

Waitomo District Council

Annual Report 2015-2016

www.waitomo.govt.nz

Creating a better future with vibrant communities and thriving business.



Front Cover Image: *Oparure Road, Waitomo District, New Zealand (Photo by Kelly Marriott)*

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INTRODUCTION

This Annual Report details our performance over the last financial year from 1 July 2015 to 30 June 2016. It is an important way of informing our communities about how we have progressed in the achievement of our goals and provides the financial reporting on the year gone by. It is our accountability document to our community. This report also highlights the areas we performed well in and the areas we need to improve on.

Engaging well with the Waitomo District community is very important to WDC. We have structured this report, so it is easy to find information.

The report is divided into the following sections:

Introduction - This section contains the overview of our performance.

Our Activities - This section contains details of the achievement in each activity area, the major projects undertaken, statements of our service performance and how we went against budget.

Financial Statements - This section provides details of our overall financial performance.

Our planning and reporting cycles

Long Term Plan (LTP) is our strategic planning document. It sets the framework for WDC's activities, performance measuring and monitoring. The LTP sets the plans across a ten year time frame. It is reviewed on a three yearly cycle (this means a new LTP is adopted by Council every three years).

Annual Plan - each year (in between the LTP review) WDC prepares an Annual Plan which sets out the budget for the year and notes any variations to the plans and budget contained in the LTP for that year.

Annual Report - Every year we produce an Annual Report that reports against our plans, projects and budgets set out through Annual Plans and the Long Term Plan.



MESSAGE FROM THE MAYOR AND CEO

We are pleased to present the Annual Report for the year ended 30 June 2016. This Report summarises Council's performance across 10 activity areas as well as the overall financial performance for the 2015/16 financial year.

The implementation of our vision to create a better future with vibrant communities and thriving business is well underway. We would like to thank our key stakeholders and community partners for their collaboration and efforts as we work towards making this vision become a reality.

Residents have confirmed we are on the right track, with 88% 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 financial management and that Council is capable, competent, and efficient and that the Councillors interact with the community. Resident's satisfaction of WDC services continues to improve with a notable increases this year for recycling and landfill facilities, aquatic centre, facilities and service, library facilities and service and quality public amenities and parks and reserves.

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

Our top financial results for the 2015/16 Financial Year are:

- **Public debt sits at \$44.8 million**, compared with the \$52.8 million forecast set out in our 2015-25 Long Term Plan.
- A total **Capital Expenditure** programme of **\$9.81 million** was carried out. This included \$4.3 million on Roads and Footpaths, \$1.9 million on Community Services and \$2.3 million on Water Supply.
- Total expenditure was **\$1.1 million less** than budgeted.
- Council also sourced a favourable interest rate which reduced the amount of interest costs we incurred over the year.

Our key infrastructure highlights for the past year include:

- Completion of the commercial space at Te Kuiti Railway Station buildings,
- Completion of the first stage of the Te Kuiti Waste Water Treatment Plant upgrade,
- Continued refurbishment of the Les Munro Centre and,
- Upgrade of the Piopio Public Toilets.

The project to revitalise the Te Kuiti Railway Station Buildings began in 2012 and consisted of five separate sub-projects. During the 2015/16 financial year we completed the internal refurbishment of Building 2. This central station building was beautifully restored as a commercial space and is currently being utilised by the new Stoked Eatery licensed restaurant. The construction of the community space in Building 1 and the link to the i-SITE building is currently progressing well. We are excited about the final stage of refurbishment which will provide a high quality, unique and historic location for

community organisations and to support visitor information services. This will conclude the overall building development aspect of the vibrant hub in Te Kuiti.

We continue to promote a better quality of life and an improved living environment within the District. We completed data collection and analysis to inform the development of the Waitomo District Profile and Discussion Document 'Waitomo District Prepared for the Future'. We made a submission for a funding application for Ultra-fast Broadband, Rural Broadband and Mobile Blackspot Fund. To ensure we make smart strategic decisions to support Regional Tourism outcomes within our District we completed the development of Timber Trail Market Strategy and Action Plan. We want to support a Motor Home Friendly District, and the collection and monitoring of data will inform our next steps in this direction.

The Brook Park Incorporated Society is making significant headway with the development and improvements to the popular Park. Volunteers will soon complete the mountain bike trail, establishment of the Memorial Grove, fencing and maintenance work, and removal of a number of old trees in the conifer grove.

Our investment in Inframax Construction Limited (ICL) has shown positive results which is very encouraging and will provide benefits to the wider district in the medium term. ICL has reported a **net profit after tax of \$1.28 million**; net assets of the company have **increased by 60%**. This is a remarkable achievement for ICL and once again we would like to congratulate the Board, Management and Staff on the hard work that has gone into making this happen.

In conclusion, during the 2015/16 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 community as a whole.



BRIAN HANNA
MAYOR



CHRIS RYAN
CHIEF EXECUTIVE

ELECTED REPRESENTATIVES



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Sue Smith

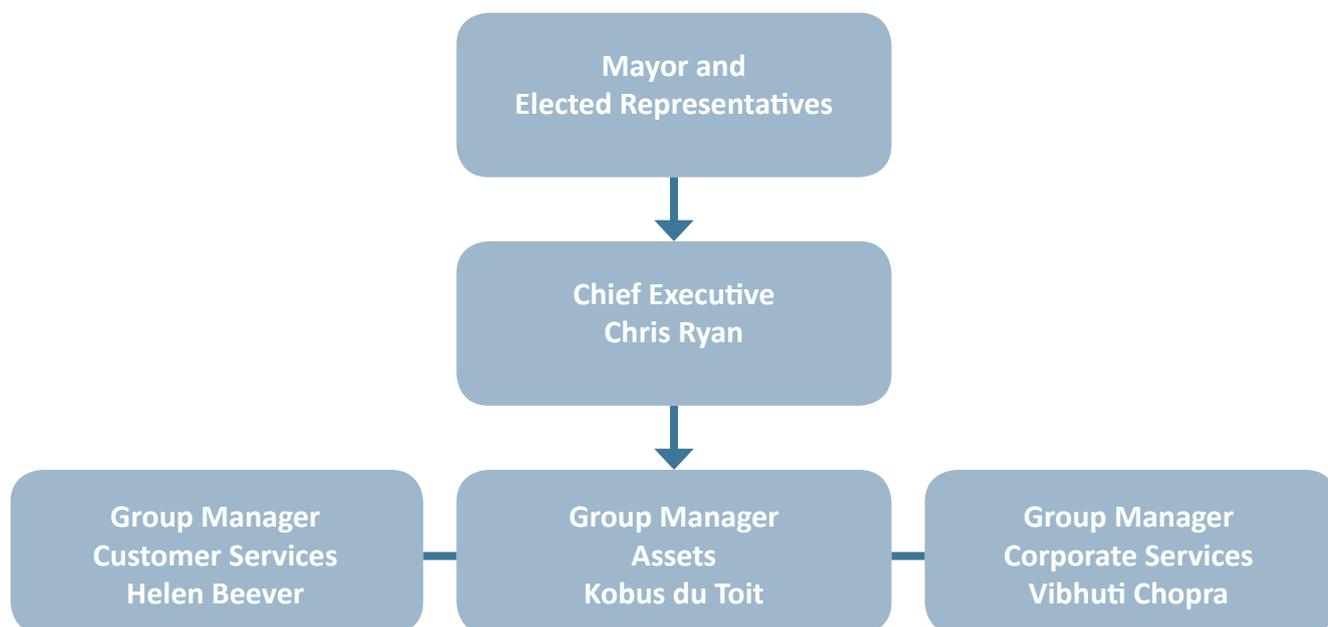
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MANAGEMENT STRUCTURE



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 2016 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 38.



BRIAN HANNA
MAYOR



CHRIS RYAN
CHIEF EXECUTIVE

Dated this 6th day of October 2016.



