583                                |
| Recreation and Culture - Library            | (220)                             | 27                | 0                    | (193)                              |
| Recreation and Culture - Aquatic Centre     | (120)                             | 7                 | 0                    | (113)                              |
| Recreation and Culture - Arts and Culture   | 207                               | 15                | 0                    | 222                                |
| Recreation and Culture - Aerodrome          | 125                               | 10                | 0                    | 135                                |
| Public Amenities                            | 272                               | 31                | (52)                 | 251                                |
| Safety                                      | 277                               | 95                | 0                    | 372                                |
|   | <b>1,279</b>                      | <b>425</b>        | <b>(54)</b>          | <b>1,650</b>                       |
| <b>Community Development</b>                |                                   |                   |                      |                                    |
| Community Development                       | 56                                | 94                | (136)                | 14                                 |
|   | <b>56</b>                         | <b>94</b>         | <b>(136)</b>         | <b>14</b>                          |
| <b>Regulation</b>                           |                                   |                   |                      |                                    |
| Regulation                                  | (173)                             | 10                | (95)                 | (258)                              |
|   | <b>(173)</b>                      | <b>10</b>         | <b>(95)</b>          | <b>(258)</b>                       |
| <b>Solid Waste Management</b>               |                                   |                   |                      |                                    |
| Collection                                  | 76                                | 27                | 0                    | 103                                |
| Management - Landfill and Transfer Stations | 165                               | 7                 | (211)                | (39)                               |
| Management - Waste Minimisation             | (36)                              | 0                 | (1)                  | (37)                               |
|   | <b>205</b>                        | <b>34</b>         | <b>(212)</b>         | <b>27</b>                          |
| <b>Stormwater</b>                           |                                   |                   |                      |                                    |
| Te Kuiti Stormwater                         | (10)                              | 23                | 0                    | 13                                 |
| Rural Stormwater                            | 156                               | 15                | 0                    | 171                                |
|   | <b>146</b>                        | <b>38</b>         | <b>0</b>             | <b>184</b>                         |
| <b>Resource Management</b>                  |                                   |                   |                      |                                    |
| District Plan Administration                | 7                                 | 0                 | (8)                  | (1)                                |
|   | <b>7</b>                          | <b>0</b>          | <b>(8)</b>           | <b>(1)</b>                         |
| <b>Sewerage</b>                             |                                   |                   |                      |                                    |
| Waitomo Sewerage                            | 0                                 | 0                 | (9)                  | (9)                                |
| Te Kuiti Sewerage                           | 2,583                             | 203               | 0                    | 2,786                              |
| Te Waitere Sewerage                         | 54                                | 0                 | 0                    | 54                                 |
| Benneydale Sewerage                         | (245)                             | 17                | 0                    | (228)                              |
| Piopio Sewerage                             | 392                               | 0                 | (9)                  | 383                                |
|   | <b>2,784</b>                      | <b>220</b>        | <b>(18)</b>          | <b>2,986</b>                       |

| Waitomo District Council                               |                                   |                   |                      |                                    |
|--|-----------------------------------|-------------------|----------------------|------------------------------------|
| (\$000's)  | OPENING<br>BALANCE<br>1 JULY 2016 | TOTAL<br>DEPOSITS | TOTAL<br>WITHDRAWALS | CLOSING<br>BALANCE 30<br>JUNE 2017 |
| <b>Water Supply</b>                                    |                                   |                   |                      |                                    |
| Te Kuiti Water   | (401)                             | 0                 | (78)                 | (479)                              |
| Mokau Water  | (538)                             | 0                 | (76)                 | (614)                              |
| Piopio Water   | (668)                             | 11                | 0                    | (657)                              |
| Benneydale Water                                       | (82)                              | 0                 | (11)                 | (93)                               |
| Waitomo Water  | 0                                 | 0                 | (9)                  | (9)                                |
|  | <b>(1,689)</b>                    | <b>11</b>         | <b>(174)</b>         | <b>(1,852)</b>                     |
| <b>Roads and Footpaths</b>                             |                                   |                   |                      |                                    |
| Subsidised Roads                                       | (1,684)                           | 511               | 0                    | (1,173)                            |
| Non Subsidised Roads                                   | 390                               | 59                | 0                    | 449                                |
|  | <b>(1,294)</b>                    | <b>570</b>        | <b>0</b>             | <b>(724)</b>                       |
| <b>Corporate Support</b>                               |                                   |                   |                      |                                    |
| Gratuities   | 83                                | 0                 | 0                    | 83                                 |
| Long Service Leave                                     | 25                                | 0                 | 0                    | 25                                 |
| Natural Disaster                                       | 426                               | 0                 | 0                    | 426                                |
|  | <b>534</b>                        | <b>0</b>          | <b>0</b>             | <b>534</b>                         |
| <b>Total Operational Reserves</b>                      | <b>(1,270)</b>                    | <b>1,902</b>      | <b>(711)</b>         | <b>(79)</b>                        |
| <b>Depreciation Reserves</b>                           |                                   |                   |                      |                                    |
| <b>Leadership and Investments</b>                      |                                   |                   |                      |                                    |
| Investments  | (291)                             | 1                 | (72)                 | (362)                              |
|  | <b>(291)</b>                      | <b>1</b>          | <b>(72)</b>          | <b>(362)</b>                       |
| <b>Community Service</b>                               |                                   |                   |                      |                                    |
| Parks and Reserves                                     | (75)                              | 51                | (54)                 | (78)                               |
| Housing and Other Property - Housing                   | 208                               | 15                | (12)                 | 211                                |
| Housing and Other Property - Community Halls           | 828                               | 3                 | 0                    | 831                                |
| Housing and Other Property - Other Land and Buildings  | 408                               | 146               | (97)                 | 457                                |
| Housing and Other Property - Railway Station Buildings | (3)                               | 0                 | (39)                 | (42)                               |
| Recreation and Culture - Library                       | 512                               | 81                | (52)                 | 541                                |
| Recreation and Culture - Aquatic Centre                | (68)                              | 44                | (31)                 | (55)                               |
| Recreation and Culture - Arts and Culture              | 12                                | 165               | (176)                | 1                                  |
| Recreation and Culture - Aerodrome                     | 46                                | 35                | (21)                 | 60                                 |
| Public Amenities                                       | 98                                | 107               | (89)                 | 116                                |
|  | <b>1,966</b>                      | <b>647</b>        | <b>(571)</b>         | <b>2,042</b>                       |
| <b>Community Development</b>                           |                                   |                   |                      |                                    |
| I-site   | 32                                | 6                 | (4)                  | 34                                 |
|  | <b>32</b>                         | <b>6</b>          | <b>(4)</b>           | <b>34</b>                          |
| <b>Regulation</b>                                      |                                   |                   |                      |                                    |
| Animal Control   | (34)                              | 4                 | (8)                  | (38)                               |
|  | <b>(34)</b>                       | <b>4</b>          | <b>(8)</b>           | <b>(38)</b>                        |
| <b>Solid Waste Management</b>                          |                                   |                   |                      |                                    |
| Management - Landfill and Transfer Stations            | (285)                             | 215               | (212)                | (282)                              |
|  | <b>(285)</b>                      | <b>215</b>        | <b>(212)</b>         | <b>(282)</b>                       |

Waitomo District Council

| (\$000's)   | OPENING<br>BALANCE<br>1 JULY 2016 | TOTAL<br>DEPOSITS | TOTAL<br>WITHDRAWALS | CLOSING<br>BALANCE 30<br>JUNE 2017 |
|---|-----------------------------------|-------------------|----------------------|------------------------------------|
| <b>Stormwater</b>                                     |                                   |                   |                      |                                    |
| Te Kuiti Stormwater                                   | 620                               | 179               | (265)                | 534                                |
| Rural Stormwater                                      | 19                                | 5                 | (1)                  | 23                                 |
|   | <b>639</b>                        | <b>184</b>        | <b>(266)</b>         | <b>557</b>                         |
| <b>Sewerage</b>                                       |                                   |                   |                      |                                    |
| Te Kuiti Sewerage                                     | 524                               | 630               | (575)                | 579                                |
| Te Waitere Sewerage                                   | (4)                               | 7                 | (3)                  | 0                                  |
| Benneydale Sewerage                                   | 169                               | 36                | (53)                 | 152                                |
| Piopia Sewerage                                       | (26)                              | 108               | (59)                 | 23                                 |
|   | <b>663</b>                        | <b>781</b>        | <b>(690)</b>         | <b>754</b>                         |
| <b>Water Supply</b>                                   |                                   |                   |                      |                                    |
| Te Kuiti Water  | 220                               | 203               | (150)                | 273                                |
| Mokau Water   | (73)                              | 53                | (70)                 | (90)                               |
| Piopia Water  | 150                               | 48                | (88)                 | 110                                |
| Benneydale Water                                      | 148                               | 36                | (35)                 | 149                                |
|   | <b>445</b>                        | <b>340</b>        | <b>(343)</b>         | <b>442</b>                         |
| <b>Roads and Footpaths</b>                            |                                   |                   |                      |                                    |
| Subsidised Roads                                      | 5,505                             | 2,700             | (2,188)              | 6,017                              |
| Non Subsidised Roads                                  | 168                               | 142               | (175)                | 135                                |
|   | <b>5,673</b>                      | <b>2,842</b>      | <b>(2,363)</b>       | <b>6,152</b>                       |
| <b>Corporate Support</b>                              |                                   |                   |                      |                                    |
| Corporate Support                                     | 285                               | 279               | (210)                | 354                                |
| Plant   | 243                               | 203               | (294)                | 152                                |
|   | <b>528</b>                        | <b>482</b>        | <b>(504)</b>         | <b>506</b>                         |
| <b>Total Depreciation Reserves</b>                    | <b>9,336</b>                      | <b>5,502</b>      | <b>(5,033)</b>       | <b>9,805</b>                       |
| <b>Investment Revaluation Reserves</b>                |                                   |                   |                      |                                    |
| <b>Leadership and Investments</b>                     |                                   |                   |                      |                                    |
| Investment Property - Parkside                        | 156                               | 73                | 0                    | 229                                |
|   | <b>156</b>                        | <b>73</b>         | <b>0</b>             | <b>229</b>                         |
| <b>Community Service</b>                              |                                   |                   |                      |                                    |
| Housing and Other Property - Other Land and Buildings | 288                               | 0                 | 0                    | 288                                |
|   | <b>288</b>                        | <b>0</b>          | <b>0</b>             | <b>288</b>                         |
| <b>Available for Sale Reserves</b>                    |                                   |                   |                      |                                    |
| Shares in Other Companies                             | 4                                 | 0                 | 0                    | 4                                  |
| Shares in Subsidiary                                  | 4,500                             | 0                 | 0                    | 4,500                              |
|   | <b>4,504</b>                      | <b>0</b>          | <b>0</b>             | <b>4,504</b>                       |
| <b>Total Investment Revaluation Reserves</b>          | <b>4,948</b>                      | <b>73</b>         | <b>0</b>             | <b>5,021</b>                       |
| <b>Special Purpose Reserves</b>                       |                                   |                   |                      |                                    |
| <b>Community Development</b>                          |                                   |                   |                      |                                    |
| District Development                                  | 16                                | 0                 | 0                    | 16                                 |
|   | <b>16</b>                         | <b>0</b>          | <b>0</b>             | <b>16</b>                          |

| Waitomo District Council              |                                   |                   |                      |                                    |
|---------------------------------------|-----------------------------------|-------------------|----------------------|------------------------------------|
| (\$000's)                             | OPENING<br>BALANCE<br>1 JULY 2016 | TOTAL<br>DEPOSITS | TOTAL<br>WITHDRAWALS | CLOSING<br>BALANCE 30<br>JUNE 2017 |
| <b>Hedging Reserve</b>                |                                   |                   |                      |                                    |
| Cashflow Hedging Reserve              | (2,684)                           | 1,121             | 0                    | (1,563)                            |
|                                       | <b>(2,684)</b>                    | <b>1,121</b>      | <b>0</b>             | <b>(1,563)</b>                     |
| <b>Solid Waste Management</b>         |                                   |                   |                      |                                    |
| Carbon Credits Reserve                | 0                                 | 128               | (104)                | 24                                 |
| Waste Minimisation Reserve            | 6                                 | 65                | (8)                  | 63                                 |
|                                       | <b>6</b>                          | <b>193</b>        | <b>(112)</b>         | <b>87</b>                          |
| <b>Total Special Purpose Reserves</b> | <b>(2,662)</b>                    | <b>1,314</b>      | <b>(112)</b>         | <b>(1,460)</b>                     |
| <b>Total Other Reserves</b>           | <b>10,352</b>                     | <b>8,791</b>      | <b>(5,856)</b>       | <b>13,287</b>                      |

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

### Operational Reserves

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

### Depreciation Reserves

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

### Investment Revaluation Reserves

Council investment activities include its subsidiary company, Parkside subdivision 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 |                |
|---|--------------------------|----------------|------------------------|----------------|
|   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Cash and Cash Equivalents</b>                    |                          |                |                        |                |
| Cash at Bank and In Hand                            | 112                      | 174            | 211                    | 174            |
| Term Deposits With Maturities of Less Than 3 months | 0                        | 0              | 0                      | 0              |
| <b>Total Cash and Cash Equivalents</b>              | <b>112</b>               | <b>174</b>     | <b>211</b>             | <b>174</b>     |

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value. The Council holds unspent funds, included in cash at bank and term deposits of \$232,438 (2016: \$44,171) 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 |                |
|---|--------------------------|----------------|------------------------|----------------|
|   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Cash at Bank and In Hand                            | 112                      | 174            | 211                    | 174            |
| Term Deposits With Maturities of Less Than 3 Months | 0                        | 0              | 0                      | 0              |
| Bank Overdrafts (note 18)                           | 0                        | 0              | (1,500)                | (275)          |
| <b>Total</b>  | <b>112</b>               | <b>174</b>     | <b>(1,289)</b>         | <b>(101)</b>   |

## 13• Other Financial Assets

| (\$000's)                           | Waitomo District Council |                | Waitomo District Group |                |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
|                                     | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Current</b>                      |                          |                |                        |                |
| Loans and Advances                  | 378                      | 3              | 3                      | 3              |
| <b>Total</b>                        | <b>378</b>               | <b>3</b>       | <b>3</b>               | <b>3</b>       |
| <b>Non Current</b>                  |                          |                |                        |                |
| Loans and Advances                  | 388                      | 763            | 13                     | 13             |
| NZLGFA Borrower Notes               | 400                      | 0              | 400                    | 0              |
| <b>Total</b>                        | <b>788</b>               | <b>763</b>     | <b>413</b>             | <b>13</b>      |
| <b>Total Other Financial Assets</b> | <b>1,166</b>             | <b>766</b>     | <b>416</b>             | <b>16</b>      |

### Investment in CCO and Civic Financial Services Ltd

Council has 100% shareholding in Inframax Construction Ltd (2016:100%). The principal activity of the company is roading. The balance date of the company is 30 June.

As 30 June 2016 Council revalued its investment in Inframax Construction Ltd which resulted in an increase of \$1,900,000. 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 2017.

### 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 (previously known as NZ Local Government Insurance Company) (2016: 16,940). The investment is recorded at cost because fair value cannot be measured reliably.

| (\$000's)  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Shares in Subsidiary   | 4,500                    | 4,500          | 0                      | 0              |
| Shares in Companies  | 20                       | 20             | 20                     | 20             |
| <b>Total Investments in CCO and Civic Financial Services Ltd</b> | <b>4,520</b>             | <b>4,520</b>   | <b>20</b>              | <b>20</b>      |

## 14• Inventory

|                                     | Waitomo District Council |                | Waitomo District Group |                |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
| (\$000's)                           | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Metal Stockpiles and Landfill Stock | 5                        | 10             | 1,522                  | 1,253          |
| Fuels, Spares and Consumables       | 44                       | 28             | 44                     | 28             |
| <b>Total Inventory</b>              | <b>49</b>                | <b>38</b>      | <b>1,566</b>           | <b>1,281</b>   |

## 15• Receivables

|  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
| (\$000's)  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Receivables under Exchange Transactions</b>           |                          |                |                        |                |
| Related Party Receivables                                | 34                       | 40             | 0                      | 0              |
| General Debtors  | 258                      | 215            | 1,427                  | 1,115          |
| Amounts due from Customers for Contract Work             | 0                        | 0              | 492                    | 1,039          |
| Retentions Receivable                                    | 0                        | 0              | 501                    | 584            |
| Prepayments  | 103                      | 102            | 189                    | 212            |
| <b>Receivables prior to Impairment</b>                   | <b>395</b>               | <b>357</b>     | <b>2,609</b>           | <b>2,950</b>   |
| Less Provision for Doubtful Debts                        | 0                        | 0              | 0                      | (22)           |
| <b>Total Receivables under Exchange Transactions</b>     | <b>395</b>               | <b>357</b>     | <b>2,609</b>           | <b>2,928</b>   |
| <b>Receivables under Non Exchange Transactions</b>       |                          |                |                        |                |
| Rates Receivables *                                      | 3,842                    | 3,969          | 3,842                  | 3,969          |
| Related Party Receivables                                | 2                        | 0              | 2                      | 0              |
| General Debtors  | 3,979                    | 3,483          | 3,979                  | 3,483          |
| <b>Receivables prior to Impairment</b>                   | <b>7,823</b>             | <b>7,452</b>   | <b>7,823</b>           | <b>7,452</b>   |
| Less Provision for Doubtful Debts                        | (1,857)                  | (1,764)        | (1,857)                | (1,764)        |
| <b>Total Receivables Under Non Exchange Transactions</b> | <b>5,966</b>             | <b>5,688</b>   | <b>5,966</b>           | <b>5,688</b>   |

\* Included in the rates receivable figure is an amount of \$1,465,275 (2016: \$1,420,042) relating to rates penalties.



## Aging and Impairment of Receivables

|  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
| (\$000's)                                  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Gross Receivables</b>                   |                          |                |                        |                |
| Not past due                               | 5,339                    | 4,778          | 7,373                  | 8,015          |
| Past due 1-30 days                         | 40                       | 128            | 40                     | 128            |
| Past due 31-60 days                        | 12                       | 12             | 99                     | 201            |
| Past due 61-90 days                        | 0                        | 0              | 5                      | 12             |
| Past due > 90 days                         | 2,724                    | 2,789          | 2,726                  | 2,822          |
| <b>Total Gross Receivables</b>             | <b>8,115</b>             | <b>7,707</b>   | <b>10,243</b>          | <b>11,178</b>  |
| <b>Impairment of Receivables</b>           |                          |                |                        |                |
| Not past due                               | (505)                    | (442)          | (505)                  | (442)          |
| Past due 1-30 days                         | (5)                      | 0              | (5)                    | 0              |
| Past due 31-60 days                        | (5)                      | (6)            | (5)                    | (6)            |
| Past due 61-90 days                        | 0                        | 0              | 0                      | 0              |
| Past due > 90 days                         | (1,342)                  | (1,316)        | (1,342)                | (1,338)        |
| <b>Total Impairment of Receivables</b>     | <b>(1,857)</b>           | <b>(1,764)</b> | <b>(1,857)</b>         | <b>(1,786)</b> |
| <b>Net Receivables</b>                     |                          |                |                        |                |
| Current                                    | 4,834                    | 4,336          | 6,868                  | 7,573          |
| Past due 1-30 days                         | 35                       | 128            | 35                     | 128            |
| Past due 31-60 days                        | 7                        | 6              | 94                     | 195            |
| Past due 61-90 days                        | 0                        | 0              | 5                      | 12             |
| Past due > 90 days                         | 1,382                    | 1,473          | 1,384                  | 1,484          |
| <b>Total Net Receivables</b>               | <b>6,258</b>             | <b>5,943</b>   | <b>8,386</b>           | <b>9,392</b>   |
| Plus Prepayments                           | 103                      | 102            | 189                    | 212            |
| <b>Total Receivables</b>                   | <b>6,361</b>             | <b>6,045</b>   | <b>8,575</b>           | <b>9,604</b>   |
| Individual Impairment                      | 1,857                    | 1,764          | 1,857                  | 1,786          |
| Collective Impairment                      | 0                        | 0              | 0                      | 0              |
| <b>Total Provision for Impairment</b>      | <b>1,857</b>             | <b>1,764</b>   | <b>1,857</b>           | <b>1,786</b>   |
| Current                                    | 505                      | 442            | 505                    | 44             |
| Past due 1-30 days                         | 5                        | 0              | 5                      | 0              |
| Past due 31-60 days                        | 5                        | 6              | 5                      | 6              |
| Past due 61-90 days                        | 0                        | 0              | 0                      | 0              |
| Past due > 90 days                         | 1,342                    | 1,316          | 1,342                  | 1,338          |
| <b>Total Individual Impairment</b>         | <b>1,857</b>             | <b>1,764</b>   | <b>1,857</b>           | <b>1,388</b>   |
| <b>Balance at 1 July</b>                   | <b>(1,764)</b>           | <b>(1,608)</b> | <b>(1,786)</b>         | <b>(1,624)</b> |
| Additional provisions made during the year | (327)                    | (356)          | (305)                  | (362)          |
| Receivables written off during the period  | 234                      | 200            | 234                    | 200            |
| <b>Balance at 30 June</b>                  | <b>(1,857)</b>           | <b>(1,764)</b> | <b>(1,857)</b>         | <b>(1,786)</b> |

## 16• Derivative Financial Instruments

| (\$000's)  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Current Liability Portion</b>                       |                          |                |                        |                |
| Interest rate swaps - cash flow hedges                 | 608                      | 561            | 608                    | 561            |
| <b>Non Current Liability Portion</b>                   |                          |                |                        |                |
| Interest rate swaps - cash flow hedges                 | 1,028                    | 2,155          | 1,028                  | 2,155          |
| <b>Total Derivative Financial Instrument Liability</b> | <b>1,636</b>             | <b>2,716</b>   | <b>1,636</b>           | <b>2,716</b>   |

### Interest Rate Swaps

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

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

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$39,000,000 (2016: \$47,000,000), of which \$29,000,000 (2016: \$29,000,000) were effective at balance date and \$10,000,000 (2016: \$18,000,000) had a forward start date. At 30 June 2017, the fixed interest rates applicable the swap contracts ranged from 3.88% to 4.90% (2016: 3.78% to 4.90%)

The Council and Group have no fair value hedges.

## 17• Payables and Deferred Revenue

| (\$000's)  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Current Portion</b>   |                          |                |                        |                |
| <b>Payables and Deferred Revenue under Exchange Transactions</b>     |                          |                |                        |                |
| Trade Payables and Accrued Expenses                                  | 2,305                    | 1,508          | 4,407                  | 3,911          |
| Related Party Payables   | 1,522                    | 988            | 0                      | 0              |
| Retention Monies   | 275                      | 311            | 275                    | 311            |
| Elected Members and Directors Fees Payable                           | 9                        | 4              | 16                     | 14             |
| Deferred Revenue   | 0                        | 0              | 8                      | 125            |
| <b>Total</b>   | <b>4,111</b>             | <b>2,811</b>   | <b>4,706</b>           | <b>4,361</b>   |
| <b>Payables and Deferred Revenue under Non Exchange Transactions</b> |                          |                |                        |                |
| GST Payable  | 78                       | 250            | 335                    | 406            |
| Deposits and Bonds   | 112                      | 110            | 112                    | 110            |
| Deferred Revenue   | 495                      | 359            | 495                    | 359            |
| <b>Total</b>   | <b>685</b>               | <b>719</b>     | <b>942</b>             | <b>875</b>     |
| <b>Total Current Portion</b>   | <b>4,796</b>             | <b>3,530</b>   | <b>5,648</b>           | <b>5,236</b>   |
| <b>Non Current</b>   |                          |                |                        |                |
| <b>Payables and Deferred Revenue under Non Exchange Transactions</b> |                          |                |                        |                |
| GST Payable  | 141                      | 300            | 141                    | 300            |
| <b>Total Non Current Portion</b>                                     | <b>141</b>               | <b>300</b>     | <b>141</b>             | <b>300</b>     |
| <b>Total Payables and Deferred Revenue</b>                           | <b>4,937</b>             | <b>3,830</b>   | <b>5,789</b>           | <b>5,536</b>   |

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

## 18• Borrowings

| (\$000's)                | Waitomo District Council |                | Waitomo District Group |                |
|--------------------------|--------------------------|----------------|------------------------|----------------|
|                          | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Bank Overdraft           | 0                        | 0              | 1,500                  | 275            |
| <b>Current</b>           |                          |                |                        |                |
| Secured Loans            | 12,665                   | 14,991         | 13,194                 | 15,787         |
| Unsecured Loans          | 750                      | 0              | 750                    | 0              |
| Lease Liabilities        | 4                        | 41             | 58                     | 120            |
| <b>Total Current</b>     | <b>13,419</b>            | <b>15,032</b>  | <b>14,002</b>          | <b>15,907</b>  |
| <b>Non Current</b>       |                          |                |                        |                |
| Secured Loans            | 30,000                   | 29,000         | 33,543                 | 33,073         |
| Unsecured Loans          | 0                        | 750            | 0                      | 750            |
| Lease Liabilities        | 0                        | 4              | 6                      | 69             |
| <b>Total Non Current</b> | <b>30,000</b>            | <b>29,754</b>  | <b>33,549</b>          | <b>33,892</b>  |
| <b>Total Borrowings</b>  | <b>43,419</b>            | <b>44,786</b>  | <b>47,551</b>          | <b>49,799</b>  |

## Council

Council borrowings consisted of \$34,000,000 (2016: \$21,000,000) Floating Rate Notes with a range of applicable interest rates of 2.33% to 2.49% (2016: 2.89% to 3.81%) a Fixed Rate Bond of \$1,000,000 (2016: Nil) with applicable interest rate of 3.68%, Commercial Paper of \$5,000,000 (2016: Nil) with applicable interest rate of 2.17%, Westpac Call Advance of \$2,485,000 (2016: \$3,740,000) with applicable interest rate of 2.75% (2016: 3.25%) and an unsecured Westpac Term Loan of \$750,000 (2016: \$750,000) with an applicable interest rate of 5.10% (2016: 5.40%). The \$19,000,000 Westpac Term Advances with applicable interest rates range of 3.18% to 3.23% were all repaid before the 30 June 2017.

All interest rates quoted above, except for the fixed rate bond are based on floating rates with 90 day resets and include the interbank market interest rate (BKBM) or the Westpac prime interest rate plus credit margin. The effective weighted average interest rate for secured loans is 4.08% (2016: 4.63%) and for the unsecured loan 5.10% (2016: 5.4%). Interest rate exposure is hedged through executing Receive-Floating-Pay Fixed interest rate swaps, which effectively converts floating rate debt into fixed rate.

The maturity date for the Westpac Call Advances facility is 1 July 2018 (2016: 1 July 2017) and a range of maturity dates apply for the Floating Rate Notes of August 2017 to April 2024 (2016: August 2016 to August 2018). The maturity date for the Fixed Rate Bond is April 2025.

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of \$10,000,000 (2016: \$30,000,000) of which \$7,515,000 (2016: \$7,260,000) was available as at 30 June 2017.

## Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$500,000 (2016: \$500,000) of which \$500,000 (2016: \$225,000) was undrawn, a Multi-option credit facility of \$2,000,000 (2016: \$2,000,000) of which \$500,000 (2016: \$2,000,000) was undrawn, drawn loans of \$4,071,000 (2016: \$4,867,000) and performance guarantees of \$1,929,000 (2016: \$1,350,000).

## Stock Issued under Debenture Trust Deed

At 30 June 2017 the total amount of Stock issued and outstanding under the Debenture Trust Deed was;

| (\$000's)                 | Waitomo District Council |                | Waitomo District Council |                |
|---------------------------|--------------------------|----------------|--------------------------|----------------|
|                           | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL           | 2016<br>ACTUAL |
| Debenture Stock           | 40,027                   |                | 21,000                   |                |
| Security Stock            | 45,000                   |                | 45,000                   |                |
| <b>Total Stock Issued</b> | <b>85,027</b>            |                | <b>66,000</b>            |                |

Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security of the Call Advance facility and Interest Rate Swap contracts. The principal money owing under the Security Stock were, a Call Advance of \$2,485,000 (2016: \$3,740,000) and nil Term Advances (2016: \$19,000,000). 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<br>(\$000's) | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Total Minimum Lease Payments Payable</b>        |                          |                |                        |                |
| Not later than one year                            | 4                        | 41             | 58                     | 120            |
| Later than one year and not later than five years  | 0                        | 4              | 6                      | 69             |
| <b>Present Value of Minimum Lease Payments</b>     | <b>4</b>                 | <b>45</b>      | <b>64</b>              | <b>189</b>     |

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<br>1 July 2016 | Loan<br>Repayments | Loans<br>Raised | Closing Balance<br>30 June 2017 | Internal<br>Interest Paid |
|----------------------------|--------------------------------|--------------------|-----------------|---------------------------------|---------------------------|
| <b>Activity Loans</b>      |                                |                    |                 |                                 |                           |
| Leadership and Investments | 3,474                          | (72)               | 0               | 3,402                           | 109                       |
| Community Service          | 4,164                          | (273)              | 594             | 4,485                           | 130                       |
| Community Development      | 22                             | (4)                | 0               | 18                              | 1                         |
| Regulation                 | 34                             | (7)                | 0               | 27                              | 1                         |
| Solid Waste Management     | 6,352                          | (212)              | 52              | 6,192                           | 199                       |
| Stormwater Drainage        | 123                            | (14)               | 0               | 109                             | 4                         |
| Sewerage                   | 13,341                         | (455)              | 143             | 13,029                          | 417                       |
| Water Supply               | 8,452                          | (258)              | 2,289           | 10,483                          | 264                       |
| Roads and Footpaths        | 22,355                         | (795)              | 301             | 21,861                          | 699                       |
| <b>Total</b>               | <b>58,317</b>                  | <b>(2,090)</b>     | <b>3,379</b>    | <b>59,607</b>                   | <b>1,824</b>              |

## 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.

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 cubic metres (2016: 60,000 m3) and an unconsented capacity of 268,000 m3 (2016: 268,000 m3). Council is currently in the process of gaining resource consent for the additional capacity which it anticipates gaining and is a key assumption around the calculation of the Landfill Aftercare Provision. With this additional capacity the estimated remaining life of the landfill is 19 years (2016: 20 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% (2016: 4.75%) and inflation rate of 2.00% (2016: 2.00%)

| (\$000's)                                  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Provision for Landfill Aftercare</b>    |                          |                |                        |                |
| <b>Balance at 1 July</b>                   | 953                      | 896            | 953                    | 896            |
| Additional provisions made during the year | 0                        | 46             | 0                      | 46             |
| Amounts used during the year               | (12)                     | (14)           | (12)                   | (14)           |
| Discount unwinding                         | 25                       | 25             | 25                     | 25             |
| <b>Balance at 30 June</b>                  | <b>966</b>               | <b>953</b>     | <b>966</b>             | <b>953</b>     |
| <b>Provision for Holiday Pay</b>           |                          |                |                        |                |
| <b>Balance at 1 July</b>                   | 0                        | 0              | 0                      | 0              |
| Additional Provisions made during the year | 0                        | 0              | 50                     | 0              |
| <b>Balance at 30 June</b>                  | <b>0</b>                 | <b>0</b>       | <b>50</b>              | <b>0</b>       |
| <b>Total Provisions</b>                    | <b>966</b>               | <b>953</b>     | <b>1,016</b>           | <b>953</b>     |
| <b>This is made up of:</b>                 |                          |                |                        |                |
| Current                                    | 26                       | 20             | 76                     | 20             |
| Non Current                                | 940                      | 933            | 940                    | 933            |
| <b>Total Provisions</b>                    | <b>966</b>               | <b>953</b>     | <b>1016</b>            | <b>953</b>     |

## 20• Employee Entitlements

| (\$000's)                           | Waitomo District Council |                | Waitomo District Group |                |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
|                                     | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Accrued Pay                         | 93                       | 78             | 258                    | 179            |
| Annual, Long Service and Sick Leave | 450                      | 428            | 863                    | 903            |
| Gratuities and Retirement Provision | 6                        | 8              | 6                      | 8              |
| <b>Total Employee Entitlements</b>  | <b>549</b>               | <b>514</b>     | <b>1,127</b>           | <b>1,090</b>   |
| <b>This is made up of:</b>          |                          |                |                        |                |
| Current                             | 549                      | 514            | 1,127                  | 1,090          |
| Non Current                         | 0                        | 0              | 0                      | 0              |
| <b>Total Employee Entitlements</b>  | <b>549</b>               | <b>514</b>     | <b>1,127</b>           | <b>1,090</b>   |

## 21• Property, Plant and Equipment

| Council 2017                            | Cost/<br>Revaluation<br>30.06.16 | Acc Depn &<br>Impairment<br>Charges<br>30.06.16 | Carrying<br>Value<br>30.06.16 | Current<br>Year<br>Additions | Current<br>Year<br>Disposals | Reclassification | Current Year<br>Depreciation | Revaluation<br>Gain/(Loss) | Cost/<br>Revaluation<br>30.06.17 | Acc Depn &<br>Impairment<br>Charges<br>30.06.17 | Carrying<br>Value<br>30.06.17 |
|---|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|----------------------------|----------------------------------|---|-------------------------------|
| <b>\$'000's</b>                         |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| <b>Operational Assets</b>               |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| 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<br>equipment    | 719                              | 682   | 37                            | 0                            | 0                            | 0                | 36                           | 0                          | 719                              | 718   | 1                             |
| <b>Total Operational Assets</b>         | <b>19,584</b>                    | <b>6,195</b>                                    | <b>13,389</b>                 | <b>796</b>                   | <b>18</b>                    | <b>0</b>         | <b>955</b>                   | <b>0</b>                   | <b>20,362</b>                    | <b>7,150</b>                                    | <b>13,212</b>                 |
| <b>Restricted Assets</b>                |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| 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                         |
| <b>Total Restricted Assets</b>          | <b>11,874</b>                    | <b>286</b>                                      | <b>11,588</b>                 | <b>1,071</b>                 | <b>0</b>                     | <b>0</b>         | <b>307</b>                   | <b>0</b>                   | <b>12,945</b>                    | <b>593</b>                                      | <b>12,352</b>                 |
| <b>Infrastructural Assets</b>           |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| 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                      | 15,125                           | 407   | 14,718                        | 5,483                        | 173                          | 0                | 552                          | 0                          | 20,435                           | 959   | 19,476                        |
| Sewerage Reticulation                   | 29,210                           | 750   | 28,460                        | 587                          | 0                            | 0                | 753                          | 0                          | 29,797                           | 1,503   | 28,294                        |
| Stormwater Systems                      | 8,971                            | 170   | 8,801                         | 255                          | 5                            | 0                | 170                          | 0                          | 9,221                            | 340   | 8,881                         |
| 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                         |
| <b>Total Infrastructural<br/>Assets</b> | <b>321,378</b>                   | <b>22,682</b>                                   | <b>298,696</b>                | <b>11,095</b>                | <b>177</b>                   | <b>0</b>         | <b>4,526</b>                 | <b>(493)</b>               | <b>307,397</b>                   | <b>2,802</b>                                    | <b>304,595</b>                |
| Contract Work in Progress               | 4,591                            | 0   | 4,591                         | 846                          | 4,295                        | 0                | 0                            | 0                          | 1,142                            | 0   | 1,142                         |
| <b>Total Council Assets</b>             | <b>357,427</b>                   | <b>29,163</b>                                   | <b>328,264</b>                | <b>13,808</b>                | <b>4,490</b>                 | <b>0</b>         | <b>5,788</b>                 | <b>(493)</b>               | <b>341,846</b>                   | <b>10,545</b>                                   | <b>331,301</b>                |

| Council 2016 (Restated)<br>\$000's  | Cost/<br>Revaluation<br>30.06.15 | Acc Depn &<br>Impairment<br>Charges<br>30.06.15 | Carrying<br>Value<br>30.06.15 | Current<br>Year<br>Additions | Current<br>Year<br>Disposals | Reclassification | Current Year<br>Depreciation | Revaluation<br>Gain/(Loss) | Cost/<br>Revaluation<br>30.06.16 | Acc Depn &<br>Impairment<br>Charges<br>30.06.16 | Carrying<br>Value<br>30.06.16 |
|-------------------------------------|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|----------------------------|----------------------------------|---|-------------------------------|
| <b>Operational Assets</b>           |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| Land                                | 5,454                            | 0   | 5,454                         | 40                           | 0                            | 0                | 0                            | 0                          | 5,494                            | 0   | 5,494                         |
| Buildings                           | 6,464                            | 0   | 6,464                         | 841                          | 161                          | (65)             | 565                          | 0                          | 7,079                            | 565   | 6,514                         |
| Plant and equipment                 | 357                              | 185   | 172                           | 153                          | 9                            | 0                | 33                           | 0                          | 501                              | 218   | 283                           |
| Motor Vehicles                      | 1,440                            | 912   | 528                           | 147                          | 0                            | 0                | 160                          | 0                          | 1,587                            | 1,072   | 515                           |
| Furniture and fittings              | 1,309                            | 1,067   | 242                           | 54                           | 3                            | 0                | 36                           | 0                          | 1,360                            | 1,103   | 257                           |
| Computers                           | 1,720                            | 1,610   | 110                           | 70                           | 2                            | 0                | 60                           | 0                          | 1,788                            | 1,670   | 118                           |
| Library Books                       | 1,011                            | 834   | 177                           | 49                           | 4                            | 0                | 51                           | 0                          | 1,056                            | 885   | 171                           |
| Finance leases - office equipment   | 719                              | 646   | 73                            | 0                            | 0                            | 0                | 36                           | 0                          | 719                              | 682   | 37                            |
| <b>Total Operational Assets</b>     | <b>18,474</b>                    | <b>5,254</b>                                    | <b>13,220</b>                 | <b>1,354</b>                 | <b>179</b>                   | <b>(65)</b>      | <b>941</b>                   | <b>0</b>                   | <b>19,584</b>                    | <b>6,195</b>                                    | <b>13,389</b>                 |
| <b>Restricted Assets</b>            |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| Land                                | 6,310                            | 0   | 6,310                         | 0                            | 40                           | 0                | 0                            | 0                          | 6,270                            | 0   | 6,270                         |
| Buildings                           | 4,583                            | 0   | 4,583                         | 1,053                        | 32                           | 0                | 286                          | 0                          | 5,604                            | 286   | 5,318                         |
| <b>Total Restricted Assets</b>      | <b>10,893</b>                    | <b>0</b>  | <b>10,893</b>                 | <b>1,053</b>                 | <b>72</b>                    | <b>0</b>         | <b>286</b>                   | <b>0</b>                   | <b>11,874</b>                    | <b>286</b>                                      | <b>11,588</b>                 |
| <b>Infrastructural Assets</b>       |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| Land                                | 1,318                            | 0   | 1,318                         | 0                            | 0                            | 0                | 0                            | 0                          | 1,318                            | 0   | 1,318                         |
| Roads                               | 247,530                          | 17,664  | 229,866                       | 4,212                        | (2)                          | 0                | 2,939                        | 0                          | 251,744                          | 20,603  | 231,141                       |
| Water Reticulation                  | 14,928                           | 0   | 14,928                        | 379                          | 182                          | 0                | 407                          | 0                          | 15,125                           | 407   | 14,718                        |
| Sewerage Reticulation               | 29,085                           | 0   | 29,085                        | 136                          | 11                           | 0                | 750                          | 0                          | 29,210                           | 750   | 28,460                        |
| Stormwater Systems                  | 8,698                            | 0   | 8,698                         | 340                          | 67                           | 0                | 170                          | 0                          | 8,971                            | 170   | 8,801                         |
| Refuse Systems                      | 4,967                            | 662   | 4,305                         | 160                          | 0                            | 0                | 90                           | 0                          | 5,127                            | 752   | 4,375                         |
| Land under Roads                    | 9,883                            | 0   | 9,883                         | 0                            | 0                            | 0                | 0                            | 0                          | 9,883                            | 0   | 9,883                         |
| <b>Total Infrastructural Assets</b> | <b>316,409</b>                   | <b>18,326</b>                                   | <b>298,083</b>                | <b>5,227</b>                 | <b>258</b>                   | <b>0</b>         | <b>4,356</b>                 | <b>0</b>                   | <b>321,378</b>                   | <b>22,682</b>                                   | <b>298,696</b>                |
| Contract Work in Progress           | 2,728                            | 0   | 2,728                         | 1,871                        | 8                            | 0                | 0                            | 0                          | 4,591                            | 0   | 4,591                         |
| <b>Total Council Assets</b>         | <b>348,504</b>                   | <b>23,580</b>                                   | <b>324,924</b>                | <b>9,505</b>                 | <b>517</b>                   | <b>(65)</b>      | <b>5,583</b>                 | <b>0</b>                   | <b>357,427</b>                   | <b>29,163</b>                                   | <b>328,264</b>                |