VIEW OF THE MANGAOKEWA RIVER AND ESPLANADE



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAITOMO DISTRICT COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of Waitomo District Council (the District Council) and group. The Auditor-General has appointed me, Melissa Youngson, using the staff and resources of Deloitte on her behalf, to:

- audit the information included in the District Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the District Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 68 to 139:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Reporting Standards.
- the funding impact statement on page 120 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council and group's Long Term Plan.
- the service provision (referred to as groups of activities) on pages 25 to 66 and pages 140 to 144:
 - presents fairly, in all material respects, the District Council and group's levels of service for each group of activities for the year ended 30 June 2016, 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;
- the statement about capital expenditure for each group of activities on pages 109 to 111, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and group's Long Term Plan;

- the funding impact statement for each group of activities on pages 121 to 130, 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 Long-term plan; and
- the disclosures on pages 132 to 137 required by the Local Government (Financial Reporting and Prudence Regulations 2014) represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information.

Compliance with requirements

The District Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 132 to 137 which are required by the Local Government (Financial Reporting and Prudence Regulations 2014) which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information.

Our audit was completed on 6 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited in order to design 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported groups of activities within the District Council's framework for reporting performance; and

- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

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 ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have no relationship with or interests in the District Council or any of its subsidiaries.



Melissa Youngson
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand

OUR VISION FOR WAITOMO

‘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 livability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner.

We have been working steadily towards this vision for the past 5-6 years. This aspiration requires sustained effort over time to achieve.

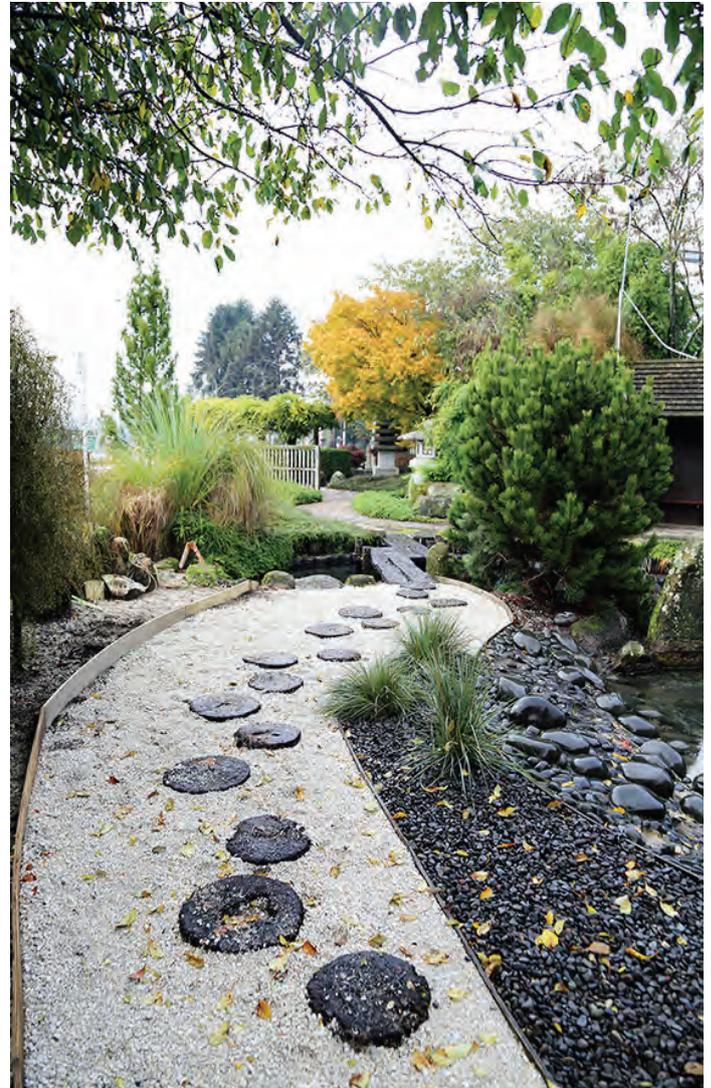
WDC set areas of focus to drive this vision and guide our efforts. These are:

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

The importance of enhanced economic development has been a key area of focus for WDC for the last four years. WDC’s aim is to support the growth of our local economy by effectively promoting our District’s attractions as well as supporting local business initiatives and projects.

Strengthening our connections with our communities and supporting development was another area of focus for the 2015/16 period. Community connectivity includes activities such as continued development of youth initiatives, for example, facilitating the availability of affordable transport for our youth to University. Asset maintenance and upgrades, essential elements of prudent asset management, have continued to form a vital part of WDC’s work programme for the 2015/16 year.

We have made good progress in our focus areas in the 2015/16 year. Key highlights are included in the following pages with further detail of our achievements in the activity areas included in the ‘Our Activities’ section of this report.



TATSUNO JAPANESE GARDEN

Everything we do at WDC is linked to our vision.

We asked the community in our recent Resident Survey whether they thought WDC was assisting in the creation of vibrant communities and thriving businesses.

88% of respondents to our Resident Survey thought WDC was assisting in the creation of vibrant communities and thriving businesses.

OUR STATISTICS

\$344 Million

Total Asset Value

\$22,794,563 Value of building consents issued

3,698

Dogs registered for the year



1,408 tonnes

of recycling materials diverted from landfill



Saving WDC approximately

\$14,085 in waste minimisation levies



More than **2,200** likes on our facebook pages

1,014km

Of roads managed and maintained



52 Community Groups and organisations supported by WDC funding & grants

165 Building Consents issued

174 LIMS processed

1,583 Average number of customer service calls we receive each month

10

Playgrounds

18

Public Toilets

25

Parks

154

New library members



809 E-books downloaded from the library catalogue

440,000m²

Grass mown throughout the year



3,295 Service requests received

47 Average number of media queries

47 Requests for Official Information received

84 New subscribers to Waitomo Way

1,182,638 m³

Of waste water treated at Te Kuiti Waste Water Treatment Plant

ACTIVITY HIGHLIGHTS FOR 2015 - 2016

Completion of the Commercial Space at Te Kuiti Railway Buildings

The project to revitalise the Te Kuiti Railway Station Buildings began in 2012 and consisted of 5 separate projects.

2015/16 saw the completion of the internal refurbishment of Building 2. This central station building was beautifully restored as a commercial space and is currently being utilised by the new Stoked Eatery licensed restaurant. The construction of the community space in Building 1 and the link to the i-SITE building also commenced and is progressing well.

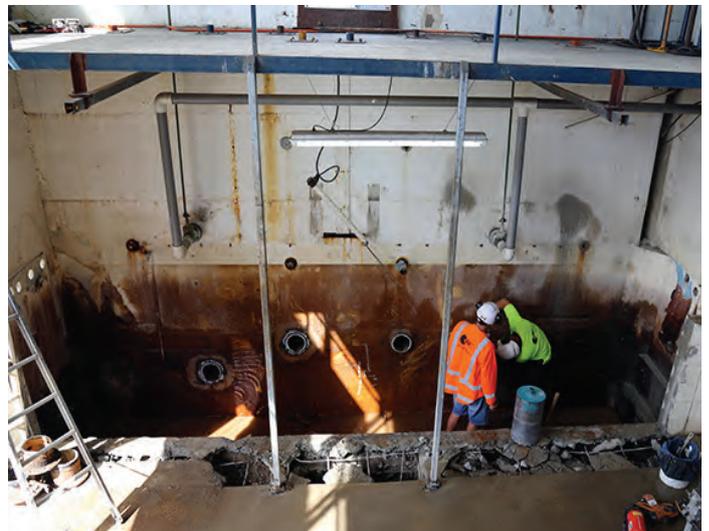


INTERIOR OF BUILDING 2

Te Kuiti Water Treatment Plant Upgrade

The first phase of the Te Kuiti Water Treatment Plant upgrade is now substantially complete.

The new treatment plant building has been constructed and the pumps have been installed. The plant is not fully commissioned due to the remaining work required to the filters.



PIPE WORK UNDERWAY AT THE PLANT

Refurbishment of Les Munro Centre

WDC has progressively, over the last five years, undertaken staged upgrade works at the Les Munro Centre to modernise it, so as to promote its use as a premier venue for functions within the District.

An integral part of the refurbishment process was the completion of the kitchen upgrade (including the bar area), which was completed prior to Christmas 2015. The kitchen was in its original state and in need of updating to improve its functionality and allow the centre to cater for larger groups.