| Group 2017                          | Cost/<br>Revaluation<br>30.06.16 | Acc Depn &<br>Impairment<br>Charges<br>30.06.16 | Carrying<br>Value<br>30.06.16 | Current<br>Year<br>Additions | Current<br>Year<br>Disposals | Reclassification | Current Year<br>Depreciation | Revaluation<br>Gain/<br>(Loss) | Cost/<br>Revaluation<br>30.06.17 | Acc Depn &<br>Impairment<br>Charges<br>30.06.17 | Carrying<br>Value<br>30.06.17 |
|-------------------------------------|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|--------------------------------|----------------------------------|---|-------------------------------|
| <b>Operational Assets</b>           |                                  |   |                               |                              |                              |                  |                              |                                |                                  |   |                               |
| 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                             |
| <b>Total Operational Assets</b>     | <b>36,620</b>                    | <b>16,125</b>                                   | <b>20,495</b>                 | <b>2,414</b>                 | <b>243</b>                   | <b>0</b>         | <b>1,670</b>                 | <b>0</b>                       | <b>38,791</b>                    | <b>17,795</b>                                   | <b>20,996</b>                 |
| <b>Restricted Assets</b>            |                                  |   |                               |                              |                              |                  |                              |                                |                                  |   |                               |
| 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                         |
| <b>Total Restricted Assets</b>      | <b>11,874</b>                    | <b>286</b>                                      | <b>11,588</b>                 | <b>1,071</b>                 | <b>0</b>                     | <b>0</b>         | <b>307</b>                   | <b>0</b>                       | <b>12,945</b>                    | <b>593</b>                                      | <b>12,352</b>                 |
| <b>Infrastructural Assets</b>       |                                  |   |                               |                              |                              |                  |                              |                                |                                  |   |                               |
| 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                  | 15,125                           | 407   | 14,718                        | 5,483                        | 173                          | 0                | 552                          | 0                              | 20,435                           | 959   | 19,476                        |
| Sewerage Reticulation               | 29,210                           | 750   | 28,460                        | 587                          | 0                            | 0                | 753                          | 0                              | 29,797                           | 1,503   | 28,294                        |
| Stormwater Systems                  | 8,971                            | 170   | 8,801                         | 255                          | 5                            | 0                | 170                          | 0                              | 9,221                            | 340   | 8,881                         |
| 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                         |
| <b>Total Infrastructural Assets</b> | <b>320,719</b>                   | <b>22,682</b>                                   | <b>298,037</b>                | <b>11,095</b>                | <b>177</b>                   | <b>0</b>         | <b>4,526</b>                 | <b>158</b>                     | <b>307,389</b>                   | <b>2,802</b>                                    | <b>304,587</b>                |
| Contract Work in Progress           | 4,591                            | 0   | 4,591                         | 846                          | 4,295                        | 0                | 0                            | 0                              | 1,142                            | 0   | 1,142                         |
| <b>Total Council Assets</b>         | <b>373,804</b>                   | <b>39,093</b>                                   | <b>334,711</b>                | <b>15,426</b>                | <b>4,715</b>                 | <b>0</b>         | <b>6,503</b>                 | <b>158</b>                     | <b>360,267</b>                   | <b>21,190</b>                                   | <b>339,077</b>                |

| Group 2016 (Restated)               | Cost/<br>Revaluation<br>30.06.15 | Acc Depn &<br>Impairment<br>Charges<br>30.06.15 | Carrying<br>Value<br>30.06.15 | Current<br>Year<br>Additions | Current<br>Year<br>Disposals | Reclassification | Current Year<br>Depreciation | Revaluation<br>Gain/(Loss) | Cost/<br>Revaluation<br>30.06.16 | Acc Depn &<br>Impairment<br>Charges<br>30.06.16 | Carrying<br>Value<br>30.06.16 |
|-------------------------------------|----------------------------------|---|-------------------------------|------------------------------|------------------------------|------------------|------------------------------|----------------------------|----------------------------------|---|-------------------------------|
| <b>Operational Assets</b>           |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| Land                                | 6,062                            | 0   | 6,062                         | 40                           | 0                            | 0                | 0                            | 0                          | 6,102                            | 0   | 6,102                         |
| Buildings                           | 8,278                            | 184   | 8,094                         | 872                          | 170                          | (68)             | 622                          | 0                          | 8,912                            | 806   | 8,106                         |
| Plant and equipment                 | 357                              | 185   | 172                           | 153                          | 9                            | 0                | 33                           | 0                          | 501                              | 218   | 283                           |
| Motor Vehicles                      | 13,815                           | 9,287   | 4,528                         | 1,389                        | 182                          | (12)             | 703                          | 0                          | 15,010                           | 9,990   | 5,020                         |
| Quarry Production Equipment         | 404                              | 147   | 257                           | 9                            | 0                            | 15               | 58                           | 136                        | 359                              | 0   | 359                           |
| Furniture and fittings              | 2,095                            | 1,819   | 276                           | 86                           | 8                            | 0                | 55                           | 0                          | 2,173                            | 1,874   | 299                           |
| Computers                           | 1,720                            | 1,610   | 110                           | 70                           | 2                            | 0                | 60                           | 0                          | 1,788                            | 1,670   | 118                           |
| Library Books                       | 1,011                            | 834   | 177                           | 49                           | 4                            | 0                | 51                           | 0                          | 1,056                            | 885   | 171                           |
| Finance leases - office equipment   | 719                              | 646   | 73                            | 0                            | 0                            | 0                | 36                           | 0                          | 719                              | 682   | 37                            |
| <b>Total Operational Assets</b>     | <b>34,461</b>                    | <b>14,712</b>                                   | <b>19,749</b>                 | <b>2,668</b>                 | <b>375</b>                   | <b>(65)</b>      | <b>1,618</b>                 | <b>136</b>                 | <b>36,620</b>                    | <b>16,125</b>                                   | <b>20,495</b>                 |
| <b>Restricted Assets</b>            |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| Land                                | 6,310                            | 0   | 6,310                         | 0                            | 40                           | 0                | 0                            | 0                          | 6,270                            | 0   | 6,270                         |
| Buildings                           | 4,583                            | 0   | 4,583                         | 1,053                        | 32                           | 0                | 286                          | 0                          | 5,604                            | 286   | 5,318                         |
| <b>Total Restricted Assets</b>      | <b>10,893</b>                    | <b>0</b>  | <b>10,893</b>                 | <b>1,053</b>                 | <b>72</b>                    | <b>0</b>         | <b>286</b>                   | <b>0</b>                   | <b>11,874</b>                    | <b>286</b>                                      | <b>11,588</b>                 |
| <b>Infrastructural Assets</b>       |                                  |   |                               |                              |                              |                  |                              |                            |                                  |   |                               |
| Land                                | 1,318                            | 0   | 1,318                         | 0                            | 0                            | 0                | 0                            | 0                          | 1,318                            | 0   | 1,318                         |
| Roads                               | 247,426                          | 17,664  | 229,762                       | 3,657                        | (2)                          | 0                | 2,939                        | 0                          | 251,085                          | 20,603  | 230,482                       |
| Water Reticulation                  | 14,928                           | 0   | 14,928                        | 379                          | 182                          | 0                | 407                          | 0                          | 15,125                           | 407   | 14,718                        |
| Sewerage Reticulation               | 29,085                           | 0   | 29,085                        | 136                          | 11                           | 0                | 750                          | 0                          | 29,210                           | 750   | 28,460                        |
| Stormwater Systems                  | 8,698                            | 0   | 8,698                         | 340                          | 67                           | 0                | 170                          | 0                          | 8,971                            | 170   | 8,801                         |
| Refuse Systems                      | 4,967                            | 662   | 4,305                         | 160                          | 0                            | 0                | 90                           | 0                          | 5,127                            | 752   | 4,375                         |
| Land under Roads                    | 9,883                            | 0   | 9,883                         | 0                            | 0                            | 0                | 0                            | 0                          | 9,883                            | 0   | 9,883                         |
| <b>Total Infrastructural Assets</b> | <b>316,305</b>                   | <b>18,326</b>                                   | <b>297,979</b>                | <b>4,672</b>                 | <b>258</b>                   | <b>0</b>         | <b>4,356</b>                 | <b>0</b>                   | <b>320,719</b>                   | <b>22,682</b>                                   | <b>298,037</b>                |
| Contract Work in Progress           | 2,728                            | 0   | 2,728                         | 1,871                        | 8                            | 0                | 0                            | 0                          | 4,591                            | 0   | 4,591                         |
| <b>Total Council Assets</b>         | <b>364,387</b>                   | <b>33,038</b>                                   | <b>331,349</b>                | <b>10,264</b>                | <b>713</b>                   | <b>(65)</b>      | <b>6,260</b>                 | <b>136</b>                 | <b>373,804</b>                   | <b>39,093</b>                                   | <b>334,711</b>                |

## Valuation

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

The valuations were performed by an independent registered valuer, Mairi Macdonald, an independent valuer from Quotable Value Limited for Council's and Adrian Doyle, an independent valuer from Doyle Valuations Limited for Inframax Construction Limited land and buildings. The valuation is effective as at 30 June 2015.

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 2015   | \$13,080,000 |
| Inframax Construction Limited: Operational Land           | 30 June 2015   | \$607,500    |

### *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.
- For Council's earthquake prone buildings that are expected to be strengthened, the estimated earthquake strengthening costs have been deducted off the depreciated replacement cost.
- 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 2015   | \$11,050,400 |
| Inframax Construction Limited: Operational Buildings | 30 June 2015   | \$1,617,000  |

### *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, Colin Gerrard, an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2015.

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 2015   | \$9,227,000  |
| Sewerage Reticulation     | 30 June 2015   | \$29,086,000   |
| Water Supply Reticulation | 30 June 2015   | \$14,927,000   |

#### *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 2017 Council disposed the remaining sand filters at the Te Kuiti Water Treatment Plant due to their age and incompatibility with the replacement filters added last year.

In 2016 Council de-recognised two rural halls, one through divestment to a community organisation and the other through cancellation of a vesting order of Department of Conservation land for an unused hall. In addition to this one of the sand filters at the Te Kuiti water treatment plant sustained cracking in the concrete structure through ground subsidence and was subsequently impaired and disposed of. These disposals resulted in a disposal loss of \$202,000 for the two halls and \$166,000 for the sand filter in the 2015/16 year.

#### *Work in progress*

The total amount of property, plant, and equipment in the course of construction is \$1,142,000 (2016: \$4,591,000 )

#### *Leasing*

The net carrying amount of plant and equipment held under finance leases is \$1,000 (2016: \$37,000).

## 22• Intangible Assets

|                                     | Waitomo District Council |                | Waitomo District Group |                |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|
| (\$000's)                           | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Software</b>                     |                          |                |                        |                |
| <b>Cost</b>                         |                          |                |                        |                |
| Balance at 1 July                   | 1,000                    | 812            | 1,692                  | 1,494          |
| Additions                           | 97                       | 189            | 143                    | 199            |
| Disposals                           | 0                        | (1)            | (197)                  | (1)            |
| <b>Balance at 30 June</b>           | <b>1,097</b>             | <b>1,000</b>   | <b>1,638</b>           | <b>1,692</b>   |
| <b>Accumulated Amortisation</b>     |                          |                |                        |                |
| Balance at 1 July                   | 778                      | 752            | 1,457                  | 1,422          |
| Amortisation expense for the year   | 51                       | 26             | 63                     | 35             |
| Disposals                           | 0                        | 0              | (197)                  | 0              |
| <b>Balance at 30 June</b>           | <b>829</b>               | <b>778</b>     | <b>1,323</b>           | <b>1,457</b>   |
| <b>Net Book Value at 30 June</b>    | <b>268</b>               | <b>222</b>     | <b>315</b>             | <b>235</b>     |
| <b>Emission Trading Units</b>       |                          |                |                        |                |
| Balance at 1 July                   | 81                       | 39             | 81                     | 39             |
| Additions                           | 72                       | 86             | 72                     | 86             |
| Disposals                           | 0                        | 0              | 0                      | 0              |
| Amounts surrendered during the year | (33)                     | (44)           | (33)                   | (44)           |
| <b>Balance at 30 June</b>           | <b>120</b>               | <b>81</b>      | <b>120</b>             | <b>81</b>      |
| <b>Net Book Value at 30 June</b>    | <b>388</b>               | <b>303</b>     | <b>435</b>             | <b>316</b>     |

## 23• Investment Property

|  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
| (\$000's)                                  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Balance at 1 July                          | 1,346                    | 1,295          | 1,346                  | 1,295          |
| Transfer to Assets Held for Sale           | (604)                    | 0              | (604)                  | 0              |
| Additions                                  | 0                        | 30             | 0                      | 30             |
| Gains/(Losses) due to change in Fair Value | 8                        | 22             | 8                      | 22             |
| Disposals                                  | 0                        | (1)            | 0                      | (1)            |
| <b>Balance at 30 June</b>                  | <b>750</b>               | <b>1,346</b>   | <b>750</b>             | <b>1,346</b>   |

The valuation of investment property was performed by Mairi Macdonald, an independent valuer from Quotable Value Limited. Quotable Value Limited 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 during 2016.

## 24• Assets held for sale

| (\$000's)                                   | Waitomo District Council |                | Waitomo District Group |                |
|---|--------------------------|----------------|------------------------|----------------|
|   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Balance at 1 July                           | 517                      | 501            | 517                    | 501            |
| Transfer from Investment Property           | 604                      | 0              | 604                    | 0              |
| Transfer from Property, Plant and Equipment | 0                        | 65             | 0                      | 65             |
| Gains/(Losses) due to change in Fair Value  | 74                       | (49)           | 74                     | (49)           |
| Disposals                                   | (145)                    | 0              | (145)                  | 0              |
| <b>Balance at 30 June</b>                   | <b>1,050</b>             | <b>517</b>     | <b>1,050</b>           | <b>517</b>     |
| This is made up of:                         |                          |                |                        |                |
| Current                                     | 1,050                    | 78             | 1,050                  | 78             |
| Non Current                                 | 0                        | 439            | 0                      | 439            |
|   | <b>1,050</b>             | <b>517</b>     | <b>1,050</b>           | <b>517</b>     |

### 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.

### 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 |             |
|---|--------------------------|-------------|------------------------|-------------|
|   | 2017 ACTUAL              | 2016 ACTUAL | 2017 ACTUAL            | 2016 ACTUAL |
| Balance at 1 July                                 | 0                        | 0           | 439                    | 284         |
| Stripping costs capitalised during the year       | 0                        | 0           | 150                    | 244         |
| Stripping costs amortised during the year         | 0                        | 0           | (135)                  | (89)        |
| <b>Balance at 30 June</b>                         | <b>0</b>                 | <b>0</b>    | <b>454</b>             | <b>439</b>  |
| <b>This is made up of:</b>                        |                          |             |                        |             |
| Current   | 0                        | 0           | 82                     | 71          |
| Non Current                                       | 0                        | 0           | 372                    | 368         |
| <b>Total Capitalised Quarry Development Costs</b> | <b>0</b>                 | <b>0</b>    | <b>454</b>             | <b>439</b>  |

## 26• Capital Commitments and Operating Leases

| (\$000's)  | Waitomo District Council |               | Waitomo District Group |               |
|--|--------------------------|---------------|------------------------|---------------|
|  | 2017 ACTUAL              | 2016 ACTUAL   | 2017 ACTUAL            | 2016 ACTUAL   |
| <b>Commitments for capital contracted by not provided for:</b> |                          |               |                        |               |
| Water assets   | 578                      | 151           | 578                    | 151           |
| Sewerage assets  | 35                       | 7             | 35                     | 7             |
| Road assets  | 525                      | 65            | 525                    | 65            |
| Intangible assets  | 0                        | 72            | 0                      | 72            |
| Restricted buildings   | 0                        | 210           | 0                      | 210           |
| Operational buildings  | 109                      | 0             | 109                    | 0             |
| Computers  | 49                       | 0             | 49                     | 0             |
| <b>Total Capital Commitments</b>                               | <b>1,296</b>             | <b>505</b>    | <b>1,296</b>           | <b>505</b>    |
| <b>Non Cancellable Operating Leases as Lessee</b>              |                          |               |                        |               |
| Not later than one year  | 4                        | 40            | 60                     | 129           |
| Later than one year but not later than five years              | 0                        | 4             | 6                      | 73            |
| Later than five years  | 0                        | 0             | 0                      | 0             |
| <b>Total Non Cancellable Operating Leases</b>                  | <b>4</b>                 | <b>44</b>     | <b>66</b>              | <b>202</b>    |
| <b>Operational Commitments</b>                                 |                          |               |                        |               |
| Not later than one year  | 6,587                    | 7,427         | 6,706                  | 7,623         |
| Later than one year but not later than five years              | 12,325                   | 5,885         | 12,753                 | 6,328         |
| Later than five years  | 750                      | 1,281         | 750                    | 1,292         |
| <b>Total Operational Commitments</b>                           | <b>19,662</b>            | <b>14,593</b> | <b>20,209</b>          | <b>15,243</b> |
| <b>Total Commitments</b>                                       | <b>20,962</b>            | <b>15,142</b> | <b>21,571</b>          | <b>15,950</b> |

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

## 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 (2016: \$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 (2016: \$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 April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party 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. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 11 of which are located within Waitomo District. At present there is 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 2017 the LGFA had borrowings totalling \$8.207 billion (2016: \$6.501 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 of defaulting on repayment of interest or capital to be very low on the basis that Council is unaware of any local authority debt default events in New Zealand and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Group

A contingent liability of \$1,928,899 exists at 30 June 2017 (2016: \$1,350,287) being bonds guaranteed by Westpac New Zealand Ltd and will be payable if the Group cannot fulfil its contractual obligations.

As at 30 June 2017 and at 30 June 2016, there were no contingent liabilities outstanding.



## 28• Operating Cashflow Reconciliation

|  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
| (\$000's)  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Net Surplus/(Deficit) After Tax</b>                           | 4,388                    | 3,594          | 6,815                  | 4,269          |
| <b>Add/(Less) Non Cash Items</b>                                 |                          |                |                        |                |
| Depreciation and Amortisation                                    | 5,839                    | 5,639          | 6,572                  | 6,325          |
| (Gain)/Loss in change of fair value of Investment Property       | (8)                      | (22)           | (8)                    | (22)           |
| Loss on revaluation of Assets Held for Sale                      | (74)                     | 49             | (111)                  | 49             |
| Loss/(Gain) on Disposal of Assets or Impairment of Assets        | 193                      | 509            | 193                    | 520            |
| Non cash acquisition of assets                                   | (430)                    | (11)           | (430)                  | (11)           |
| Change in Unrealised Derivative Financial Instrument             | 41                       | (28)           | (41)                   | (28)           |
| Change in Deferred Taxation Asset/Liability                      | 0                        | 0              | (1,512)                | (425)          |
| <b>Add/(Less) Movements in Working Capital Items</b>             |                          |                |                        |                |
| Increase/(Decrease) in Trade and Other Payables                  | 669                      | (512)          | 703                    | (83)           |
| (Increase)/Decrease in Trade and Other Receivables               | (318)                    | (483)          | (250)                  | 195            |
| (Increase)/Decrease in Inventories                               | (11)                     | 33             | (285)                  | 683            |
| Increase/(Decrease) in Employee Entitlements                     | 35                       | 92             | 37                     | (32)           |
| Increase/(Decrease) in Provisions                                | 13                       | 57             | 63                     | 57             |
| Capitalised Quarry Development Asset                             | 0                        | 0              | (15)                   | (155)          |
| Add/(Less) Items Classified as Investing or Financing Activities | 971                      | 1,672          | 661                    | 1,707          |
| <b>Net Cash Flows from Operating Activities</b>                  | <b>11,308</b>            | <b>10,589</b>  | <b>12,392</b>          | <b>13,049</b>  |

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

## 29. Capital Expenditure

Waitomo District Council

| (\$000's)                              | NOTE | 2017<br>BUDGET | 2017<br>ACTUAL | 2016<br>ACTUAL |
|--|------|----------------|----------------|----------------|
| <b>Capital by Significant Activity</b> |      |                |                |                |
| Leadership and Investments             |      | 677            | 505            | 398            |
| Community Service                      |      | 1,150          | 1,323          | 1,947          |
| Community Development                  |      | 40             | 1              | 0              |
| Solid Waste Management                 |      | 146            | 124            | 218            |
| Stormwater Drainage                    |      | 277            | 252            | 351            |
| Sewerage                               |      | 892            | 403            | 294            |
| Water Supply                           |      | 2,329          | 2,381          | 2,329          |
| Roads and Footpaths                    |      | 6,830          | 4,714          | 4,273          |
| <b>Total Capital Expenditure</b>       |      | <b>12,341</b>  | <b>9,703</b>   | <b>9,810</b>   |
| <b>Shown as Additions to</b>           |      |                |                |                |
| Property, Plant and Equipment          | 21   | 12,341         | 9,537          | 9,505          |
| Intangible Assets                      | 22   | 0              | 166            | 275            |
| Investment Property                    | 23   | 0              | 0              | 30             |
| Assets held for sale                   | 24   | 0              | 0              | 0              |
| <b>Total Capital Expenditure</b>       |      | <b>12,341</b>  | <b>9,703</b>   | <b>9,810</b>   |
| <b>Funded by</b>                       |      |                |                |                |
| Loans                                  |      | 4,220          | 3,379          | 2,604          |
| Subsidy Revenue                        |      | 4,095          | 2,879          | 3,636          |
| Reserves                               |      | 4,026          | 3,445          | 3,570          |
| <b>Total</b>                           |      | <b>12,341</b>  | <b>9,703</b>   | <b>9,810</b>   |

## Summary of Significant Capital Additions and Replacements

| Activity<br>(Total spend in \$000's)            | Description   | Budget \$000's   | Actual Expenditure \$000's |                     |                        |
|---|---|--|----------------------------|---------------------|------------------------|
|   |   |  | Additional demand          | Improve performance | Replace existing asset |
| <b>Leadership (Total spend \$505)</b>           | Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs   | 613  | 0                          | 0                   | 477                    |
|   | Unspecified improvements  | 64   | 0                          | 28                  | 0                      |
| <b>Community Services (Total spend \$1,323)</b> | Railway Buildings upgrade and Main Street re-design and garden upgrade to revitalise buildings to enable use for a variety of potential users   | 290  | 0                          | 396                 | 0                      |
|   | Sir Colin Meads Statue erected in Rora Street, Te Kuiti to commemorate a local legion. (The build was funded through community donations and grant and subsequently vested in Council for safe upkeep).   | 0  | 0                          | 434                 | 0                      |
|   | Playground and sports grounds drainage improvements at Centennial Park  | 36   | 0                          | 51                  | 0                      |
|   | Cultural & Arts Centre improvements to enhance appeal to user groups  | 154  | 0                          | 0                   | 148                    |
|   | Library book stock renewal to maintain the standard of books available at the District library  | 50   | 0                          | 0                   | 47                     |
|   | Benneydale pedestrian bridge improvement  | 0  | 0                          | 6                   | 0                      |
|   | Land purchase for future camp grounds development   | 52   | 0                          | 0                   | 0                      |
|   | Access improvements   | 11   | 0                          | 0                   | 0                      |
|   | Upgrade of public toilets at Benneydale for use by the community and travellers   | 0  | 0                          | 0                   | 112                    |
|   | Upgrade of public toilets at Marokopa for use by the community and travelers  | 225  | 0                          | 0                   | 2                      |
|   | Unspecified improvements  | 83   | 0                          | 0                   | 34                     |
|   | Miscellaneous renewals for Elderly Persons Housing, camping grounds, public toilets, parks and reserves, plant & equipment, Council-owned buildings   | 249  | 0                          | 0                   | 93                     |
|   | <b>Community Development (Total spend \$1)</b>  | Motor home friendly district initiative to attract more visitors to the district | 40                         | 0                   | 0                      |
| Miscellaneous renewals                          |   | 0  | 0                          | 0                   | 1                      |
| <b>Solid Waste (Total spend \$124)</b>          | Replacement of miscellaneous assets   | 74   | 0                          | 0                   | 52                     |
|   | Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill   | 72   | 0                          | 0                   | 72                     |
| <b>Stormwater (Total spend \$252)</b>           | Ongoing renewals of Council stormwater infrastructure for the management of rain water runoff for property protection   | 277  | 0                          | 0                   | 252                    |
| <b>Sewerage (Total spend \$403)</b>             | 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. | 307  | 0                          | 0                   | 142                    |
|   | Reticulation network improvements to improve efficiency of the network as a whole.  | 246  | 0                          | 33                  | 1                      |
|   | Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants   | 339  | 0                          | 15                  | 212                    |
| <b>Water (Total spend \$2,381)</b>              | Upgrade of water treatment plant in Te Kuiti to meet new drinking water standards   | 1,754  | 0                          | 912                 | 711                    |
|   | Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply   | 35   | 0                          | 37                  | 344                    |
|   | Unspecified improvements  | 0  | 0                          | 8                   | 13                     |
|   | Various pipe and plant renewals to maintain the reticulation network  | 540  | 0                          | 49                  | 307                    |

| Activity<br>(Total spend in \$000's) | Description   | Budget \$000's | Actual Expenditure \$000's |                     |                        |
|--------------------------------------|---|----------------|----------------------------|---------------------|------------------------|
|                                      |   |                | Additional demand          | Improve performance | Replace existing asset |
| <b>Roads (Total spend \$4,714)</b>   | 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. | 1,805          | 0                          | 0                   | 1,252                  |
|                                      | Seal extension on Maraeroa Road to improve visitor access to recreational biking trails   | 0              | 0                          | 811                 | 0                      |
|                                      | LED Street light upgrade to provide public lighting at a lower overall cost.  | 0              | 0                          | 0                   | 6                      |
|                                      | Pavement rehabilitation carried out to reduce future road maintenance costs.  | 1,400          | 0                          | 0                   | 911                    |
|                                      | Unsealed road metalling to renew structural support to unsealed roads district-wide   | 600            | 0                          | 0                   | 250                    |
|                                      | Emergency reinstatement work to repair damage to roads as a result of bad weather events  | 820            | 0                          | 0                   | 599                    |
|                                      | Drainage renewals to renew culverts in roading network  | 400            | 0                          | 0                   | 200                    |
|                                      | Structures components replacement, including bridge and abutment maintenance throughout the District  | 680            | 0                          | 0                   | 220                    |
|                                      | Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights                                   | 120            | 0                          | 0                   | 117                    |
|                                      | Minor safety improvements, including guard rails and re-alignment of roads to improve road safety   | 345            | 0                          | 0                   | 194                    |
|                                      | Other minor works, including preventative maintenance   | 330            | 0                          | 0                   | 1                      |
|                                      | Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy   | 330            | 0                          | 0                   | 153                    |
| <b>(Total spend \$9,703)</b>         |   | <b>12,341</b>  | <b>0</b>                   | <b>2,780</b>        | <b>6,923</b>           |

Refer to Section 1.0 for commentary on Significant Variation to Budget.

## 30• Financial Instruments

|  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
| (\$'000's)   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Financial Instrument Categories</b>   |                          |                |                        |                |
| <b>Financial Assets</b>  |                          |                |                        |                |
| <b>Fair Value through Profit and Loss - held for trading</b>                             |                          |                |                        |                |
| Derivative Financial Instrument Assets   | 0                        | 0              | 0                      | 0              |
| <b>Loans and Receivables</b>   |                          |                |                        |                |
| Cash and Cash Equivalents  | 112                      | 174            | 211                    | 174            |
| Receivables Under Exchange and Non Exchange Transactions                                 | 8,115                    | 7,707          | 10,243                 | 10,168         |
| Loans and Advances - Current   | 378                      | 3              | 3                      | 3              |
| Loans and Advance - Non Current  | 788                      | 763            | 413                    | 13             |
| <b>Total Loans and Receivables</b>   | <b>9,393</b>             | <b>8,647</b>   | <b>10,870</b>          | <b>10,358</b>  |
| <b>Fair Value through Equity</b>   |                          |                |                        |                |
| Shares in Companies  | 20                       | 20             | 20                     | 20             |
| Shares in Subsidiaries   | 4,500                    | 4,500          | 0                      | 0              |
| <b>Total Fair Value through Equity</b>   | <b>4,520</b>             | <b>4,520</b>   | <b>20</b>              | <b>20</b>      |
| <b>Financial Liabilities</b>   |                          |                |                        |                |
| <b>Fair Value through Profit and Loss - held for trading</b>                             |                          |                |                        |                |
| Derivative Financial Instrument Liabilities  | 1,636                    | 2,716          | 1,636                  | 2,716          |
| <b>Financial Liabilities at Amortised Cost</b>   |                          |                |                        |                |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current     | 4,301                    | 3,171          | 5,145                  | 4,752          |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current | 141                      | 300            | 141                    | 300            |
| Bank Overdraft   | 0                        | 0              | 1,500                  | 275            |
| Secured Loans - Current  | 12,665                   | 14,991         | 13,194                 | 15,787         |
| Secured Loans - Non Current  | 30,000                   | 29,000         | 33,543                 | 33,073         |
| Unsecured Loans - Current  | 750                      | 0              | 750                    | 0              |
| Unsecured Loans - Non Current  | 0                        | 750            | 0                      | 750            |
| Lease Liabilities - Current  | 4                        | 41             | 58                     | 120            |
| Lease Liabilities - Non Current  | 0                        | 4              | 6                      | 69             |
| <b>Total Financial Liabilities at Amortised Cost</b>                                     | <b>47,861</b>            | <b>48,257</b>  | <b>54,337</b>          | <b>55,126</b>  |

### Credit Risk

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

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

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

## Maximum Exposure to Credit Risk

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

| (\$000's)  | Waitomo District Council |              | Waitomo District Group |               |
|--|--------------------------|--------------|------------------------|---------------|
|  | 2017 ACTUAL              | 2016 ACTUAL  | 2017 ACTUAL            | 2016 ACTUAL   |
| Cash and Cash Equivalents                                | 112                      | 174          | 211                    | 174           |
| Receivables Under Exchange and Non Exchange Transactions | 8,115                    | 7,707        | 10,243                 | 10,168        |
| Loans and Advances                                       | 1,166                    | 766          | 416                    | 16            |
| <b>Total Credit Risk</b>                                 | <b>9,393</b>             | <b>8,647</b> | <b>10,870</b>          | <b>10,358</b> |

## Credit Quality of Financial Assets

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

| (\$000's)   | Waitomo District Council |             | Waitomo District Group |             |
|---|--------------------------|-------------|------------------------|-------------|
|   | 2017 ACTUAL              | 2016 ACTUAL | 2017 ACTUAL            | 2016 ACTUAL |
| <b>Counter-parties with Credit Ratings:</b>         |                          |             |                        |             |
| <b>Cash and Cash Equivalents</b>                    |                          |             |                        |             |
| AA-   | 112                      | 2,457       | 211                    | 2,457       |
| <b>Derivative Financial Instrument Assets</b>       |                          |             |                        |             |
| AA-   | 0                        | 153         | 0                      | 153         |
| <b>Other Financial Assets - Loans and Advances</b>  |                          |             |                        |             |
| AA+   | 400                      | 0           | 400                    | 0           |
| <b>Counter-parties without Credit Ratings:</b>      |                          |             |                        |             |
| <b>Other Financial Assets - Loans and Advances</b>  |                          |             |                        |             |
| Existing counter-party with no defaults in the past | 16                       | 18          | 16                     | 18          |
| Existing counter-party with defaults in the past    | 750                      | 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 1 Year \$000's | 1-2 Years \$000's | 2-5 Years \$000's | More than Five Years \$000's |
|--|----------------------------|-------------------------|-------------------------------|--------------------------|-------------------|-------------------|------------------------------|
| <b>Council 2017</b>  |                            |                         |                               |                          |                   |                   |                              |
| 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 - 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                           |
| <b>Total</b>   |                            | <b>49,497</b>           | <b>52,494</b>                 | <b>19,079</b>            | <b>11,260</b>     | <b>12,777</b>     | <b>9,378</b>                 |
| <b>Council 2016</b>  |                            |                         |                               |                          |                   |                   |                              |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current     | 0.00%                      | 3,171                   | 3,171                         | 3,171                    | 0                 | 0                 | 0                            |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current | 0.00%                      | 300                     | 300                           | 159                      | 141               | 0                 | 0                            |
| Bank Overdraft   | 0.00%                      | 0                       | 0                             | 0                        | 0                 | 0                 | 0                            |
| Secured Loans - Current  | 3.43%                      | 14,991                  | 14,991                        | 14,991                   | 0                 | 0                 | 0                            |
| Secured Loans - Non-current  | 3.10%                      | 29,000                  | 30,059                        | 898                      | 24,136            | 5,025             | 0                            |
| Unsecured Loans - Non-current  | 5.40%                      | 750                     | 807                           | 41                       | 766               | 0                 | 0                            |
| Lease Liabilities - Current & Non-current  | 10.56%                     | 45                      | 48                            | 44                       | 4                 | 0                 | 0                            |
| Derivative Financial Instruments   | 0.00%                      | 2,716                   | 2,895                         | 567                      | 570               | 1,357             | 401                          |
| <b>Total</b>   |                            | <b>50,973</b>           | <b>52,271</b>                 | <b>19,871</b>            | <b>25,617</b>     | <b>6,382</b>      | <b>401</b>                   |
| <b>Group 2017</b>  |                            |                         |                               |                          |                   |                   |                              |
|  | Effective Interest Rates % | Carrying Amount \$000's | Contractual Cashflows \$000's | Less than 1 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 - 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                           |
| <b>Total</b>   |                            | <b>55,973</b>           | <b>58,419</b>                 | <b>22,206</b>            | <b>11,964</b>     | <b>14,871</b>     | <b>9,378</b>                 |

## Group 2016

|  | Effective Interest Rates % | Carrying Amount \$000's | Contractual Cashflows \$000's | Less than 1 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%                      | 4,752                   | 4,752                         | 4,752                    | 0                 | 0                 | 0                            |
| Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current | 0.00%                      | 300                     | 300                           | 159                      | 141               | 0                 | 0                            |
| Bank Overdraft   | 7.60%                      | 275                     | 275                           | 275                      | 0                 | 0                 | 0                            |
| Secured Loans - Current  | 3.53%                      | 15,787                  | 15,810                        | 15,810                   | 0                 | 0                 | 0                            |
| Secured Loans - Non-current  | 3.37%                      | 33,073                  | 33,165                        | 1,116                    | 24,864            | 7,185             | 0                            |
| Unsecured Loans - Non-current  | 5.40%                      | 750                     | 807                           | 41                       | 766               | 0                 | 0                            |
| Lease Liabilities - Current & Non-current  | 9.66%                      | 189                     | 206                           | 133                      | 73                | 0                 | 0                            |
| Derivative Financial Instruments   | 0.00%                      | 2,716                   | 2,895                         | 567                      | 570               | 1,357             | 401                          |
| <b>Total</b>   |                            | <b>57,842</b>           | <b>58,210</b>                 | <b>22,853</b>            | <b>26,414</b>     | <b>8,542</b>      | <b>401</b>                   |

### Sensitivity Analysis

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

| (\$000's)                               | Waitomo District Council |             | Waitomo District Group |             |
|---|--------------------------|-------------|------------------------|-------------|
|   | 2017 ACTUAL              | 2016 ACTUAL | 2017 ACTUAL            | 2016 ACTUAL |
| <b>Interest Rate Risk</b>               |                          |             |                        |             |
| Market Interest Rates increase by 50bps | (41)                     | (77)        | (73)                   | (91)        |
| Market Interest Rates decrease by 50bps | 41                       | 77          | 73                     | 91          |

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 \$8,235,000 (2016: \$15,490,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$41,000 (2016: \$77,000). 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 \$13,865,000 (2016: \$20,634,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$69,000 (2016: \$103,000). A movement in market interest rates on fixed debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

### Fair Value

The carrying value of cash and cash equivalents, debtors and other receivables, loans, advances, current borrowings, bank overdraft and creditors and other payables approximates their fair value. The fair value of non-current portion of borrowings of Council is \$30,019,000 (2016: \$29,813,000) and for the Group \$33,562,000 (2016: \$33,951,000).

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

#### Fair Value Measurement

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

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



| (\$000's)                                   | Level 1  | Level 2      | Level 3      | Total        |
|---|----------|--------------|--------------|--------------|
| <b>Council 2017</b>                         |          |              |              |              |
| <b>Financial Assets at FVTPL</b>            |          |              |              |              |
| Derivative Financial Instrument Assets      | 0        | 0            | 0            | 0            |
|   | <b>0</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Available-for-sale financial assets</b>  |          |              |              |              |
| Shares in Subsidiaries                      | 0        | 0            | 4,500        | 4,500        |
| Shares in Companies                         | 0        | 0            | 20           | 20           |
|   | <b>0</b> | <b>0</b>     | <b>4,520</b> | <b>4,520</b> |
| <b>Financial Liabilities at FVTPL</b>       |          |              |              |              |
| Derivative Financial Instrument Liabilities | 0        | 1,636        | 0            | 1,636        |
|   | <b>0</b> | <b>1,636</b> | <b>0</b>     | <b>1,636</b> |
| <b>Group 2017</b>                           |          |              |              |              |
| <b>Financial Assets at FVTPL</b>            |          |              |              |              |
| Derivative Financial Instrument Assets      | 0        | 0            | 0            | 0            |
|   | <b>0</b> | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| <b>Available-for-sale financial assets</b>  |          |              |              |              |
| Shares in Subsidiaries                      | 0        | 0            | 0            | 0            |
| Shares in Companies                         | 0        | 0            | 20           | 20           |
|   | <b>0</b> | <b>0</b>     | <b>20</b>    | <b>20</b>    |
| <b>Financial Liabilities at FVTPL</b>       |          |              |              |              |
| Derivative Financial Instrument Liabilities | 0        | 1,636        | 0            | 1,636        |
|   | <b>0</b> | <b>1,636</b> | <b>0</b>     | <b>1,636</b> |
| <b>Council 2016</b>                         |          |              |              |              |
| <b>Financial Assets at FVTPL</b>            |          |              |              |              |
| Derivative Financial Instrument Assets      | 0        | 0            | 0            | 0            |
| <b>Available-for-sale financial assets</b>  |          |              |              |              |
| Shares in Subsidiaries                      | 0        | 0            | 4,500        | 4,500        |
| Shares in Companies                         | 0        | 0            | 20           | 20           |
|   | 0        | 0            | 4,520        | 4,520        |
| <b>Financial Liabilities at FVTPL</b>       |          |              |              |              |
| Derivative Financial Instrument Liabilities | 0        | 2,716        | 0            | 2,716        |
|   | 0        | 2,716        | 0            | 2,716        |
| <b>Group 2016</b>                           |          |              |              |              |
| <b>Financial Assets at FVTPL</b>            |          |              |              |              |
| Derivative Financial Instrument Assets      | 0        | 0            | 0            | 0            |
| <b>Available-for-sale financial assets</b>  |          |              |              |              |
| Shares in Companies                         | 0        | 0            | 20           | 20           |
|   | <b>0</b> | <b>0</b>     | <b>20</b>    | <b>20</b>    |
| <b>Financial Liabilities at FVTPL</b>       |          |              |              |              |
| Derivative Financial Instrument Liabilities | 0        | 2,716        | 0            | 2,716        |
|   | 0        | 2,716        | 0            | 2,716        |

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

| (\$000's)  | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Balance at 1 July  | 4,520                    | 2,620          | 20                     | 20             |
| Gain on revaluation recognised in Other Comprehensive Income | 0                        | 1,900          | 0                      | 0              |
| <b>Balance at 30 June</b>                                    | <b>4,520</b>             | <b>4,520</b>   | <b>20</b>              | <b>20</b>      |

## 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 |                |
|--|--------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL |
| <b>Transactions with Inframax Construction Ltd</b>         |                          |                |
| Road construction and maintenance expenditure              | 7,048                    | 6,488          |
| Other expenditure  | 29                       | 26             |
| Fees and charges and Income from Construction              | 78                       | 110            |
| Interest on advance  | 40                       | 46             |
| <b>Balances Outstanding with Inframax Construction Ltd</b> |                          |                |
| Payables   | 1,522                    | 988            |
| Receivables  | 34                       | 40             |
| Advance  | 750                      | 750            |

### Group

| (\$000's)  | Waitomo District Group |                |
|--|------------------------|----------------|
|  | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Transactions between Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd</b> |                        |                |
| Other Income   | 0                      | 37             |
| Operating Expenses   | 0                      | 14             |
| <i>Sale of business net assets to Inframax Construction Ltd</i>                                |                        |                |
| Inventory at replacement/actual cost   | 0                      | 21             |
| Property, plant and equipment sold at market price per valuation                               | 0                      | 200            |
| Contract work in progress at cost  | 0                      | 24             |
| Less Obligations   | 0                      | 4              |
| Remedial obligations   | 0                      | (15)           |
| Finance lease  | 0                      | (18)           |
| Annual leave liability   | 0                      | (1)            |

### Inframax Construction Limited

The Company paid plant hire fees of \$46,687 (2016: \$28,332) to R & M Simpson Contracting, a business owned by R & M Simpson, employees of the Company. There was nil owing at year end (2016: \$5,692).