The Waitomo Cultural and Arts Centre was renamed the Les Munro Centre in December 2015 in honour of the long standing former Mayor, Les Munro.



KITCHEN RENEWAL PROJECT AT LES MUNRO CENTRE

Completed new Public Toilets at Piopio

This project involved the construction of a new public toilet facility in Kara Park.

The previous toilet facilities were old and no longer suitable for the high volume of users.

The existing facility was demolished once the new toilets were operational.



PIOPIO PUBLIC TOILETS AT KARA PARK

Construction of Recycling Shelter at Waitomo District Landfill

The Recycling Shelter at the Waitomo District Landfill was completed in the 2015/16 year.

The Recycling Shelter provides easier all weather access for users. With the new layout, WDC was also able to increase the number of collection bins available.



NEW ROOF COVERING THE RECYCLING AREA

Other Highlights:

- Completion of the soakage field for Mokau public toilets.
- Completion of pedestrian bridge at Benneydale.
- New drainage, repainting and new pool covers for the Waitomo District Aquatic Centre.
- Further upgrades to Rora Street Gardens.
- Piopio hall roof renewal and access ramp.

Many of our activities achieved 100% of their performance targets



PIOPIO HALL RENEWAL

PERFORMANCE SUMMARY

WDC has a range of performance targets that allow the measurement, over time, of whether or not the service delivery and performance has been properly focused on WDC's priorities.

Fourteen of our performance measures are calculated through our annual Resident Survey. The remainder of our performance measures are calculated 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 etc.

The Government introduced new mandatory performance measures starting in the 2015/16 year for roads and footpaths, stormwater, wastewater treatment and disposal, and water treatment and supply. As a large number of mandatory measures are required (and mandatory measures are considered to effectively measure the services of the impacted activities for the three waters and roads and footpaths) most previous non-mandatory measures in these groups of activities were removed from the framework.

The following information provides a snapshot of progress made by WDC in achieving the performance targets.

The activity areas to achieve 100% of their performance targets were Governance, Community Service, Regulation, Resource Management, and Stormwater Drainage.

This year we achieved 65 out of our 80 measures (81%). Our Resident Survey showed that the community's satisfaction levels with how we deliver our services has increased. The most significant area of improvement in satisfaction levels was in our Community Services activity.

Satisfaction Ratings	2016	2015
Pools and Facilities	88%	75%
Arts and Culture Services	94%	88%
Quality Parks and Reserves	87%	82%

Satisfaction with the **Solid Waste Service** was extremely high again. 97% of residents surveyed were satisfied with the safety of WDC's recycling facilities, 95% rated rural waste transfer stations safe to use and 98% rated the landfill safe to use.

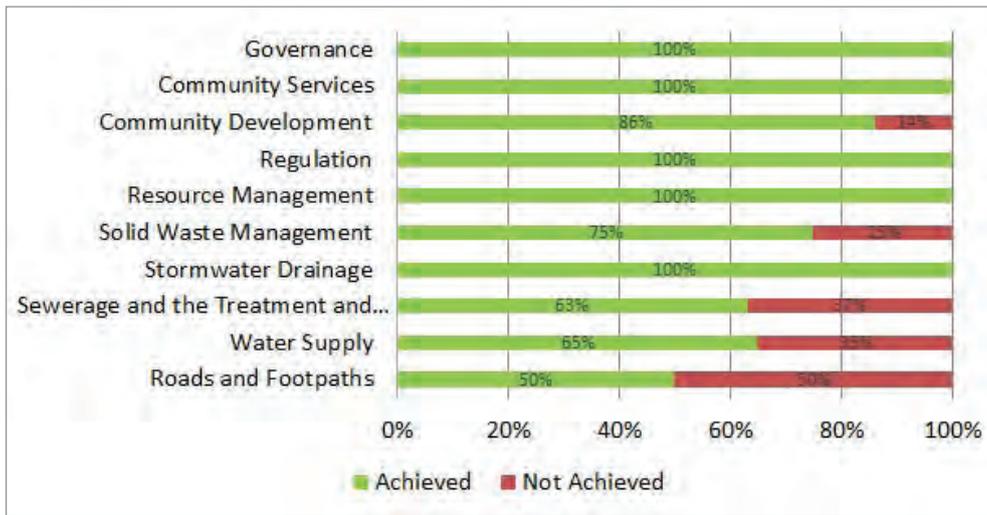
Roads and Footpaths has six measures, three were achieved and three not achieved. While we only achieved 50% of our targets, we achieved the measures which related to maintaining the overall condition of our sealed roads and footpaths to a specified adequate standard.

Water Supply services has 17 measures, 11 of these were achieved and six not achieved. We achieved all of our targets which related to ensuring our water supply networks are adequately maintained and efficient management of demand for water for the community.

Regulation Services achieved all of its performance measures, However, satisfaction ratings with our building control service, while still meeting our target, dropped from 82% last year to 77% this year.

In the 2016 Resident Survey, 94% of respondents are satisfied with the provision of WDC **Communications** (extent and methods of information provided to our residents). This rating well exceeds WDC's target of 60%.

The following graph shows the overall performance of the ten Groups of Activities with green being achieved and red not achieved.



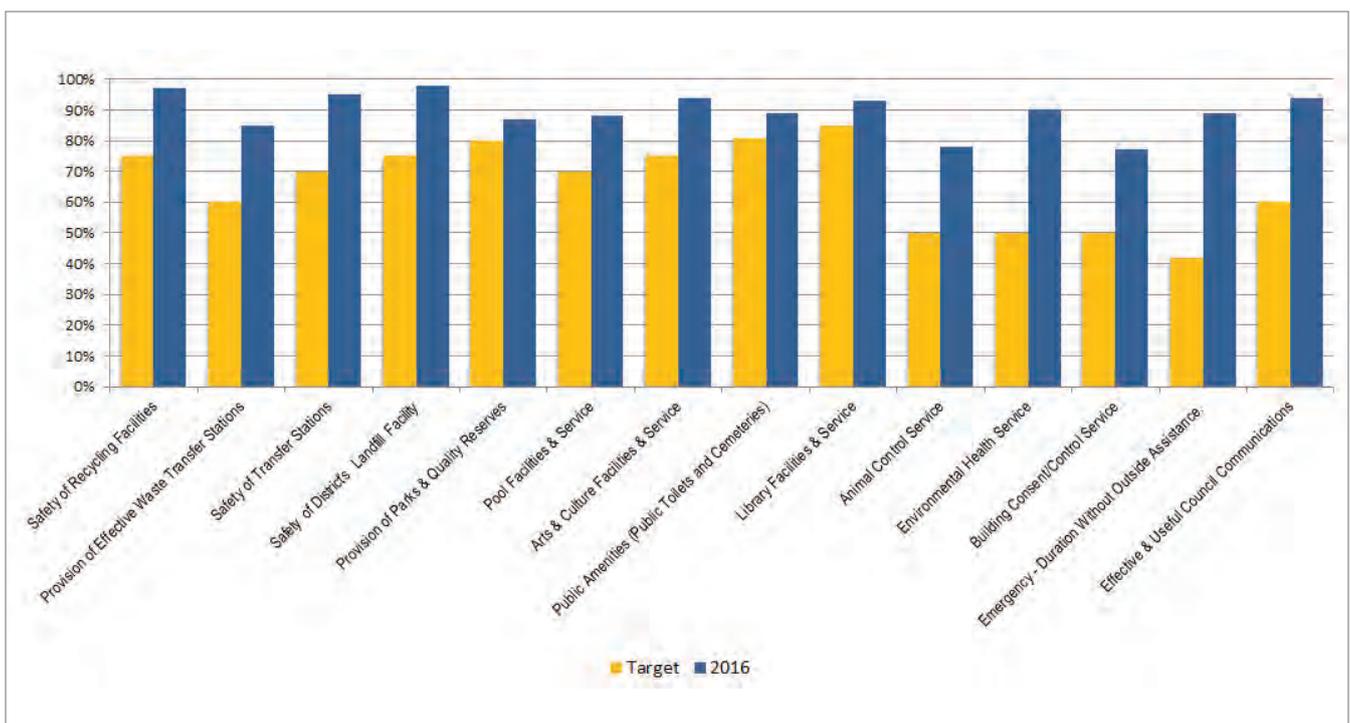
Resident Survey

WDC carries out a Resident Survey each year which seeks to gauge the opinion of residents on a wide range of services and activities delivered by WDC.