### Remuneration of the Chief Executive (Council)

In the 2016/17 financial year the total remuneration paid to the Council's Chief Executive was \$ 253,543 (2016: \$248,783)

| Elected Representatives and Directors<br>(\$000's)           | Waitomo District Council |                | Waitomo District Group |                |
|--|--------------------------|----------------|------------------------|----------------|
|  | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| Mayor Hanna  | 73                       | 71             | 73                     | 71             |
| Deputy Mayor Whitaker  | 32                       | 31             | 32                     | 31             |
| Councillor Goddard   | 27                       | 25             | 27                     | 25             |
| Councillor Brodie  | 28                       | 29             | 28                     | 29             |
| Councillor Te Kanawa   | 7                        | 23             | 7                      | 23             |
| Councillor Davey   | 24                       | 23             | 24                     | 23             |
| Councillor Smith   | 28                       | 25             | 28                     | 25             |
| Councillor New   | 17                       | 0              | 17                     | 0              |
| Directors Fees   | 0                        | 0              | 120                    | 108            |
| <b>Total Elected Members Remuneration and Directors Fees</b> | <b>236</b>               | <b>227</b>     | <b>356</b>             | <b>335</b>     |

| Key Management Personnel<br>(\$000's)   | Waitomo District Council |                | Waitomo District Group |                |
|---|--------------------------|----------------|------------------------|----------------|
|   | 2017<br>ACTUAL           | 2016<br>ACTUAL | 2017<br>ACTUAL         | 2016<br>ACTUAL |
| <b>Elected Members and Directors</b>    |                          |                |                        |                |
| Remuneration                            | 236                      | 227            | 356                    | 335            |
| Number of elected members and directors | 7                        | 7              | 10                     | 10             |
| <b>Key Management Personnel</b>         |                          |                |                        |                |
| Remuneration                            | 843                      | 865            | 1,227                  | 1,065          |
| Full time equivalent members            | 5                        | 5              | 9                      | 6              |

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 (2016: Nil).

| Council Employees<br>(\$000's)                              | Waitomo District Council<br>2017<br>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  |
| <b>Total Employees</b>                                      | <b>79</b>                                  |

## Council Employees

Waitomo District Council

| (\$000's)   | 2016<br>ACTUAL |
|---|----------------|
| Total number of employees per remuneration band at 30 June: |                |
| <\$60,000   | 42             |
| \$60,000 - \$79,999   | 17             |
| \$80,000 - \$119,999  | 9              |
| \$120,000 - \$249,999                                       | 6              |
| <b>Total Employees</b>                                      | <b>74</b>      |

The number of full time equivalent employees at 30 June 2017 was 68 (2016: 65).

## 32• Construction Contracts

Waitomo District Group

| (\$000's)   | NOTE | 2017<br>ACTUAL | 2016<br>ACTUAL |
|---|------|----------------|----------------|
| Constructions costs incurred plus recognised profits less recognised losses to date |      | 0              | 0              |
| Less Progress Billings  |      | 0              | 0              |
| <b>Contracts in Progress at 30 June</b>   |      | <b>0</b>       | <b>0</b>       |
| Deferred Revenue  | 17   | 8              | 125            |
| Construction Contract Accrued Income  | 15   | 0              | 0              |
| <b>Contracts in Progress at 30 June</b>   |      | <b>8</b>       | <b>125</b>     |

## 33• Severance payments

### Council

There were no severance payments made during the year (2016: nil).

### Group

There were no severance payments made during the year (2016: 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.

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for whole of Council (\$'000's)</b> | <b>LTP 2015-25<br/>2015/16</b> | <b>Actual<br/>2015/16</b> | <b>EAP<br/>2016/17</b> | <b>Actual<br/>2016/17</b> |
|--|--------------------------------|---------------------------|------------------------|---------------------------|
| <b>Sources of operating funding</b>  |                                |                           |                        |                           |
| General rates, uniform annual general charges, rates penalties   | 7,002                          | 7,062                     | 7,299                  | 7,037                     |
| Targeted rates   | 11,937                         | 12,001                    | 12,245                 | 12,160                    |
| Subsidies and grants for operating purposes  | 3,269                          | 3,171                     | 3,294                  | 3,504                     |
| Fees and charges   | 2,983                          | 3,596                     | 3,321                  | 3,392                     |
| Interest and Dividends from Investments  | 60                             | 71                        | 58                     | 45                        |
| Local authorities fuel tax, fines, infringement fees and other receipts                                    | 139                            | 144                       | 135                    | 168                       |
| <b>Total operating funding (A)</b>   | <b>25,390</b>                  | <b>26,045</b>             | <b>26,352</b>          | <b>26,306</b>             |
| <b>Applications of operating funding</b>   |                                |                           |                        |                           |
| Payments to staff and suppliers  | 18,367                         | 18,107                    | 19,254                 | 17,648                    |
| Finance costs  | 2,989                          | 2,174                     | 2,680                  | 1,978                     |
| Other operating funding applications   | 0                              | 0                         | 0                      | 0                         |
| <b>Total applications of operating funding (B)</b>   | <b>21,356</b>                  | <b>20,281</b>             | <b>21,934</b>          | <b>19,626</b>             |
| <b>Surplus (deficit) of operating funding (A-B)</b>  | <b>4,034</b>                   | <b>5,764</b>              | <b>4,418</b>           | <b>6,680</b>              |
| <b>Sources of capital funding</b>  |                                |                           |                        |                           |
| Subsidies and grants for capital expenditure   | 4,295                          | 3,616                     | 4,153                  | 2,853                     |
| Development and financial contributions  | 0                              | 0                         | 0                      | 0                         |
| Increase (decrease) in debt  | 5,592                          | 2,604                     | 4,220                  | 3,380                     |
| Gross proceeds from sale of assets   | 76                             | 11                        | 68                     | 248                       |
| Lump sum contributions   | 0                              | 0                         | 0                      | 0                         |
| Other dedicated capital funding  | 0                              | 0                         | 0                      | 0                         |
| <b>Total sources of capital funding (C)</b>  | <b>9,963</b>                   | <b>6,231</b>              | <b>8,441</b>           | <b>6,481</b>              |
| <b>Applications of capital funding</b>   |                                |                           |                        |                           |
| Capital expenditure - to meet additional demand  | 0                              | 0                         | 0                      | 0                         |
| Capital expenditure - to improve the level of service  | 6,026                          | 3,535                     | 2,848                  | 2,783                     |
| Capital expenditure - to replace existing assets   | 7,875                          | 6,275                     | 9,493                  | 6,921                     |
| Increase (decrease) in reserves  | 96                             | 2,185                     | 518                    | 3,457                     |
| Increase (decrease) of investments   | 0                              | 0                         | 0                      | 0                         |
| <b>Total applications of capital funding (D)</b>   | <b>13,997</b>                  | <b>11,995</b>             | <b>12,859</b>          | <b>13,161</b>             |
| <b>Surplus (deficit) of capital funding (C-D)</b>  | <b>4,034</b>                   | <b>5,764</b>              | <b>4,418</b>           | <b>6,680</b>              |
| <b>Funding Balance ((A-B)+(C-D))</b>   | <b>0</b>                       | <b>0</b>                  | <b>0</b>               | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Governance: Leadership and Investments (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|---|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>   |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties  | 2,429                            | 2,587                          | 2,572                     |
| Targeted rates  | 0                                | 0                              | 0                         |
| Subsidies and grants for operating purposes   | 0                                | 0                              | 0                         |
| Fees and charges  | 92                               | 95                             | 102                       |
| Internal charges and overheads recovered  | 15,459                           | 16,098                         | 14,686                    |
| Local authorities fuel tax, fines, infringement fees and other receipts   | 60                               | 60                             | 45                        |
| <b>Total operating funding (A)</b>  | <b>18,040</b>                    | <b>18,840</b>                  | <b>17,405</b>             |
|   |                                  |                                |                           |
| <b>Applications of operating funding</b>  |                                  |                                |                           |
| Payments to staff and suppliers   | 7,626                            | 7,898                          | 7,327                     |
| Finance costs   | 2,964                            | 3,256                          | 1,953                     |
| Internal charges and overheads applied  | 7,287                            | 7,473                          | 7,263                     |
| Other operating funding applications  | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>  | <b>17,877</b>                    | <b>18,627</b>                  | <b>16,543</b>             |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>   | <b>163</b>                       | <b>213</b>                     | <b>862</b>                |
|   |                                  |                                |                           |
| <b>Sources of capital funding</b>   |                                  |                                |                           |
| Subsidies and grants for capital expenditure  | 0                                | 0                              | 0                         |
| Development and financial contributions   | 0                                | 0                              | 0                         |
| Increase (decrease) in debt   | 130                              | 133                            | 0                         |
| Gross proceeds from sale of assets  | 76                               | 76                             | 248                       |
| Lump sum contributions  | 0                                | 0                              | 0                         |
| Other dedicated capital funding   | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>   | <b>206</b>                       | <b>209</b>                     | <b>248</b>                |
|   |                                  |                                |                           |
| <b>Applications of capital funding</b>  |                                  |                                |                           |
| Capital expenditure - to meet additional demand   | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service   | 92                               | 33                             | 28                        |
| Capital expenditure - to replace existing assets  | 369                              | 472                            | 477                       |
| Increase (decrease) in reserves   | (92)                             | (83)                           | 605                       |
| Increase (decrease) of investments  | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>  | <b>369</b>                       | <b>422</b>                     | <b>1,110</b>              |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>   | <b>(163)</b>                     | <b>(213)</b>                   | <b>(862)</b>              |
|   |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>  | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Community Service (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|--|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>  |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties   | 3,118                            | 3,171                          | 2,928                     |
| Targeted rates   | 262                              | 280                            | 265                       |
| Subsidies and grants for operating purposes  | 0                                | 0                              | 0                         |
| Fees and charges   | 401                              | 449                            | 521                       |
| Internal charges and overheads recovered   | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                                    | 0                                | 0                              | 0                         |
| <b>Total operating funding (A)</b>   | <b>3,781</b>                     | <b>3,900</b>                   | <b>3,714</b>              |
|  |                                  |                                |                           |
| <b>Applications of operating funding</b>   |                                  |                                |                           |
| Payments to staff and suppliers  | 1,578                            | 1,487                          | 1,078                     |
| Finance costs  | 0                                | 0                              | 0                         |
| Internal charges and overheads applied   | 1,651                            | 1,722                          | 1,615                     |
| Other operating funding applications   | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>   | <b>3,229</b>                     | <b>3,209</b>                   | <b>2,693</b>              |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>  | <b>552</b>                       | <b>691</b>                     | <b>1,021</b>              |
|  |                                  |                                |                           |
| <b>Sources of capital funding</b>  |                                  |                                |                           |
| Subsidies and grants for capital expenditure   | 0                                | 0                              | 0                         |
| Development and financial contributions  | 105                              | 0                              | 0                         |
| Increase (decrease) in debt  | 693                              | 620                            | 594                       |
| Gross proceeds from sale of assets   | 0                                | 0                              | 0                         |
| Lump sum contributions   | 0                                | 0                              | 0                         |
| Other dedicated capital funding  | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>  | <b>798</b>                       | <b>620</b>                     | <b>594</b>                |
|  |                                  |                                |                           |
| <b>Applications of capital funding</b>   |                                  |                                |                           |
| Capital expenditure - to meet additional demand  | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service  | 330                              | 287                            | 888                       |
| Capital expenditure - to replace existing assets   | 854                              | 740                            | 436                       |
| Increase (decrease) in reserves  | 166                              | 284                            | 291                       |
| Increase (decrease) of investments   | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>   | <b>1,350</b>                     | <b>1,311</b>                   | <b>1,615</b>              |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>  | <b>(552)</b>                     | <b>(691)</b>                   | <b>(1,021)</b>            |
|  |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>   | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Community Development (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|--|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>  |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties   | 815                              | 861                            | 871                       |
| Targeted rates   | 206                              | 221                            | 230                       |
| Subsidies and grants for operating purposes  | 2                                | 2                              | 29                        |
| Fees and charges   | 55                               | 60                             | 69                        |
| Internal charges and overheads recovered   | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts  | 0                                | 0                              | 0                         |
| <b>Total operating funding (A)</b>   | <b>1,078</b>                     | <b>1,144</b>                   | <b>1,199</b>              |
|  |                                  |                                |                           |
| <b>Applications of operating funding</b>   |                                  |                                |                           |
| Payments to staff and suppliers  | 688                              | 735                            | 710                       |
| Finance costs  | 0                                | 0                              | 0                         |
| Internal charges and overheads applied   | 554                              | 579                            | 525                       |
| Other operating funding applications   | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>   | <b>1,242</b>                     | <b>1,314</b>                   | <b>1,235</b>              |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>  | <b>(164)</b>                     | <b>(170)</b>                   | <b>(36)</b>               |
|  |                                  |                                |                           |
| <b>Sources of capital funding</b>  |                                  |                                |                           |
| Subsidies and grants for capital expenditure   | 0                                | 0                              | 0                         |
| Development and financial contributions  | 0                                | 0                              | 0                         |
| Increase (decrease) in debt  | 40                               | 41                             | 0                         |
| Gross proceeds from sale of assets   | 0                                | 0                              | 0                         |
| Lump sum contributions   | 0                                | 0                              | 0                         |
| Other dedicated capital funding  | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>  | <b>40</b>                        | <b>41</b>                      | <b>0</b>                  |
|  |                                  |                                |                           |
| <b>Applications of capital funding</b>   |                                  |                                |                           |
| Capital expenditure - to meet additional demand  | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service  | 2                                | 0                              | 0                         |
| Capital expenditure - to replace existing assets   | 45                               | 41                             | 1                         |
| Increase (decrease) in reserves  | (171)                            | (170)                          | (37)                      |
| Increase (decrease) of investments   | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>   | <b>(124)</b>                     | <b>(129)</b>                   | <b>(36)</b>               |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>  | <b>164</b>                       | <b>170</b>                     | <b>36</b>                 |
|  |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>   | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |



| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Regulation (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|---|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>   |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties                                      | 421                              | 451                            | 443                       |
| Targeted rates  | 0                                | 0                              | 0                         |
| Subsidies and grants for operating purposes   | 0                                | 0                              | 4                         |
| Fees and charges  | 412                              | 402                            | 397                       |
| Internal charges and overheads recovered  | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                             | 19                               | 20                             | 32                        |
| <b>Total operating funding (A)</b>  | <b>852</b>                       | <b>873</b>                     | <b>876</b>                |
|   |                                  |                                |                           |
| <b>Applications of operating funding</b>  |                                  |                                |                           |
| Payments to staff and suppliers   | 182                              | 135                            | 140                       |
| Finance costs   | 0                                | 0                              | 0                         |
| Internal charges and overheads applied  | 684                              | 717                            | 816                       |
| Other operating funding applications  | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>  | <b>866</b>                       | <b>852</b>                     | <b>956</b>                |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>   | <b>(14)</b>                      | <b>21</b>                      | <b>(80)</b>               |
|   |                                  |                                |                           |
| <b>Sources of capital funding</b>   |                                  |                                |                           |
| Subsidies and grants for capital expenditure  | 0                                | 0                              | 0                         |
| Development and financial contributions   | 0                                | 0                              | 0                         |
| Increase (decrease) in debt   | 0                                | 0                              | 0                         |
| Gross proceeds from sale of assets  | 0                                | 0                              | 0                         |
| Lump sum contributions  | 0                                | 0                              | 0                         |
| Other dedicated capital funding   | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>   | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |
|   |                                  |                                |                           |
| <b>Applications of capital funding</b>  |                                  |                                |                           |
| Capital expenditure - to meet additional demand   | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service   | 0                                | 0                              | 0                         |
| Capital expenditure - to replace existing assets  | 0                                | 0                              | 0                         |
| Increase (decrease) in reserves   | (14)                             | 21                             | (80)                      |
| Increase (decrease) of investments  | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>  | <b>(14)</b>                      | <b>21</b>                      | <b>(80)</b>               |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>   | <b>14</b>                        | <b>(21)</b>                    | <b>80</b>                 |
|   |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>  | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Solid Waste Management (000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|---|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>   |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties  | 22                               | 23                             | 24                        |
| Targeted rates  | 732                              | 792                            | 746                       |
| Subsidies and grants for operating purposes   | 0                                | 0                              | 0                         |
| Fees and charges  | 995                              | 1,002                          | 1,067                     |
| Internal charges and overheads recovered  | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                                       | 0                                | 0                              | 0                         |
| <b>Total operating funding (A)</b>  | <b>1,749</b>                     | <b>1,817</b>                   | <b>1,837</b>              |
|   |                                  |                                |                           |
| <b>Applications of operating funding</b>  |                                  |                                |                           |
| Payments to staff and suppliers   | 1,171                            | 1,191                          | 1,075                     |
| Finance costs   | 25                               | 25                             | 25                        |
| Internal charges and overheads applied  | 647                              | 659                            | 551                       |
| Other operating funding applications  | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>  | <b>1,843</b>                     | <b>1,875</b>                   | <b>1,651</b>              |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>   | <b>(94)</b>                      | <b>(58)</b>                    | <b>186</b>                |
|   |                                  |                                |                           |
| <b>Sources of capital funding</b>   |                                  |                                |                           |
| Subsidies and grants for capital expenditure  | 0                                | 0                              | 0                         |
| Development and financial contributions   | 0                                | 0                              | 0                         |
| Increase (decrease) in debt   | 0                                | 26                             | 52                        |
| Gross proceeds from sale of assets  | 0                                | 0                              | 0                         |
| Lump sum contributions  | 0                                | 0                              | 0                         |
| Other dedicated capital funding   | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>   | <b>0</b>                         | <b>26</b>                      | <b>52</b>                 |
|   |                                  |                                |                           |
| <b>Applications of capital funding</b>  |                                  |                                |                           |
| Capital expenditure - to meet additional demand   | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service   | 0                                | 0                              | 0                         |
| Capital expenditure - to replace existing assets  | 0                                | 30                             | 124                       |
| Increase (decrease) in reserves   | (94)                             | (62)                           | 114                       |
| Increase (decrease) of investments  | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>  | <b>(94)</b>                      | <b>(32)</b>                    | <b>238</b>                |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>   | <b>94</b>                        | <b>58</b>                      | <b>(186)</b>              |
|   |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>  | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Stormwater (000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|---|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>   |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties                                    | 0                                | 0                              | 0                         |
| Targeted rates  | 413                              | 427                            | 394                       |
| Subsidies and grants for operating purposes   | 0                                | 0                              | 0                         |
| Fees and charges  | 0                                | 0                              | 7                         |
| Internal charges and overheads recovered  | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                           | 0                                | 0                              | 0                         |
| <b>Total operating funding (A)</b>  | <b>413</b>                       | <b>427</b>                     | <b>401</b>                |
|   |                                  |                                |                           |
| <b>Applications of operating funding</b>  |                                  |                                |                           |
| Payments to staff and suppliers   | 132                              | 142                            | 67                        |
| Finance costs   | 0                                | 0                              | 0                         |
| Internal charges and overheads applied  | 109                              | 113                            | 113                       |
| Other operating funding applications  | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>  | <b>241</b>                       | <b>255</b>                     | <b>180</b>                |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>   | <b>172</b>                       | <b>172</b>                     | <b>221</b>                |
|   |                                  |                                |                           |
| <b>Sources of capital funding</b>   |                                  |                                |                           |
| Subsidies and grants for capital expenditure  | 0                                | 0                              | 0                         |
| Development and financial contributions   | 0                                | 0                              | 0                         |
| Increase (decrease) in debt   | 25                               | 42                             | 0                         |
| Gross proceeds from sale of assets  | 0                                | 0                              | 0                         |
| Lump sum contributions  | 0                                | 0                              | 0                         |
| Other dedicated capital funding   | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>   | <b>25</b>                        | <b>42</b>                      | <b>0</b>                  |
|   |                                  |                                |                           |
| <b>Applications of capital funding</b>  |                                  |                                |                           |
| Capital expenditure - to meet additional demand   | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service   | 0                                | 0                              | 0                         |
| Capital expenditure - to replace existing assets  | 350                              | 250                            | 252                       |
| Increase (decrease) in reserves   | (153)                            | (36)                           | (31)                      |
| Increase (decrease) of investments  | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>  | <b>197</b>                       | <b>214</b>                     | <b>221</b>                |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>   | <b>(172)</b>                     | <b>(172)</b>                   | <b>(221)</b>              |
|   |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>  | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Resource Management (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|--|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>  |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties   | 114                              | 124                            | 114                       |
| Targeted rates   | 0                                | 0                              | 0                         |
| Subsidies and grants for operating purposes  | 0                                | 0                              | 0                         |
| Fees and charges   | 80                               | 82                             | 91                        |
| Internal charges and overheads recovered   | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                                      | 0                                | 0                              | 0                         |
| <b>Total operating funding (A)</b>   | <b>194</b>                       | <b>206</b>                     | <b>205</b>                |
|  |                                  |                                |                           |
| <b>Applications of operating funding</b>   |                                  |                                |                           |
| Payments to staff and suppliers  | 116                              | 57                             | 53                        |
| Finance costs  | 0                                | 0                              | 0                         |
| Internal charges and overheads applied   | 123                              | 130                            | 160                       |
| Other operating funding applications   | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>   | <b>239</b>                       | <b>187</b>                     | <b>213</b>                |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>  | <b>(45)</b>                      | <b>19</b>                      | <b>(8)</b>                |
|  |                                  |                                |                           |
| <b>Sources of capital funding</b>  |                                  |                                |                           |
| Subsidies and grants for capital expenditure   | 0                                | 0                              | 0                         |
| Development and financial contributions  | 0                                | 0                              | 0                         |
| Increase (decrease) in debt  | 0                                | 0                              | 0                         |
| Gross proceeds from sale of assets   | 0                                | 0                              | 0                         |
| Lump sum contributions   | 0                                | 0                              | 0                         |
| Other dedicated capital funding  | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>  | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |
|  |                                  |                                |                           |
| <b>Applications of capital funding</b>   |                                  |                                |                           |
| Capital expenditure - to meet additional demand  | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service  | 0                                | 0                              | 0                         |
| Capital expenditure - to replace existing assets   | 0                                | 0                              | 0                         |
| Increase (decrease) in reserves  | (45)                             | 19                             | (8)                       |
| Increase (decrease) of investments   | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>   | <b>(45)</b>                      | <b>19</b>                      | <b>(8)</b>                |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>  | <b>45</b>                        | <b>(19)</b>                    | <b>8</b>                  |
|  |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>   | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Sewerage (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|---|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>   |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties                                    | 0                                | 0                              | 0                         |
| Targeted rates  | 2,228                            | 2,279                          | 2,232                     |
| Subsidies and grants for operating purposes   | 0                                | 0                              | 0                         |
| Fees and charges  | 828                              | 864                            | 997                       |
| Internal charges and overheads recovered  | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                           | 0                                | 0                              | 0                         |
| <b>Total operating funding (A)</b>  | <b>3,056</b>                     | <b>3,143</b>                   | <b>3,229</b>              |
|   |                                  |                                |                           |
| <b>Applications of operating funding</b>  |                                  |                                |                           |
| Payments to staff and suppliers   | 1,147                            | 1,143                          | 1,212                     |
| Finance costs   | 0                                | 0                              | 0                         |
| Internal charges and overheads applied  | 1,332                            | 1,366                          | 1,007                     |
| Other operating funding applications  | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>  | <b>2,479</b>                     | <b>2,509</b>                   | <b>2,219</b>              |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>   | <b>577</b>                       | <b>634</b>                     | <b>1,010</b>              |
|   |                                  |                                |                           |
| <b>Sources of capital funding</b>   |                                  |                                |                           |
| Subsidies and grants for capital expenditure  | 0                                | 0                              | 0                         |
| Development and financial contributions   | 0                                | 0                              | 0                         |
| Increase (decrease) in debt   | 14                               | 16                             | 143                       |
| Gross proceeds from sale of assets  | 0                                | 0                              | 0                         |
| Lump sum contributions  | 0                                | 0                              | 0                         |
| Other dedicated capital funding   | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>   | <b>14</b>                        | <b>16</b>                      | <b>143</b>                |
|   |                                  |                                |                           |
| <b>Applications of capital funding</b>  |                                  |                                |                           |
| Capital expenditure - to meet additional demand   | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service   | 207                              | 168                            | 49                        |
| Capital expenditure - to replace existing assets  | 323                              | 425                            | 354                       |
| Increase (decrease) in reserves   | 61                               | 57                             | 750                       |
| Increase (decrease) of investments  | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>  | <b>591</b>                       | <b>650</b>                     | <b>1,153</b>              |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>   | <b>(577)</b>                     | <b>(634)</b>                   | <b>(1,010)</b>            |
|   |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>  | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Water Supply (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|---|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>   |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties  | 0                                | 0                              | 0                         |
| Targeted rates  | 2,293                            | 2,453                          | 2,340                     |
| Subsidies and grants for operating purposes   | 0                                | 0                              | 0                         |
| Fees and charges  | 4                                | 7                              | 4                         |
| Internal charges and overheads recovered  | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                               | 0                                | 0                              | 0                         |
| <b>Total operating funding (A)</b>  | <b>2,297</b>                     | <b>2,460</b>                   | <b>2,344</b>              |
|   |                                  |                                |                           |
| <b>Applications of operating funding</b>  |                                  |                                |                           |
| Payments to staff and suppliers   | 1,072                            | 1,116                          | 1,359                     |
| Finance costs   | 0                                | 0                              | 0                         |
| Internal charges and overheads applied  | 874                              | 1,115                          | 808                       |
| Other operating funding applications  | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>  | <b>1,946</b>                     | <b>2,231</b>                   | <b>2,167</b>              |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>   | <b>351</b>                       | <b>229</b>                     | <b>177</b>                |
|   |                                  |                                |                           |
| <b>Sources of capital funding</b>   |                                  |                                |                           |
| Subsidies and grants for capital expenditure  | 780                              | 0                              | 8                         |
| Development and financial contributions   | 0                                | 0                              | 0                         |
| Increase (decrease) in debt   | 4,502                            | 1,352                          | 2,290                     |
| Gross proceeds from sale of assets  | 0                                | 0                              | 0                         |
| Lump sum contributions  | 0                                | 0                              | 0                         |
| Other dedicated capital funding   | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>   | <b>5,282</b>                     | <b>1,352</b>                   | <b>2,298</b>              |
|   |                                  |                                |                           |
| <b>Applications of capital funding</b>  |                                  |                                |                           |
| Capital expenditure - to meet additional demand   | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service   | 5,195                            | 1,351                          | 1,007                     |
| Capital expenditure - to replace existing assets  | 319                              | 341                            | 1,374                     |
| Increase (decrease) in reserves   | 119                              | (111)                          | 94                        |
| Increase (decrease) of investments  | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>  | <b>5,633</b>                     | <b>1,581</b>                   | <b>2,475</b>              |
|   |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>   | <b>(351)</b>                     | <b>(229)</b>                   | <b>(177)</b>              |
|   |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>  | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