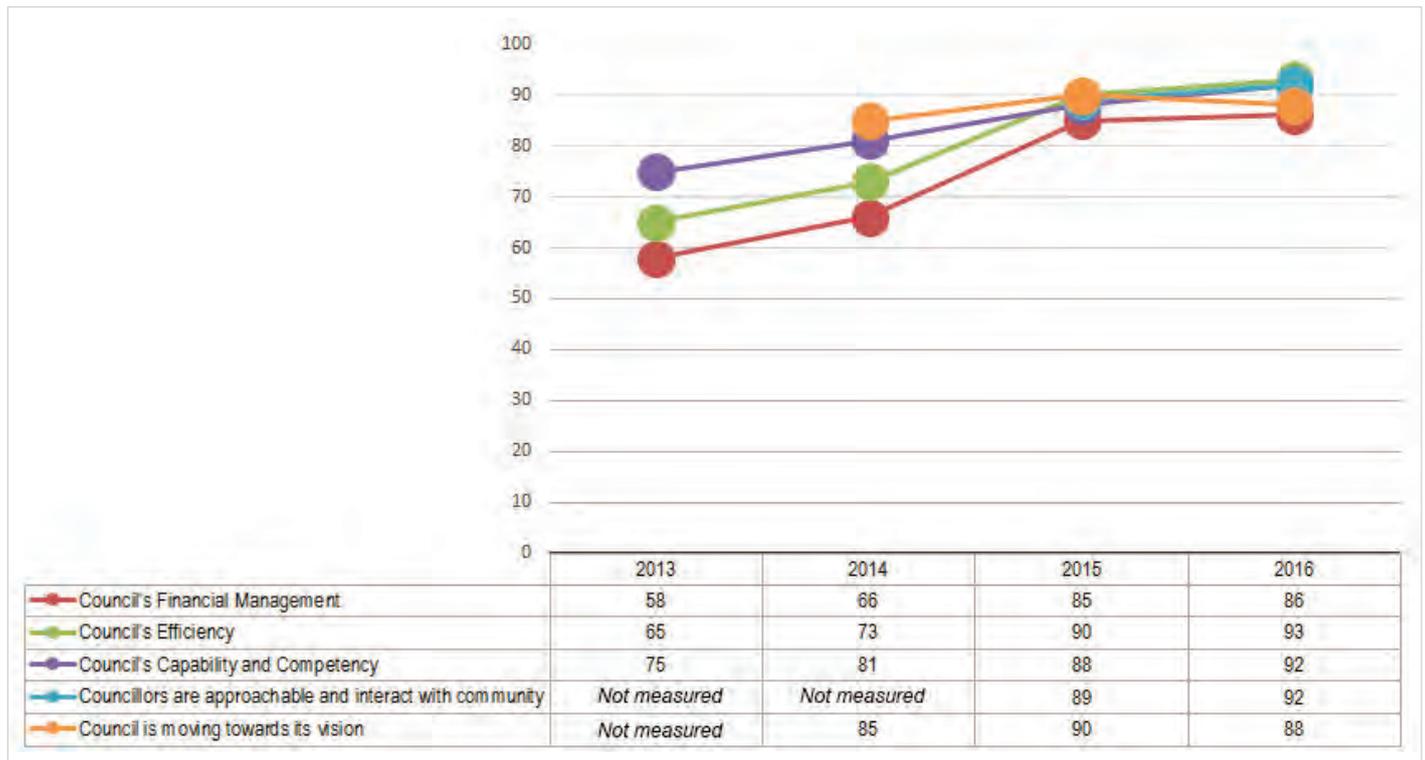
The 2016 Resident Survey was developed and conducted in-house similar to the previous two years. It was a paper survey delivered direct to all letterboxes across the District. The survey was open to the public for a two week time frame from Monday 2 May to Friday 13 May 2016. A total of 329 completed surveys were returned.

The 2016 Resident Survey also included a liveability survey to review resident's perceptions of different aspects of living in the Waitomo District. Overall there are generally low levels of dissatisfaction with life in the Waitomo District. Residents are generally positive about the local community and proud to live in the area. Services are generally well received, particularly health.

The graph below shows that across the board we have exceeded our target satisfaction levels which is an excellent result.



Overall, resident's satisfaction with WDC's performance has increased significantly over previous years with a large majority of people considering WDC's financial management, capability and competency, efficiency and Councillor's interaction to be satisfactory.



FINANCIAL HIGHLIGHTS (COUNCIL)

Revenue collected through rates

\$18.7 million

Income earned through other sources

\$10.6 million

Our capital expenditure for the year

\$9.81 million

Overall operating surplus

\$3.6 million

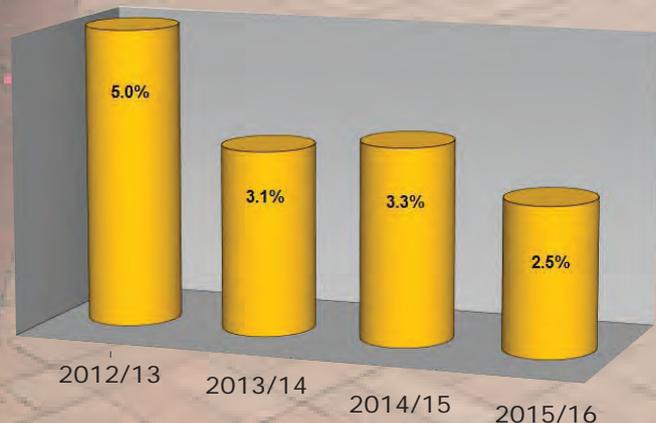
Total debt, which is \$1.3m less debt than at the end of last financial year

\$44.8 million

Our debt-to-revenue ratio

153%

Actual Rates Increases 2013 to 2016



FINANCIAL OVERVIEW

The following information provides an overview of our financial performance for the year to 30 June 2016.

Surplus

WDC reported a net surplus after tax of \$3.6 million compared to a budget surplus of \$2.9 million. This result is mainly attributable to less expenditure than budget and a reduction in our finance costs.

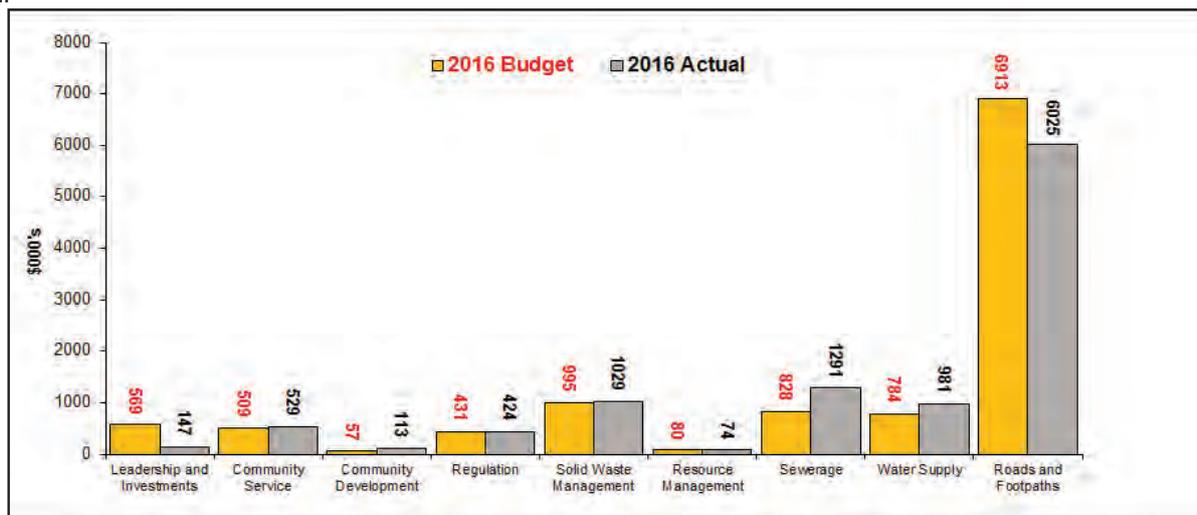
	2016 Council Budget \$000's	2016 Council Actual \$000's	2015 Council Actual \$000's
Cost of Service Statement for All Council			
Total Revenue (excluding rates)	10,755	10,613	11,443
Total Expenditure	26,793	25,719	24,528
Net Operating Cost	16,038	15,106	13,085
Total Capital Expenditure	13,901	9,810	10,663
Total Net Expenditure (Operating and Capital)	29,939	24,916	23,748
Funded by			
Internal Loans Drawn	5,591	2,604	4,032
Reserves	5,409	3,612	1,452
Rates, metered water rates and penalties*	18,939	18,700	18,264
Total Funding	29,939	24,916	23,748

*Metered water rates is now included as part of rates revenue, previously this was included in total operating revenue. The comparative year information has been reclassified to reflect this change.

Operating Revenue was \$0.4 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 compared to the revenue we actually received.

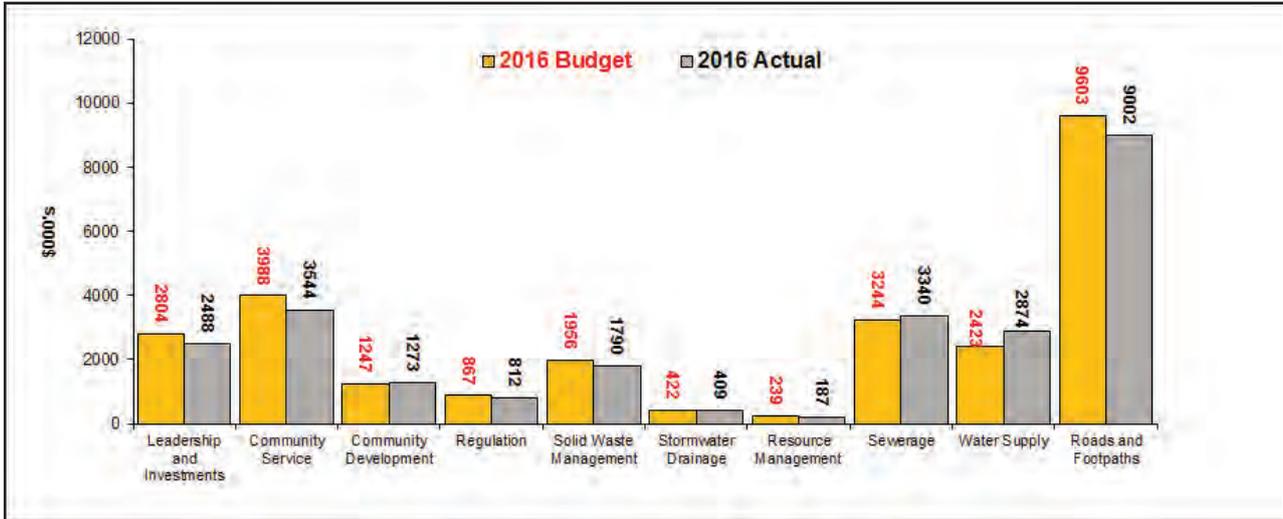


The main reasons for the difference between our budgeted and actual revenue received for the activities (\$0.1m) were:

- For Leadership and Investments it is due to a change in accounting treatment for penalty revenue. The actual revenue received for penalties was not less than budget.
- Less road subsidy received due to less works being completed than expected and due to delay in receiving a portion of subsidy payment.
- This was offset by subsidy received -
 - For the Mokau water supply upper dam construction
 - An increase in trade waste revenue.

Operating Expenditure was \$1.1 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:

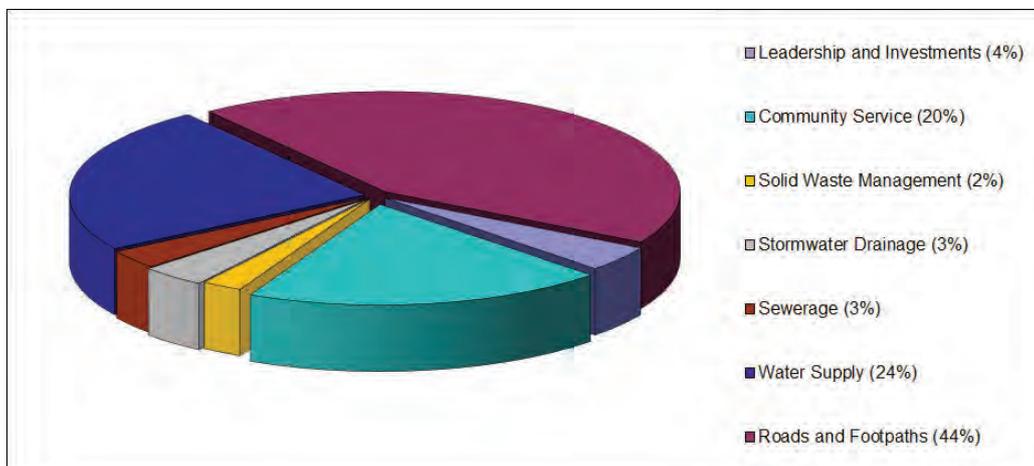
- Roads expenditure was \$0.6m less than budget due to less expenditure on unsealed road maintenance, road safety, professional services and interest costs being less than budget. Water supply costs were \$0.5m more due to operational and maintenance costs being more than expected.
- Community Service costs were \$0.4m less than budget mainly due to the accounting treatment of rates paid on Council owned properties which is excluded from the expenditure. The budget figure includes rates on Council owned properties. Repairs and maintenance expenditure was less than budget as this work is only carried out as required.
- Leadership costs were \$0.3m less than budget due to the district plan work-stream being deferred until after the local body elections and interest costs being less than budget.

We invested \$9.81 million in Capital Projects.

Some key projects undertaken were:

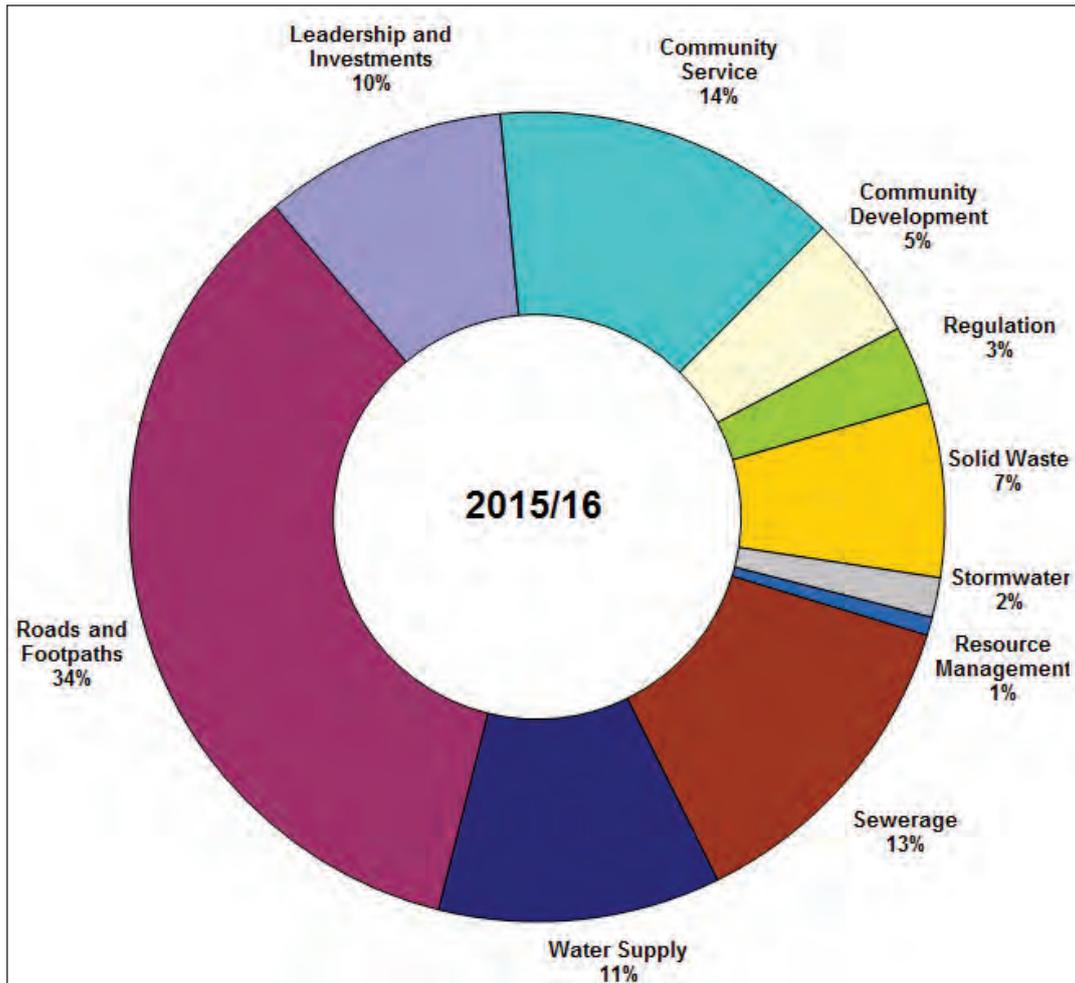
- Road maintenance and renewals
- Continued work on the upgrade to the Te Kuiti Water Treatment Plant
- Development of the commercial space at the Railway Station Buildings
- Construction commenced on the Railway Station Building 1 and the i-SITE building
- Construction of the recycling shelter at Waitomo District Landfill
- New Piopio public toilets on State Highway 3
- Completion of soakage field for Mokau public toilets
- Upgrade to the kitchen and bar facilities at the Les Munro Centre
- Completion of the pedestrian bridge at Benneydale
- Completion of the redevelopment of the upstairs floor of 28 Taupiri Street Building

This graph shows capital expenditure in our different activity sections



How Your Rates Were Spent

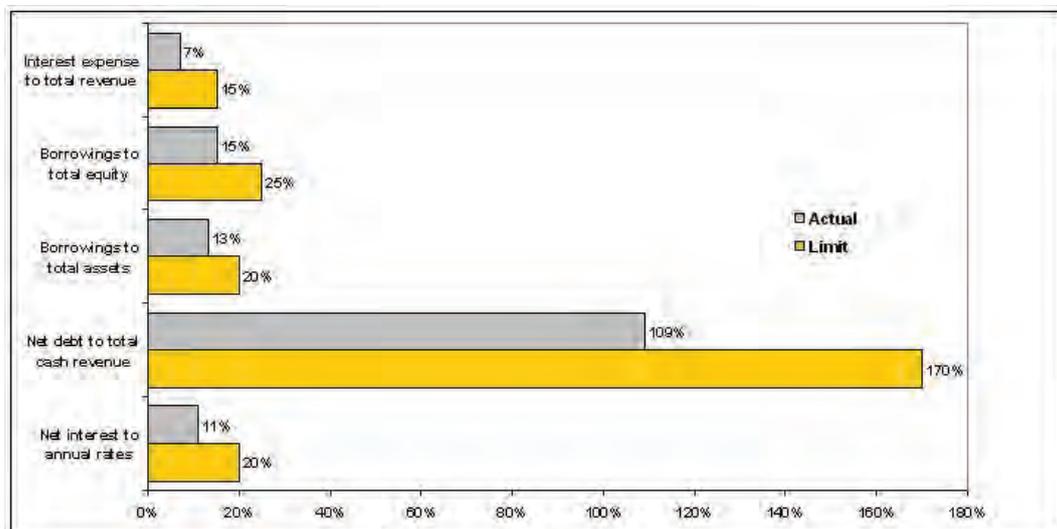
This graph shows the percentage of Council's spending on each Group of Activity.



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 \$53 million in the 2015/6 year. Actual debt was \$44.79 million at 30 June 2016.

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

	2014	2015	2016
Forecast Public Debt (LTP) \$000's	\$49,890	\$52,120	\$52,834
Actual Public Debt \$000's	\$44,865	\$46,139	\$44,786
\$ Trend \$000's (LTP forecast and Actual)	-5,025	-5,981	-8,048
% Trend	-10.1%	-11.5%	-15.2%

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 our relative increase in debt levels has been low indicating Council's prudent financial and debt management.

Overall Group Performance

The Group's overall performance for the year was an after-tax profit of **\$4.3 million**.

The initiatives put in place over the last several years have been successful and show in the improved financial performance of the subsidiary.

Inframax Construction Ltd (ICL) reported a net profit after tax of \$1.28 million for the year ended 30 June 2016. This is a positive result for the company which continues to achieve successes.

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

Statement of Financial Position

At 30 June 2016 total equity for the Group was **\$289 million**.

There was a \$2.5 million increase in equity reflecting net asset increases due to:

- The Group's after tax profit of \$4.3 million.
- Current assets decreased by \$3.6 million mainly due to a decrease in cash and cash equivalents and receivables.
- Current liabilities increased by \$2.4 million mainly due to an increase in the current portion of borrowings offset by a decrease in bank overdraft.
- Non current assets increased by \$4.2 million due mostly to an increase in property, plant and equipment and deferred tax asset.
- Non current liabilities decreased by \$4.3 million due mainly to a decrease in non current borrowings offset by an increase in derivative financial instruments.

MAORI CONTRIBUTION TO DECISION MAKING

WDC recognises that Maori are a significant stakeholder group within the District and seeks to work closely with Iwi and gain their inputs.

WDC is constantly working on its processes around community engagement and part of this is facilitating Maori participation in Council's decision making. As part of its current processes, WDC seeks to identify any issues of particular interest to Maori, gather information on Maori perspectives on any significant work programmes and also perseveres to build on relationships already established through its current work programmes.

The Local Government Act 2002 and the Resource Management Act 1991 place specific requirements on local authorities to take account of Maori values and provide opportunities for Maori to contribute to Council's decision-making processes. WDC intends to continue with the following current initiatives to assist Maori contribution to Council's decision making processes:

- Co-management of the Waipa River with Tangata Whenua through the Joint Management Agreement,
- Invite Maori representatives to be part of any groups established by WDC for the purpose of seeking community feedback or understanding community views,
- Maori representation at the Youth Council which provides opportunity for issues particular to Maori to be brought to the attention of WDC, and
- Iwi and Hapu representatives are consulted to discuss specific proposals which may involve a significant decision in relation to land or a body of water.

COMMUNITY OUTCOMES

Community Outcomes are a description of the results or the desired state that a Council aims to achieve in meeting the current and future needs of its community for good quality local infrastructure, local public services and performance of regulatory functions. These outcomes provide an important framework for future planning since the Outcomes reflect what is important to the community and where it wants to head towards in the future. Council in both its planning and reporting indicates which Community Outcomes each Group of Activities primarily contributes to.

Community Outcomes that we aim to achieve



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.*

OUR ACTIVITIES

Introduction

WDC carries out a number of activities or functions in order to meet its statutory responsibilities and in response to the aspirations of its District communities. WDC's functions are arranged under ten Groups of Activities. These ten Groups of Activities are further organised under three main 'Sustainability Groups'.

WDC's Group of Activities structure is shown in the following table.

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	

Groups of Activity Performance

Included in this section are the Statements of Service Performance and commentary about what we did in our Groups of Activities. We set out the levels of service we aim to deliver, the performance measures for the 2015/16 year as well as our actual results for the year. The measures have targets based on the results to be achieved in Year one of the 2015-25 LTP. The performance measures used are either customer or technical focussed.

We have provided additional information for the measure where targets were not achieved by including a Summary of Service Performance. The Summary is intended to provide an insight into the challenges WDC faced in its endeavours to achieve its targets and what plans have been made to improve the performance going forward.

A key has been added to the Statement of Service Performance tables. Green indicates target achieved and red indicates not achieved. Note: Explanations are included where the target has not been achieved. The keys link the performance result to the related explanation.