| <b>Waitomo District Council: Funding impact statement for 2015 to 2017 for Roads and Footpaths (\$000's)</b> | <b>LTP 2015-2025<br/>2015/16</b> | <b>LTP 2015-25<br/>2016/17</b> | <b>ACTUAL<br/>2016/17</b> |
|--|----------------------------------|--------------------------------|---------------------------|
| <b>Sources of operating funding</b>  |                                  |                                |                           |
| General rates, uniform annual general charges, rates penalties   | 83                               | 85                             | 85                        |
| Targeted rates   | 5,803                            | 5,934                          | 5,953                     |
| Subsidies and grants for operating purposes  | 3,267                            | 3,374                          | 3,471                     |
| Fees and charges   | 116                              | 117                            | 137                       |
| Internal charges and overheads recovered   | 0                                | 0                              | 0                         |
| Local authorities fuel tax, fines, infringement fees and other receipts                                      | 120                              | 122                            | 136                       |
| <b>Total operating funding (A)</b>   | <b>9,389</b>                     | <b>9,632</b>                   | <b>9,782</b>              |
|  |                                  |                                |                           |
| <b>Applications of operating funding</b>   |                                  |                                |                           |
| Payments to staff and suppliers  | 4,655                            | 4,728                          | 4,627                     |
| Finance costs  | 0                                | 0                              | 0                         |
| Internal charges and overheads applied   | 1,997                            | 2,040                          | 1,743                     |
| Other operating funding applications   | 0                                | 0                              | 0                         |
| <b>Total applications of operating funding (B)</b>   | <b>6,652</b>                     | <b>6,768</b>                   | <b>6,370</b>              |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of operating funding (A-B)</b>  | <b>2,737</b>                     | <b>2,864</b>                   | <b>3,412</b>              |
|  |                                  |                                |                           |
| <b>Sources of capital funding</b>  |                                  |                                |                           |
| Subsidies and grants for capital expenditure   | 3,410                            | 3,514                          | 2,845                     |
| Development and financial contributions  | 0                                | 0                              | 0                         |
| Increase (decrease) in debt  | 188                              | 357                            | 301                       |
| Gross proceeds from sale of assets   | 0                                | 0                              | 0                         |
| Lump sum contributions   | 0                                | 0                              | 0                         |
| Other dedicated capital funding  | 0                                | 0                              | 0                         |
| <b>Total sources of capital funding (C)</b>  | <b>3,598</b>                     | <b>3,871</b>                   | <b>3,146</b>              |
|  |                                  |                                |                           |
| <b>Applications of capital funding</b>   |                                  |                                |                           |
| Capital expenditure - to meet additional demand  | 0                                | 0                              | 0                         |
| Capital expenditure - to improve the level of service  | 200                              | 203                            | 811                       |
| Capital expenditure - to replace existing assets   | 5,615                            | 5,694                          | 3,903                     |
| Increase (decrease) in reserves  | 520                              | 838                            | 1,844                     |
| Increase (decrease) of investments   | 0                                | 0                              | 0                         |
| <b>Total applications of capital funding (D)</b>   | <b>6,335</b>                     | <b>6,735</b>                   | <b>6,558</b>              |
|  |                                  |                                |                           |
| <b>Surplus (deficit) of capital funding (C-D)</b>  | <b>(2,737)</b>                   | <b>(2,864)</b>                 | <b>(3,412)</b>            |
|  |                                  |                                |                           |
| <b>Funding Balance ((A-B)+(C-D))</b>   | <b>0</b>                         | <b>0</b>                       | <b>0</b>                  |

## 35• Events after balance date

There are no events after balance date.

## 36• Explanations of Variances to Budget (Council)

### Statement of Comprehensive Revenue and Expense

Revenue was \$0.7 million less than budget due to:

- Rates revenue was \$0.3 million less than budget. This was the result of excluding rates revenue on council owned properties.
- Subsidies and grants were also \$1 million less than budget. Road subsidy revenue was less than budget due to reduced capital expenditure for subsidised roads. This resulted in less subsidy revenue being received.
- Fees and charges revenue was \$0.3 million less due to reduced trade waste revenue being received as a result of better pre-treatment of trade waste by major commercial users. In addition to this no revenue was received in relation to the safety improvement work at council owned quarry sites as this project has not commenced.
- This decrease in revenue was partly offset by an increase in other revenue of \$0.8 million due to donation revenue being recognised for the transfer of the Sir Colin Meads statue. Gains were also recognised for revaluation of assets held for sale and investment property, Parkside section sales and additional revenue for depreciation recovered from the sale of motor vehicles.

Expenditure was \$2.2 million less than budget due to:

- Finance costs were \$0.7 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.
- Community service costs were \$0.6 million less than budget 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 than budget as this work is only carried out as required.
- Sewerage costs excluding finance costs were \$0.3 million less than budget due to reduced operations and maintenance costs for all schemes. There were additional costs for land easement expenditure and increased expenditure for chemicals.
- Leadership costs were \$0.6 million less than budget due to delays to the district plan work-stream and costs associated with Parkside sections not spent.

### Statement of Financial Position

Total equity was \$4.4 million more than expected due to:

- The surplus was \$1.5 million more than budget.
- The revaluation reserve was \$8.2 million less than budget due to the revaluation of roads assets being less than anticipated and the removal of the previous revaluation entries for duplicate assets from the revaluation reserve.
- The gain on revaluation of assets available for sale reserve for the increase in value of the investment in Inframax Construction Ltd of \$1.9 million in 2015/16 year. The revaluation was completed after the 2016/17 EAP was adopted resulting in a higher reserve balance than budgeted.
- Council created reserves were also \$5.6 million more than budget.
- These increases were offset by the loss on cashflow hedges which was \$0.7 million more than budget.

Current assets were \$2.5 million more due to a higher level of receivables at balance date than was anticipated at the time the budget were prepared and investment property being reclassified as current assets held for sale.

Current liabilities were \$9.4 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.

Non current assets were \$13.9 million less than expected due to property, plant and equipment being less than budget as less capital expenditure was undertaken during the year than planned and the revaluation uplift of roads assets were less than anticipated. Investment property was also less than budget due mainly to the reclassification of the Parkside sections to current assets held for sale. These decreases were partly offset by the increase in the value of other financial assets from the valuation of Inframax Construction Ltd in the 2015/16 year to \$4.5 million.

Non current liabilities were \$16.4 million less than budget due to a lesser portion of borrowings being recognised as non current than when the budget was prepared. Derivative financial instruments were also \$0.3 million more than expected.



## 37• Compliance with Legislation

### Group

In 2016 Inframax Construction Ltd breached Section 69 of the Local Government Act 2002 which requires consolidated financial statements and Section 9 (1) of Schedule 8 which requires the Statement of Corporate Intent to be prepared on a Group basis.

## 38• Financial reporting and prudence benchmarks

### Annual report disclosure statement for the year ending 30 June 2017.

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](http://www.legislation.govt.nz).

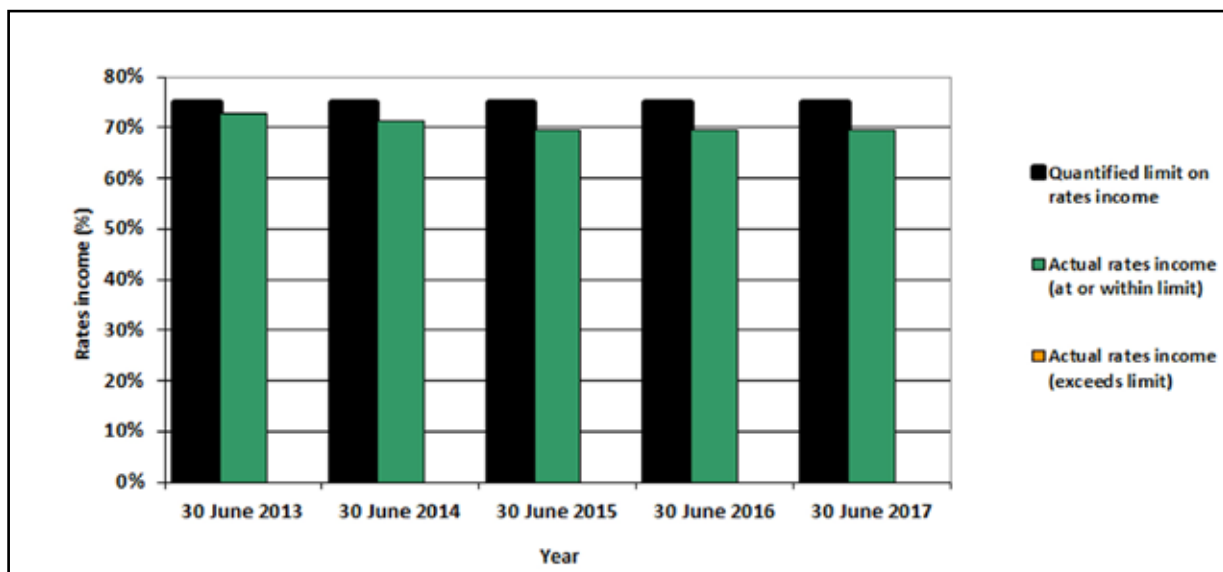
### Rates affordability benchmark

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.



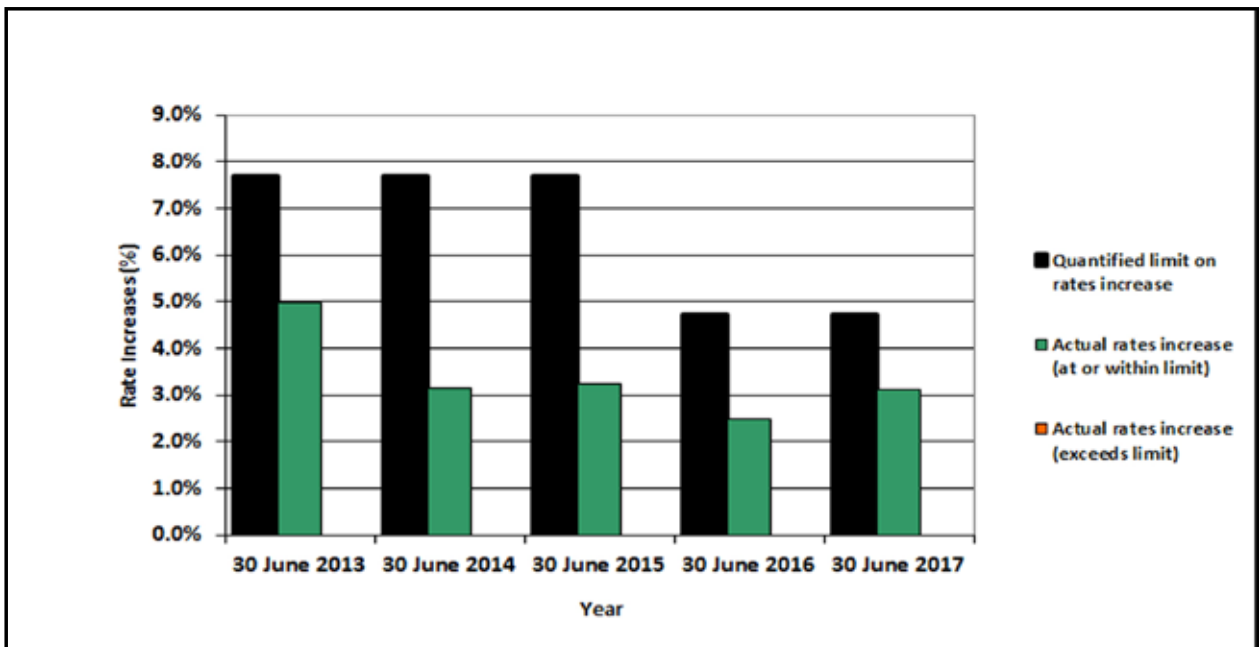
The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties and includes rates received on Council properties. Rates revenue includes metered water rates, previously metered water rates were included as part of fees and charges. The comparative years were recalculated in 2016 to reflect this change. Total budgeted expenditure also includes rates paid on Council properties. Rates income was 69% of operating expenditure in both 2015/16 and 2016/17.

#### 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 2017 (Local Government Cost Index + 2% - 4.71% based on LGCI average over 10 years). Actual rates increase from 2015/16 to 2016/17 was 3.1%.

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.

Rates revenue excludes rates penalties and includes rates paid on Council properties and metered water rates previously metered water rates were included as part of fees and charges. The comparative years were recalculated in 2016 to reflect this change.



### 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:

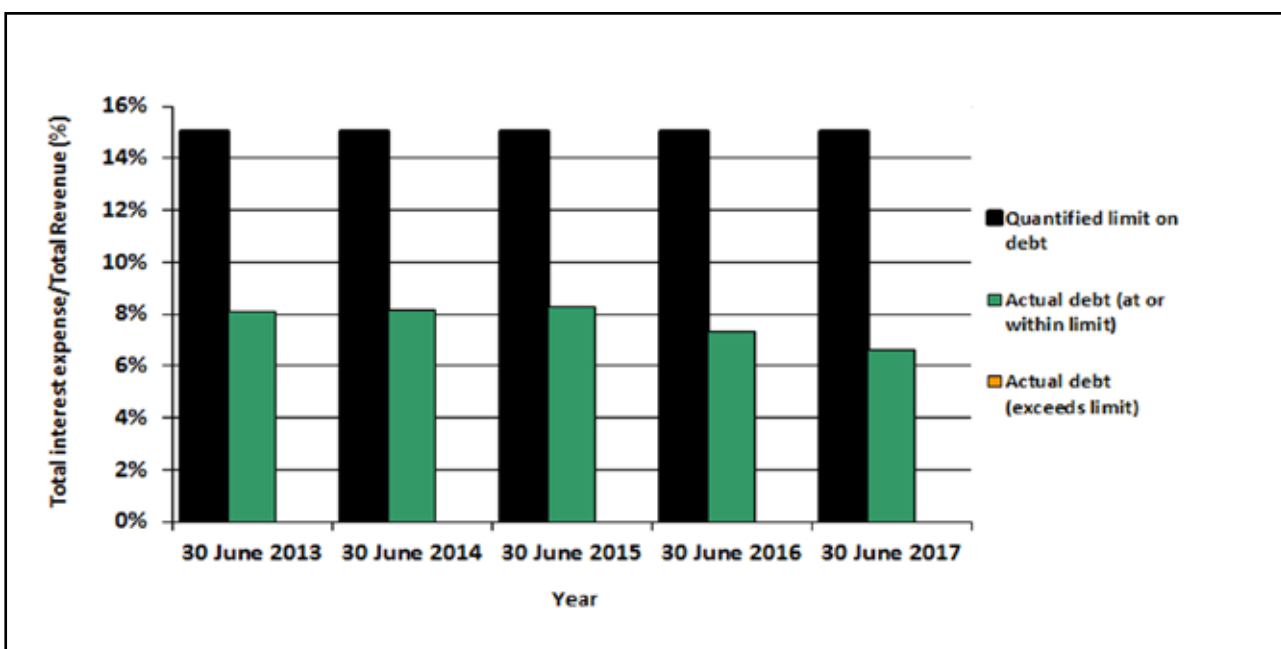
- total interest expense will not exceed 15% of total revenue,
- total borrowings will not exceed 25% of total equity,
- total borrowings must not exceed 20% of total assets,
- net debt will not exceed 170% of total (cash) revenue, and
- net interest will not exceed 20% of annual rates.

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.

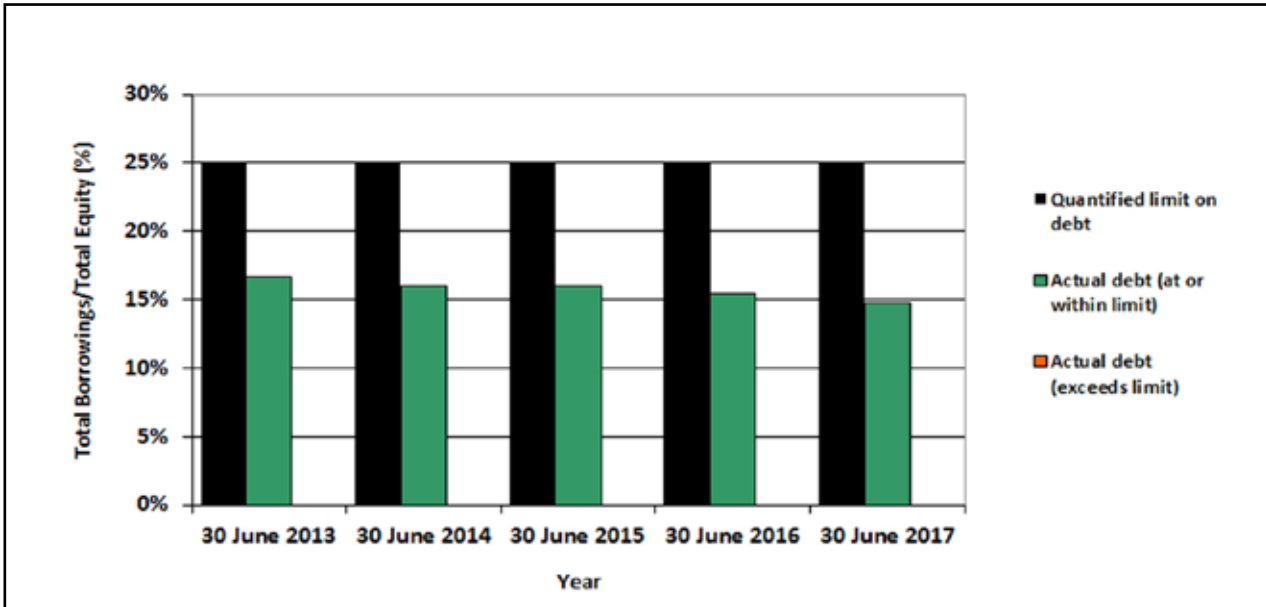
*Total interest expense will not exceed 15% of total revenue*

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.



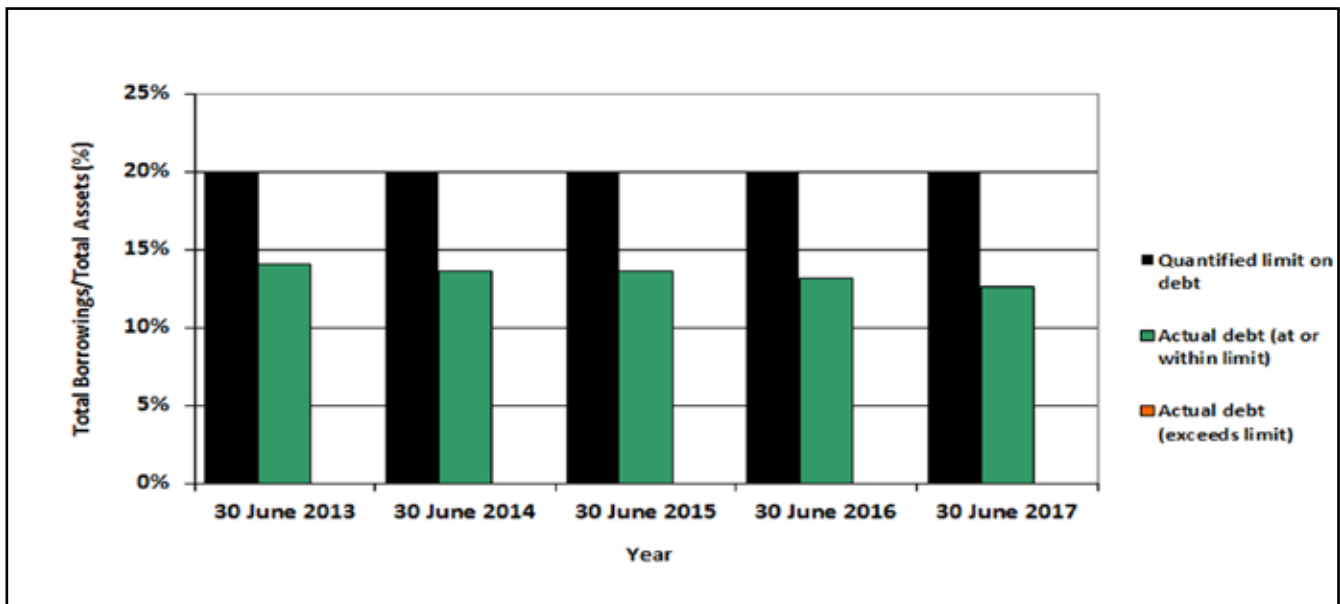
*Total borrowings will not exceed 25% of total equity*

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.



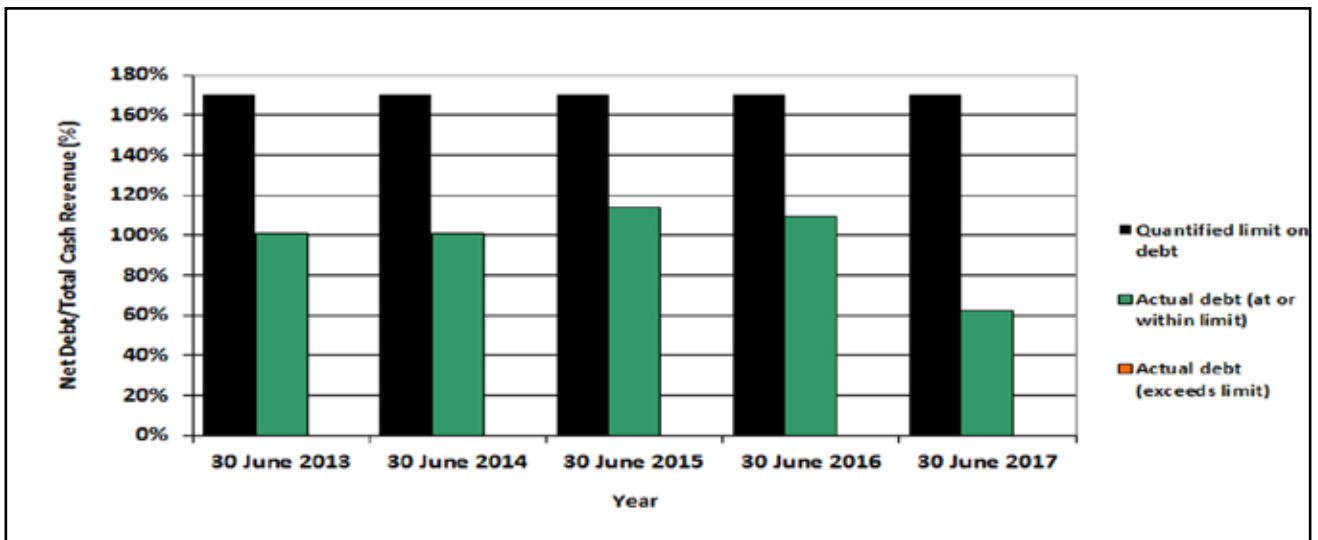
Total borrowings must not exceed 20% of total assets.

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.



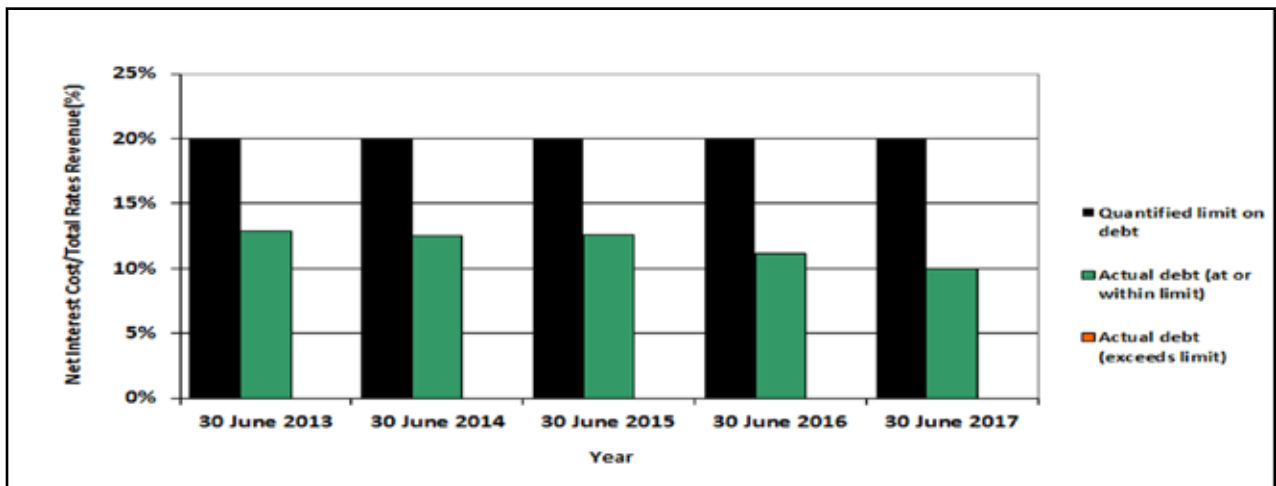
Net debt will not exceed 170% of total (cash) revenue

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.



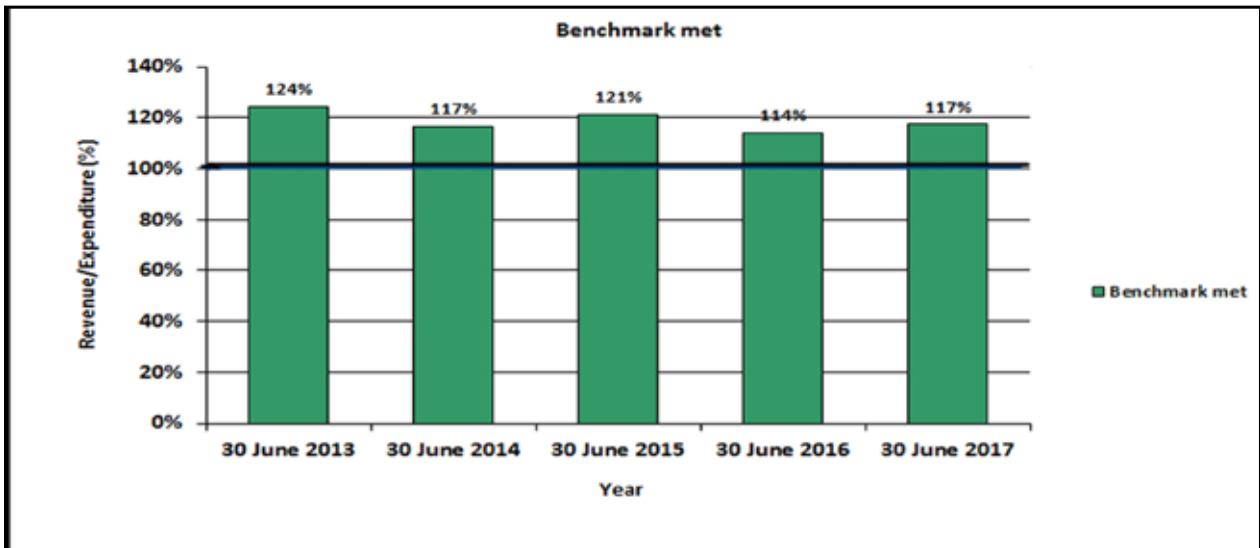
*Net interest will not exceed 20% of annual rates*

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.



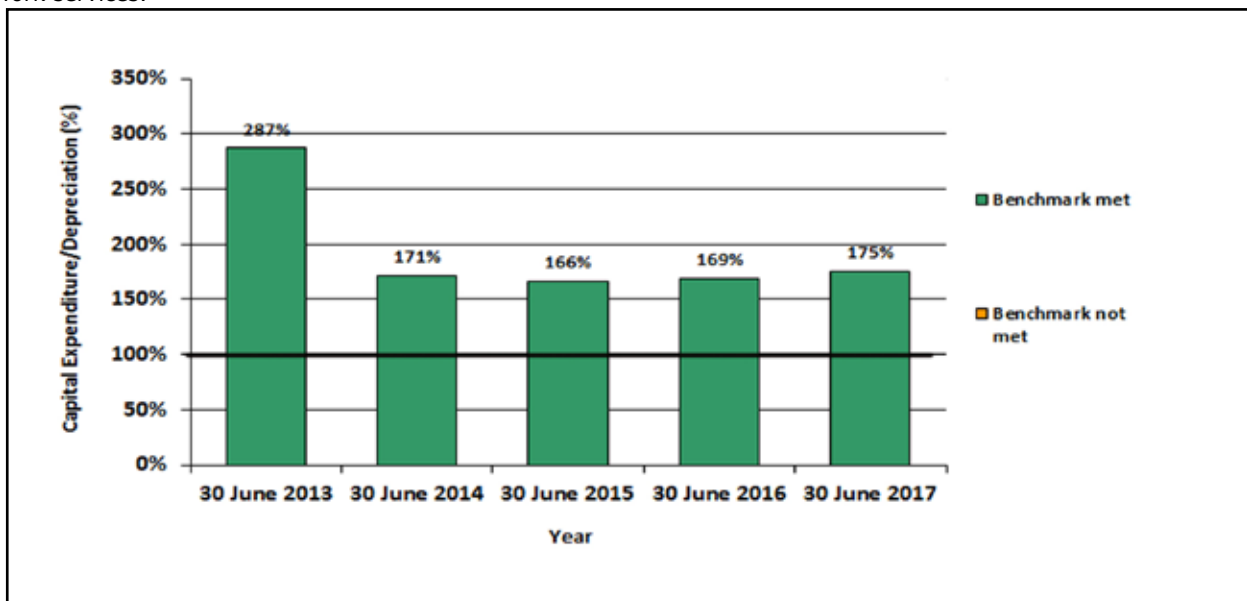
### Balanced budget benchmark

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.



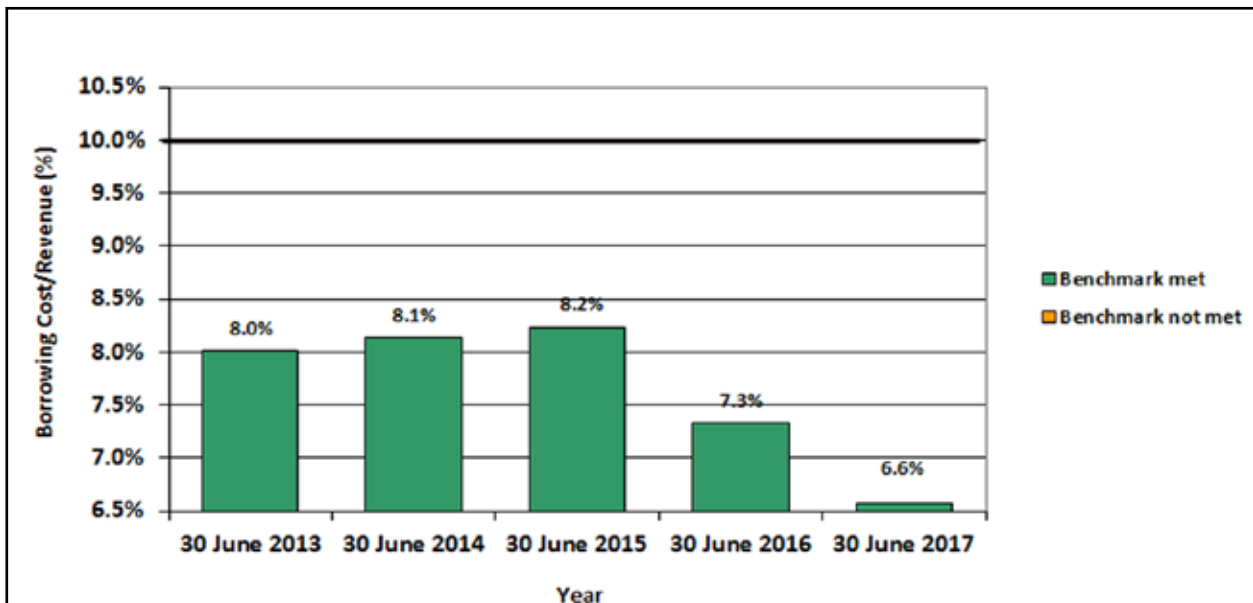
### Essential services benchmark

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.



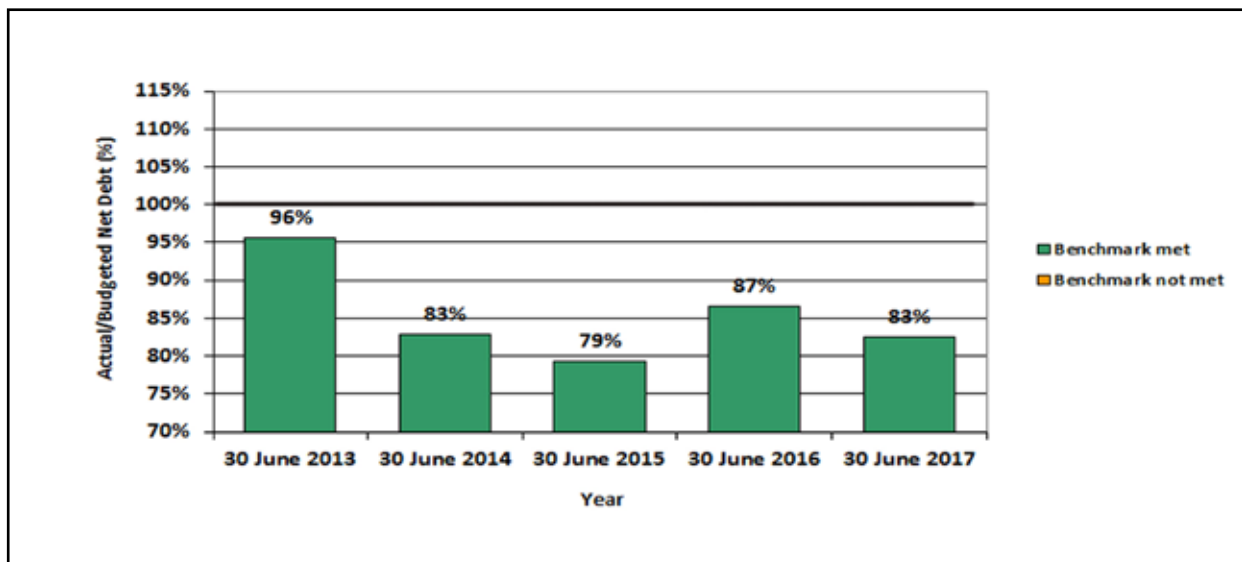
### Debt servicing benchmark

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

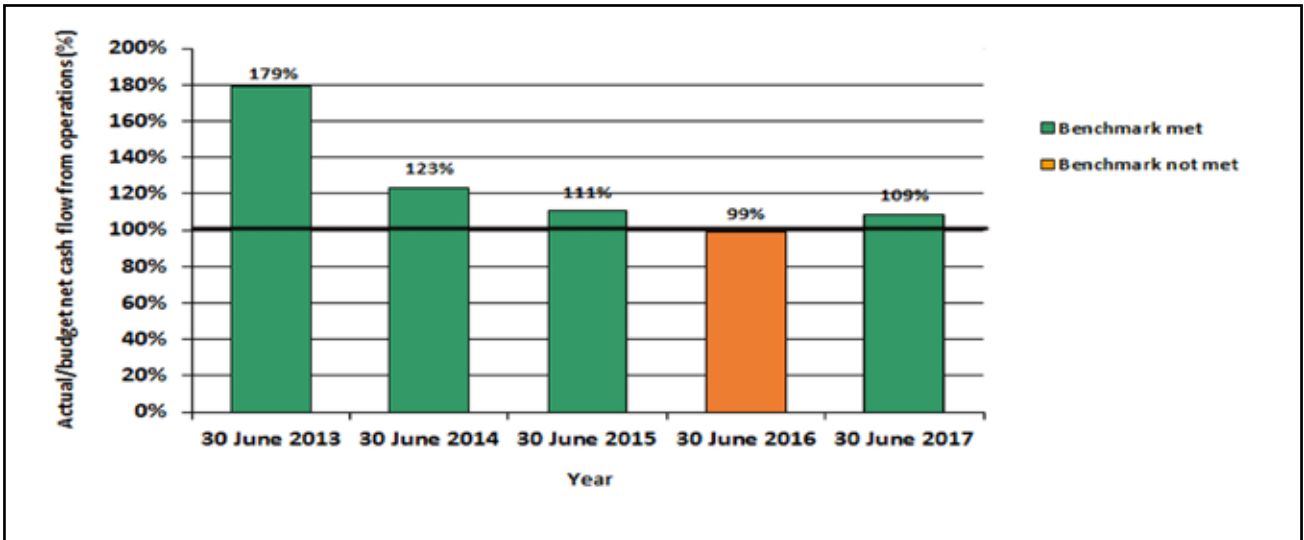
The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less 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 ending date of June 2016.