KARA PARK PLAYGROUND PIOPIO

COMMUNITY AND CULTURAL SUSTAINABILITY

The Groups of Activities discussed under this heading promote Community Outcomes that primarily focus on building and developing cohesive and functional communities in the Waitomo District. Council provides a range of services and facilities to the various communities in the Waitomo District in order to achieve this.

Governance: Leadership and Investments

What we do

This group comprises the Leadership and Investments activities.

Leadership

This activity includes the preparation of policies guiding strategic direction and strategic financial decisions for presentation to the community for feedback. Some key elements of this activity are:

- Council's governance at a District level which involves the provision of leadership and governance for the District through the Mayor's Office and the Council/Committee structure,
- Conduct of elections,
- WDC's advocacy on issues that impact on the Waitomo District,
- Planning and Policy development which involves carrying out long term and annual planning for the District and producing plans which reflect the WDC's role and level of involvement in achieving the Community Outcomes, and
- Monitoring and Reporting.

Investments

Council Controlled Organisations

Investment in Waikato Local Authority Shared Services (WLASS)

WDC has an equal share with each of the 12 local authorities situated within the boundaries of the Waikato region, in LASS Ltd. The principal objective is for the Company to provide the most effective access to regional information of mutual value to the regional community using modern technology and processes.

Investment in Inframax Construction Ltd (ICL)

Inframax Construction Ltd is a roading construction and maintenance company wholly owned by the Waitomo District Council as a Council Controlled Organisation. Although, it is wholly owned by WDC, ICL is an independent legal entity with its own Board of Directors and management structure and bound by the legal obligations of the Companies Act.

Investment Properties

WDC Owned Quarries

Maintenance and management of WDC owned quarries. WDC owns 22 quarries throughout the District of which five are leased, with four of these being operational. The quarries are a major source of aggregate in supporting road construction and development within the District.

Forestry Holdings Held by Waitomo District Council

Maintenance and management of small forestry located predominantly at Waitomo District Landfill. The forestry was predominantly planted in 1994 and comprises approximately 15.7 hectares of pine trees.

Parkside Subdivision

As part of the restructure and capital raising of Inframax Construction Ltd in 2011, WDC purchased the Parkside Subdivision which is located near the centre of Te Kuiti. The subdivision consisted of 32 sections of which 28 remain available for sale.

Other Entities

Investment in Civic Assurance Ltd

Civic Assurance Ltd is the trading name of the Local Government Insurance Corporation Ltd. It is owned by Local Government and supplies the sector with a range of financial and insurance services. WDC holds 16,940 shares in the company.



RURAL BROADBAND INITIATIVE COMPLETION EVENT WAITOMO CAVES VILLAGE, OTOROHANGA MAYOR MAX BAXTER, MP TARANAKI-KING COUNTRY BARBARA KURIGER, HON. AMY ADAMS, AND MAYOR BRIAN HANNA.

Contribution to Community Outcomes and Strategic Goals

Outcomes the Leadership Group contributes to:
 Effective Leadership
Outcomes the Investments Group contributes to:
 Effective Leadership

Key Projects Completed during 2015/2016

- Preparation and adoption of the 2016/17 Exceptions Annual Plan.
- 2014/15 Annual Report prepared and adopted.
- Actively participated in the Waikato Mayoral Forum (including the Mayors and Chief Executives of Local authorities within the Waikato region) to review/consider opportunities to collaborate in planning purchasing and service delivery options.
- Completion of the 2016 Resident Survey.

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Leadership			
Decision making in compliance with provisions of the Local Government Act 2002.	Number of challenges to the decision making process. Target 0	Achieved Nil challenges received.	(a) 
Consultation is in accordance with the Special Consultative Procedure outlined in LGA 2002.	Number of challenges to the decision making process. Target 0	Achieved Nil challenges received	(b) 
Effective communication with the community.	Customer satisfaction rating of effectiveness and usefulness of Council communications "good or better". Target ≥ 55%	Achieved 94% of respondents to WDC's Resident Survey are satisfied that WDC provides effective and useful communications.	(c) 
Investments			
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. Target 2 reports per year	Achieved Two reports were presented to Council	(d) 

Summary of Service Performance

The overall performance of the Governance: Leadership and Investments Activity for the period ending 30 June 2016 was excellent with all four key performance targets achieved.

How we went against our budget

Cost of Service Statement - Governance: Leadership and Investments (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Representation	467	19	20
Investments	92	92	203
Treasury Management and Overhead Accounts	10	36	116
Total Operating Income	569	147	339
Operating Expenditure			
Representation	778	772	763
Planning and Policy and Monitoring	875	909	653
District and Urban Development	300	178	420
Investments	841	618	627
Treasury Management and Overhead Accounts	10	11	61
Total Operating Expenditure	2,804	2,488	2,524
Net Operating Cost/(Surplus)	2,235	2,341	2,185
Capital Expenditure			
Corporate Support	461	398	565
Total Capital Expenditure	461	398	565
Net Expenditure	2,696	2,739	2,750
Funded By			
Internal Loans	130	0	0
Reserves	546	318	374
General Rates	1,018	981	973
UAGC	1,002	960	932
Rates Penalties	0	480	471
Total Funding	2,696	2,739	2,750

Variations to Annual Plan

OPERATING INCOME

Revenue was \$422,000 less than budget. The budget of \$467,000 for Representation includes \$410,000 for rates penalties. A subsequent change in accounting treatment has resulted in the actual rates penalties received of \$480,000 being disclosed in the 'Funded by' section of the Cost of Service Statement. In addition to this more interest revenue was received than expected.

OPERATING EXPENDITURE

Expenditure was \$316,000 less than budget due to:

- The review of the district plan was not undertaken during the year and has been deferred until after the local body elections.
- Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- Rates paid on WDC owned properties were excluded. The budget figure includes rates paid on WDC owned properties.

Community Service

What we do

The Community Service Group consists of the following activities:

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

Parks and Reserves

This activity involves the provision of parks and reserves in order to support the health and well-being of the community by supplying and maintaining areas for sport and recreation, as well as green places and landscapes that are restful and enhance the visual amenity. The parks, reserves and play areas are grouped according to their primary purpose under the following categories - Active Reserves, Passive Reserves, Esplanade Reserves, Leased Reserves and Play Equipment.

Housing and Other Property

This activity involves the provision of Housing and Other Property in order to support and fulfil WDC's role in promoting the interests of the community.

WDC provides a number of housing and other properties that are grouped according to their primary purpose. The different groups of Housing and Other Property are – Housing, Corporate Property, Community Halls and General Property (includes miscellaneous and strategic land holdings).

Recreation and Culture

This activity involves the provision of recreation and cultural opportunities in order to support the health and well-being of the community.

Facilities are provided for sport and recreational events, key historic features are protected and low cost visitor accommodation in the form of camping grounds is provided.

The different groups of recreation and cultural assets that provide leisure and recreational opportunities for residents and visitors to the District are – Aquatic Centre, Aerodrome, Reserve and Community Facilities, Camp Grounds, Les Munro Centre and Waitomo District Library.

Assisted voluntary community libraries are located at Awakino, Mokau and Benneydale.

Public Amenities and Safety

This activity involves the provision of public amenities in order to support the health and well-being of the community by providing areas for burial, and for the comfort and convenience of visitors and residents.

The different public amenities WDC provides are – Cemeteries, Public Toilets, Public Car parks, Street Furniture/Amenity Area, Emergency Management delivery, Rural Fire delivery.