## 39• Local Government Act Disclosures

### Rating base information

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

#### Rating base information

| Council  | 2016<br>ACTUAL |
|--|----------------|
| Number of rating units                         | 5,868          |
| Total Capital value of rating units (in 000's) | 3,053,854,600  |
| Total land value of rating units (in 000's)    | 1,955,399,950  |

#### Insurance

| (\$000's)   | Carrying Value 30 June 2017 | Covered by Insurance Contracts | Covered by Financial Risk Sharing Arrangement | Covered by Self Insurance |
|---|-----------------------------|--------------------------------|---|---------------------------|
| Stormwater, Sewerage and Water Supply             | 56,651                      | 79,685                         | 0   | 426                       |
| Operational and Restricted Buildings and Contents | 12,899                      | 53,704                         | 0   | 0                         |
| Motor Vehicles                                    | 613                         | 1,598                          | 0   | 0                         |
| <b>Total</b>                                      | <b>70,163</b>               | <b>134,987</b>                 | <b>0</b>                                      | <b>426</b>                |

#### Network Assets

| (\$000's)                                      | Estimate of Replacement Cost June 2016 | Estimate of Replacement Cost 30 June 2017 | Carrying Value 30 June 2017 | Assets Constructed during 2016/17 |
|--|--|---|-----------------------------|-----------------------------------|
| Roads  | 295,241                                | 296,350                                   | 232,096                     | 4,746                             |
| Stormwater Drainage                            | 14,925                                 | 16,573                                    | 8,881                       | 255                               |
| Sewerage - Other Assets                        | 19,645                                 | 20,208                                    | 12,234                      | 195                               |
| Sewerage - Treatment Plants and Facilities     | 17,746                                 | 17,344                                    | 16,060                      | 392                               |
| Water Supply - Other Assets                    | 15,446                                 | 17,244                                    | 10,850                      | 482                               |
| Water Supply - Treatment Plants and Facilities | 8,353                                  | 12,869                                    | 8,626                       | 5,001                             |
| <b>Total</b>                                   | <b>371,356</b>                         | <b>380,588</b>                            | <b>288,747</b>              | <b>11,071</b>                     |

(No network assets were transferred to Council during the 2016/17 year)

## 40• 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.



## 41• Prior Period Adjustment

| <b>Actual 2016</b><br><b>(\$000's)</b> | <b>Before Adjustment</b> | <b>Correction of Error</b> | <b>After Adjustment</b> |
|--|--------------------------|----------------------------|-------------------------|
| <b>Council</b>                         |                          |                            |                         |
| <b>Equity</b>                          |                          |                            |                         |
| Accumulated funds                      | 207,602                  | 61                         | 207,663                 |
| Revaluation reserve                    | 72,793                   | (1,634)                    | 71,159                  |
| <b>Non Current Assets</b>              |                          |                            |                         |
| Property, plant and equipment          | 329,837                  | (1,573)                    | 328,264                 |
| <b>Group</b>                           |                          |                            |                         |
| <b>Equity</b>                          |                          |                            |                         |
| Accumulated funds                      | 208,275                  | 61                         | 208,336                 |
| Revaluation reserve                    | 75,163                   | (1,634)                    | 73,529                  |
| <b>Non Current Assets</b>              |                          |                            |                         |
| Property, plant and equipment          | 336,284                  | (1,573)                    | 334,711                 |

During the 2016/17 year, the Council discovered that \$1,634,000 of assets were duplicated in the 30 June 2014 asset valuation for roads asset class. The assets should have been disposed out of the asset listing that was subsequently used to prepare the 2014 valuations. A prior year adjustment of \$1,573,000 was made to opening revaluation reserve and adjusted through the carrying value of this asset class. A further adjustment of \$61,000 has been made to opening revaluation and opening accumulated funds to remove the depreciation expense on the duplicate assets.

## 42• Discontinued Operations

Inframax Construction Limited entered into an agreement for the sale and purchase of the assets and business of its subsidiary company, Independent Roadmarkers Taranaki Limited. The transaction was completed on 1 February 2016.

The results of the discontinued operations included in the prior year surplus is set out below.

| <b>(\$000's)</b>   | <b>2017<br/>Council<br/>Actual</b> | <b>2016<br/>Council<br/>Actual</b> | <b>2017<br/>Group<br/>Actual</b> | <b>2016<br/>Group<br/>Actual</b> |
|--|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| <b>Surplus for the year from discontinued operations</b> |                                    |                                    |                                  |                                  |
| Revenue  | 0                                  | 0                                  | 0                                | 318                              |
| Expenditure  | 0                                  | 0                                  | 0                                | 200                              |
| <b>Surplus/(deficit) before tax</b>                      | <b>0</b>                           | <b>0</b>                           | <b>0</b>                         | <b>118</b>                       |
| Income Tax Expense/(Benefit)                             | 0                                  | 0                                  | 0                                | 34                               |
| <b>Surplus after tax from discontinued operations</b>    | <b>0</b>                           | <b>0</b>                           | <b>0</b>                         | <b>84</b>                        |
| <b>Cash flows from discontinued operations</b>           |                                    |                                    |                                  |                                  |
| Net cash inflows/(outflows) from operating activities    | 0                                  | 0                                  | 0                                | 132                              |
| Net cash inflows/(outflows) from investing activities    | 0                                  | 0                                  | 0                                | 195                              |
| Net cash inflows/(outflows) from financing activities    | 0                                  | 0                                  | 0                                | (309)                            |
| <b>Net cash inflows</b>                                  | <b>0</b>                           | <b>0</b>                           | <b>0</b>                         | <b>18</b>                        |

## 43• Exchange and non exchange revenue

| (\$000's)   | 2017<br>Council<br>Actual | 2016<br>Council<br>Actual | 2017<br>Group<br>Actual | 2016<br>Group<br>Actual |
|---|---------------------------|---------------------------|-------------------------|-------------------------|
| <b>Revenue from exchange transactions</b>           |                           |                           |                         |                         |
| Metered water rates revenue                         | 690                       | 712                       | 690                     | 712                     |
| Interest revenue                                    | 45                        | 71                        | 8                       | 27                      |
| Fees and charges and income from construction       | 290                       | 259                       | 19,632                  | 21,780                  |
| <b>Total Revenue from exchange transactions</b>     | <b>1,025</b>              | <b>1,042</b>              | <b>20,330</b>           | <b>22,519</b>           |
| <b>Revenue from non exchange transactions</b>       |                           |                           |                         |                         |
| Rates revenue excluding metered water rates         | 18,507                    | 17,988                    | 18,494                  | 17,977                  |
| Subsidies and grants                                | 6,359                     | 6,763                     | 6,359                   | 6,763                   |
| Fees and charges and income from construction       | 3,037                     | 3,263                     | 3,037                   | 3,263                   |
| Other revenue                                       | 659                       | 273                       | 659                     | 273                     |
| <b>Total Revenue from non exchange transactions</b> | <b>28,562</b>             | <b>28,287</b>             | <b>28,549</b>           | <b>28,276</b>           |
| <b>Other gains/(losses)</b>                         | <b>190</b>                | <b>(16)</b>               | <b>190</b>              | <b>(16)</b>             |
| <b>Total Revenue</b>                                | <b>29,777</b>             | <b>29,313</b>             | <b>49,069</b>           | <b>50,779</b>           |

# 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 2017

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

#### Financial Performance

|  | Statement of Corporate Intent | Actual Achievement  |
|--|-------------------------------|---------------------|
| Equity ratio                                 | 34%                           | 35%                 |
| Current Ratio                                | Positive                      | Negative            |
| EBITDA (\$000's)                             | Greater than 2,300            | 2,410               |
| Revenue (\$000's)                            | Greater than 28,000           | 26,484              |
| Closing bank and shareholder loans (\$000's) | Less than 6,100               | 6,222               |
| 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 2017 and 30 June 2016 figures.

#### Non-financial Performance

|                                       | Statement of Corporate Intent | Actual Achievement |
|---------------------------------------|-------------------------------|--------------------|
| Lost time injury accident (LTIA) rate | 0.00                          | 0.00               |

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  | 25                            | 29                 |
| Achievement of ISO9001 accreditation  | Standard Achieved             | Standard achieved  |
| Assessed compliance level of environmental consents by Waikato Regional Council                   |                               |                    |
| Non-compliant   |                               | 0                  |
| Partially compliant   |                               | 3                  |
| Highly compliant  |                               | 3                  |
| Fully compliant   | All                           | 7                  |
| Number of local events within operational areas where the company provided complimentary services | 6                             | 13                 |

#### Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2017

| \$000's   | 2017 Actual  | 2016 Actual  |
|---|--------------|--------------|
| Total Revenue   | 26,487       | 28,396       |
| Total Expenditure (including Depreciation and Interest) | 25,285       | 27,572       |
| <b>Net Profit/(Loss) Before Tax</b>                     | <b>1,202</b> | <b>824</b>   |
| Company Tax/(Credit)                                    | (1,512)      | (459)        |
| <b>Net Profit/(Loss) After Tax</b>                      | <b>2,714</b> | <b>1,283</b> |

## 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><b>PROCUREMENT:</b></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>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p> | <p>Achieved.</p> <p>A joint RFP with BOPLASS for the supply of Multi-function Devices was completed and Konica Minolta were accepted as the preferred supplier.</p> <p>Shared procurement of Thomson Reuters services, EMA membership, and participation in the BOPLASS EFTPOS contract have been investigated, but no financial benefits were identified.</p> <p>A WLASS Master Agreement with Vertical Horizonz for the provision of health &amp; safety training was completed in February 2017 and 11 councils have signed Joining Agreements.</p> <p>Achieved.</p> <p>A syndicated clause in three tendered Hamilton City Council contracts enables all shareholders to access:</p> <p>(I) a library book buying contract at 37% discount on the RRP;</p> <p>(ii) a contract for the supply of pipes and fittings for water, wastewater and stormwater pipes, which provides discounts of between 30% and 80% off the list price;</p> <p>(iii) an HR Panel of eight suppliers for the recruitment of permanent and temporary staff.</p> <p>Information on how to participate in syndicated contracts for Office Furniture, Media Monitoring and Employee Assistance Programmes was circulated to all shareholding councils.</p> <p>Following an RFP process, a WLASS Master Agreement for Fleet Management has been entered into with FleetPartners /FleetSmart for a term of 1+2.</p> |
| <p><b>COLLABORATIVE PROJECTS:</b></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>Six projects (GIS, Procurement, Aligned Planning, Digital Strategy, Learning and Development, and Building Services) have been investigated.</p> <p>Achieved.</p> <p>Business cases for all six projects were approved by the Board.</p> <p>A GIS team is working on identifying why spatial data should be used to support the Waikato region within the framework of the Waikato Digital Strategy, including identifying the benefits and measures of success.</p> <p>A Procurement review is in progress, and is scheduled for completion in August 2017.</p> <p>An RFP to select a Project Manager to lead the Aligned Planning project is in progress.</p> <p>A Digital Strategy is under Development.</p> <p>A Learning &amp; Development Working Party has been established, and projects are in progress.</p> <p>A strategic review of Building has been completed and a number of new initiatives have been identified, which will commence in 2017/18.</p>  |

| PERFORMANCE TARGET  | METHOD  | MEASURE   | ACTUAL OUTCOME  |
|---|---|---|---|
| <p><b>EXISTING WLASS CONTRACTS:</b></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.<br/>Contracts Register is up-to-date.</p> <p>Achieved.<br/>Four current contracts have been extended, following a performance review:<br/>(I) Dataprint (computer-generated print, mailhouse and e-services)<br/>(ii) Professional Services Panel (building services, planning 3-waters, urban design, flood hazards consultancy services)<br/>(iii) Aon (insurance brokerage)<br/>(iv) Infometrics (economic data).</p> |
| <p><b>CASHFLOW:</b></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>Monthly financial statements show a positive cashflow position.</p>  | <p>Achieved.<br/>Cash flow for the year shows a positive total cash balance of \$352,274.</p> <p>Reports on the financial position were considered at WLASS Board meetings on 5 August, 14 October, and 2 December 2016, and on 3 February, 24 March and 26 May 2017.</p>   |
| <p><b>COST CONTROL:</b></p> <p>Administration expenditure shall be managed and monitored.</p>   | <p>The Financial Accountant and Chief Executive review expenditure monthly.</p>   | <p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>  | <p>Achieved.<br/>Actual expenditure was 19% favourable compared to budget.</p>  |
| <p><b>REPORTING:</b></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.<br/>The 6-monthly report was distributed to shareholders on 9 February 2017.</p> <p>Achieved.<br/>This is the Annual Report.</p>   |
| <p><b>WAIKATO MAYORAL FORUM:</b></p> <p>The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.</p> | <p>Updates on Mayoral Forum projects shall be co-ordinated by the WLASS Chief Executive.</p> <p>Mayoral Forum projects shall be managed financially through WLASS.</p> <p>Note:<br/>The current approved work streams are:</p> <ul style="list-style-type: none"> <li>• Regulatory Bylaws and Policies</li> <li>• Waikato Plan</li> </ul> | <p>The Mayoral Forum is regularly updated on the progress of each approved workstream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>   | <p>Not Applicable.<br/>The WLASS CEO is no longer responsible for updating the Mayoral Forum on progress with projects. Project sponsors are responsible for updates.</p> <p>Partly Achieved.<br/>All approved invoices, except for one, were paid by the 20th of the month following their receipt</p>   |

| PERFORMANCE TARGET  | METHOD   | MEASURE  | ACTUAL OUTCOME  |
|---|--|--|---|
| <p><b>SHARED VALUATION DATA SERVICES (SVDS):</b></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.<br/>SVDS was available to users for 99.16% of normal working hours.</p> <p>N/A.<br/>There has been no capital enhancement work over the last 12 months.</p> <p>Achieved.<br/>The Group met on 1 September and 17 November 2016, and on 9 March and 1 June 2017</p>   |
| <p><b>INSURANCE</b></p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>  | <p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>  | <p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p>   | <p>N/A.<br/>Shareholders' survey is scheduled to be reported to the Board on 26 August 2017.</p> <p>N/A.<br/>Shareholders' survey is scheduled to be reported to the Board on 26 August 2017.</p>   |
| <p><b>RATA</b></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.<br/>6-monthly reports presented to Board meetings on 2 December 2016 (circulated to stakeholders on 19 December) and on 7 July 2017.</p> <p>Achieved. A summary of savings was included. In the July report to the Board.</p> <p>Achieved.<br/>All councils participated in the tour in October 2016.</p> <p>Not Achieved.<br/>Report delayed until February 2017 (individual councils received their reports in January).</p> <p>N/A.<br/>No contracts due for renewal. Data collection contracts were extended for one year on 14 October 2016.</p> <p>Achieved .<br/>Asset Information Engineer identifies and resolves all issues.</p> |

| PERFORMANCE TARGET  | METHOD   | MEASURE  | ACTUAL OUTCOME  |
|---|--|--|---|
| <p><b>WAIKATO REGIONAL TRANSPORT MODEL (WRTM):</b></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 WLASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p> | <p>Achieved.<br/>Reports were provided on 15 August and 18 November 2016. No quarterly reports were requested in 2017 as the model was unused during this period.</p> <p>Achieved.<br/>Reports presented to the Board in December 2016 and July 2017.</p> <p>Achieved.<br/>Peer review of base model was completed in April 2017. Consultant has been engaged to complete future years' model in 2017/18.</p>   |
| <p><b>WAIKATO BUILDING CONSENT GROUP</b></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>Provide Group members 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>Partially Achieved .<br/>Only seven of the eight audits scheduled for the year were completed due to a lack of staff resources to assist.</p> <p>Not Achieved.<br/>The quality assurance system consists of over 466 separate documents. Regulation 17 requires that all BCAs on an annual or more frequent basis; audit and review all of their quality assurance systems to ensure that the systems meet the requirements of the BCA regulations and the Building Act 2004, and remain appropriate for purpose. Even though the audit and review of the QA systems was achieved within the calendar year, it was not achieved within 12 months from the last completion date.</p> <p>Achieved.<br/>Reports presented to the 3 February and 7 July 2017 Board meetings.</p> |
| <p><b>FUTURE PROOF</b></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.<br/>6-monthly reports presented to the Board on 2 December 2016 and 7 July 2017.</p>   |
| <p><b>SHAREHOLDER SURVEY:</b></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.<br/>Shareholders' survey has been completed and is scheduled to be reported to the Board on 26 August 2017</p>  |
| <p><b>REVIEW OF BENEFITS:</b></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>Achieved.<br/>Information is included in this report.</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 2017 | 5,876 |
| Electors                               | 5,793 |

### RATING STATISTICS

|   |                         |
|---|-------------------------|
| Total Rates Revenue 2016/17 (excluding Penalties) Budget: | \$19,056,000 (excl GST) |
| Total Rateable Capital Value as at 30 June 2017           | \$2,984,987,300         |
| Total Capital Value at as 30 June 2017                    | \$3,568,963,600         |
| Total land value at 30 June 2017                          | \$2,200,675,950         |

### PUBLIC DEBT OUTSTANDING

|                       |              |
|-----------------------|--------------|
| 30 June 2017 (Actual) | \$43,419,000 |
| 30 June 2017 (Budget) | \$51,971,000 |

### PUBLIC EQUITY

|                       |               |
|-----------------------|---------------|
| 30 June 2017 (Actual) | \$294,190,000 |
| 30 June 2017 (Budget) | \$298,594,000 |

### OTHER INFORMATION

|  |                   |
|--|-------------------|
| Number of Building Consents issued 2016/17 | 131               |
| Total District Roading Sealed              | 461.2 kilometres  |
| Total Unsealed Roads                       | 553.6 kilometers  |
| Total Roads                                | 1014.8 kilometers |

## Glossary of terms used in the Annual Report

| Term                                       | Definition  |
|--|---|
| <b>Activity</b>                            | The goods or services that WDC provides to the Community.   |
| <b>Annual Report</b>                       | 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.  |
| <b>Asset Management Plan/AMP</b>           | 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.   |
| <b>Assets</b>                              | Assets are things that WDC owns, such as roads, parks, buildings and cash holdings.   |
| <b>Capital Expenditure /Capex</b>          | 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.   |
| <b>Capital Value</b>                       | The sum of the unimproved value (land value), and the value of the improvements is equal to the capital value of the land.  |
| <b>Community</b>                           | 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).  |
| <b>Community Outcomes</b>                  | 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.   |
| <b>Corporate Support</b>                   | Used to describe the inputs that are used by all of WDC's activities, such as IT support, or corporate buildings.   |
| <b>Council/Councillors</b>                 | The seven elected members that form the governing body of WDC   |
| <b>Current Assets</b>                      | Assets that can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.  |
| <b>Current Liabilities</b>                 | Creditors and other liabilities due for payment within the financial year.  |
| <b>Development Expenditure</b>             | 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.   |
| <b>Exceptions Annual Plan/ Annual Plan</b> | 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.   |
| <b>Infrastructural Assets</b>              | 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).   |
| <b>Key Performance Indicators (KPIs)</b>   | 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.   |
| <b>Level of Service Expenditure</b>        | 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. |
| <b>Levels of Service</b>                   | Operational levels of service are stated in the activity sections of the Waitomo District Council's Long Term Plan (LTP)  |
| <b>Local Government Act 2002/LGA</b>       | The Key legislation that defines the regulations and responsibilities for local authorities.  |
| <b>Long Term Plan / LTP</b>                | A plan covering a period of 10 years (the current LTP is the 2015-2025 LTP), 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 two (2016/17) of the 2015-2025 Long Term Plan.  |
| <b>Operating Revenue</b>                   | 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.   |
| <b>Operating Surplus</b>                   | 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.  |
| <b>Operations Expenditure</b>              | 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.   |
| <b>Outputs</b>                             | Goods and services the WDC will produce or provide to achieve agreed outcomes.  |

| <b>Term</b>                                     | <b>Definition</b>   |
|---|---|
| <b>Renewal Expenditure</b>                      | 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.   |
| <b>Separately Used or Inhabited Part (SUIP)</b> | 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.<br>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. |
| <b>Stakeholders</b>                             | People, groups and/or organisations that have an interest in what happens in the District.  |
| <b>Statement of Financial Position</b>          | Also referred to as a Balance Sheet. The name of this financial table has been changed as required by the accounting standards for PBE.   |
| <b>Strategic Goals</b>                          | 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.  |
| <b>Sustainable Development</b>                  | Development that meets the needs of the present without compromising the reasonably foreseeable needs of future generations.  |
| <b>Targeted Rates</b>                           | 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.  |
| <b>Uniform Annual General Charge (UAGC)</b>     | A uniform annual general charge that is levied on all separately used or inhabited rating units in the District   |
| <b>Waitomo District Council (WDC)</b>           | The organisation established to administer WDC affairs, conduct operations and bring effect to WDC policy and strategies.   |