Contribution to Community Outcomes and Strategic Goals

Outcomes the Community Service Group contributes to:	
 <p>Vibrant Communities</p>	 <p>Effective Leadership</p>
 <p>Thriving Business</p>	 <p>Sustainable Infrastructure</p>



UPGRADED BAR AREA AT LES MUNRO CENTRE

Key Projects Completed during 2015/16

- Installed new playground equipment at Waitomo Village Playground.
- Kitchen and bar facilities upgrade completed at the Les Munro Centre (formerly Waitomo Cultural and Arts Centre).
- Benneydale pedestrian over-bridge renewal.
- Construction of a new effluent field in Mokau.
- Renewal works carried out on the Te Waitere Jetty.
- Development of maps for Te Kuiti Cemetery.
- Renewal of pipe work at Waitomo District Aquatic Centre and painting of both pools.
- Piopio Hall roof replacement, and access improvements (Dec 2015)
- Rora Street gardens revitalisation continued.
- Project 4 of the Railway Building Restoration which includes the new link to the i-SITE commenced.
- Pedestrian Bridge at Te Kuiti Primary School repainted.
- Internal areas of Waitomo District Library repainted.
- Design for new public toilets at Benneydale commenced.



FRAMING OF THE PLAYGROUND AREA AND SAFETY WORK UNDERWAY AT WAITOMO CAVES VILLAGE

Statement of Service Performance

The levels of service and key performance indicators for this group of activities are:

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
High quality Parks and Reserves will be provided.	Percentage of community satisfied with the quality of Parks and Reserves in annual and research surveys. Target ≥ 80%	Achieved 87% of residents are satisfied with the quality of Parks and Reserves as measured by the 2015/16 Resident Survey.	(a) 
Provision and maintenance of Elderly Persons Housing that meets the needs of the tenants.	Percentage of users satisfied with the provision and maintenance of Elderly Persons Housing in the User Survey. Target > 65%	Achieved 100% of tenants are satisfied with the provision and maintenance of Elderly Persons Housing.	(b) 
Quality public amenities will be provided.	Percentage of community satisfied with the quality of public amenities (Public Toilets and Cemeteries). Target ≥ 81%	Achieved 89% of Residents are satisfied with the quality of public amenities as measured by the 2015/16 Resident Survey.	(c) 
Provision of effective pool facilities for the community.	Percentage of community satisfied with the quality of the pool facilities and service in the annual satisfaction survey and research survey results. Target ≥ 70%	Achieved 88% of Residents are satisfied with the quality of pool facilities and service as measured by the 2015/16 Resident Survey.	(e) 
Provision of effective Arts and Culture facilities for the community.	Percentage of community satisfied with the quality of the Arts and Culture facilities and service in the annual satisfaction survey and research survey results. Target ≥ 75%	Achieved 94% of Residents are satisfied with the quality of Arts and Cultural facilities and service as measured by the 2015/16 Resident Survey.	(f) 
Council's public facilities are provided to standards of fitness for use.	Current Building Warrant Of Fitness (BWOFF) for facilities with compliance schedules. Target 100%	Achieved All building Warrant of Fitness for WDC facilities are current.	(g) 
Pool is safe for use of pool patrons at all times.	Pool accreditation in place. Target 100%	Achieved Pool accreditation in place until 30 April 2017.	(h) 
	Number of pool non complying water quality readings per year. Target < 5	Achieved One non-compliant reading was recorded in February 2016	(i) 
Community education and information provided to build community awareness and preparedness.	The number of residents who understand the need to plan for the ability to survive on their own for 3 days if there was an emergency event. Target 42%	Achieved 89% of residents understand the need to plan for the ability to survive for up to 3 days as measured by the 2015/16 Resident Survey.	(j) 
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. Target One exercise per year	Achieved Training was held 29 June 2016	(k) 
Playground equipment is safe to use for parks and reserves playground users.	Number of accidents directly attributable to playground equipment failure. Target Nil accidents	Achieved Nil accidents reported	(l) 

Summary of service performance

The overall performance for Community Services for the year ended 30 June 2016 was excellent with all twelve key performance targets achieved.

How we went against our budget

Cost of Service Statement - Community Service (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Parks and Reserves	27	12	53
Housing and Other Property	288	312	1,290
Recreation and Culture	112	138	119
Public Amenities	82	67	139
Safety	0	0	9
Total Operating Income	509	529	1,610
Operating Expenditure			
Parks and Reserves	714	511	531
Housing and Other Property	1,212	1,067	732
Recreation and Culture	1,116	1,102	1,034
Public Amenities	773	766	713
Safety	173	98	129
Total Operating Expenditure	3,988	3,544	3,139
Net Operating Cost/(Surplus)	3,479	3,015	1,529
Capital Expenditure			
Parks and Reserves	207	21	130
Housing and Other Property	237	1,432	1,604
Recreation and Culture	295	271	75
Public Amenities	445	223	393
Total Capital Expenditure	1,184	1,947	2,202
Net Expenditure	4,663	4,962	3,731
Funded By			
Internal Loans	692	1,503	978
Reserves	592	231	(336)
General Rates	1,477	1,407	1,481
UAGC	1,640	1,559	1,363
Targeted Rate - Marokopa Hall	4	4	4
Targeted Services Rate - Rural	78	78	72
Targeted Services Rate - Urban	180	180	169
Total Funding	4,663	4,962	3,731

Variations to Annual Plan

Operating Income

Revenue was \$20,000 more than budget. A contribution of \$45,000 was received for the capital expenditure associated with the railway station building. The remaining grant revenue \$10,000 was received for the refurbishment and renewal of the railway station buildings and \$11,000 for the refurbishment of 28 Taupiri Street to accommodate the relocation of the Te Kuiti Community House. This additional revenue was offset by no grant revenue for security camera upgrade and the soccer pavilion at Centennial Park being received during the year. A loss on revaluation of assets held for sale and a gain on revaluation of investment properties were also both recognised in revenue.

Operating Expenditure

Expenditure was \$444,000 less than budget due to:

- (a) Rates on WDC properties being excluded, the budget figure includes these rates.
- (b) Parks and reserves management plan and strategy expenditure was not spent.
- (c) Repairs and maintenance expenditure budgets (some of which is on an "as required" basis) was not fully spent during the year.

Capital Expenditure

Total capital expenditure was \$763,000 more than budget due to:

- (a) The refurbishment and renewal of the railway station building and the refurbishment of the upper floor of 28 Taupiri Street building were completed during the year. The budget for some of this work was included in the previous year. Grant revenue was received to assist with funding this capital expenditure and was recognised in the previous year.
- (b) The upgrade of the Piopio public toilets was completed during the year. This was budgeted in last financial year. The new Benneydale toilets, renewals for Te Kuiti railway over bridge and security camera renewals that were included in the budgets has been deferred to the 2016/17 year.
- (c) This expenditure was offset by renewal expenditure on the soccer club rooms, pontoon and jetty and playground equipment not being completed during the year. These items have been deferred until the 2016/17 year.

Community Development

What we do

Community Development is a group of activities where WDC, in a number of diverse roles, is actively involved in 'helping the community to help itself'.

Community Development activities represent a group of collaborative and partnership approaches and initiatives involving many agencies and organisations. These activities involve a common theme of promoting a better quality of life and a better living environment within the District.

Waitomo District Council's Community Development group involves Community Support, Customer Services, District and Regional Promotions and Economic Development. These activities form the foundation for engagement and the focus of work.

The Community Development Group comprises the following functions:

Community Support

Community Support seeks to improve social outcomes within Waitomo District by working closely with the District community. The Community Support goals are to:

- Create a better quality of life for our community
- Create a better living environment for our community through community safety and appropriate infrastructure
- Encourage active engagement by improving communication and trust between WDC and our community
- Help local groups with local opportunities and solutions

These goals are assisted through making grants to the community, Sister City Relationships and Youth initiatives.

Tourism Development and District Promotion

Tourism is a partnership between central government, local government and the visitor industry. This activity includes; Cultural and Environmental Tourism, Regional Tourism, District Promotion and Events.

The Tourism Development and District Promotion goals are to:

- Provide an excellent visitor experience to those travelling to our district
- Grow the economy through visitor spend in our District
- Maintain a high quality environment
- Make smart strategic decisions to support Regional Tourism outcomes within our District

District Development

District Development involves the facilitation and support of initiatives that will enhance the District's economic sustainability including:

- Marketing Waitomo as a vibrant District where people want to live, work and play
- Identifying opportunities for economic development initiatives within the District
- Facilitating projects that benefit the District
- Promoting Waitomo as a visitor friendly destination where visitors can experience a variety of unique experiences
- Working with key stakeholders on urban infrastructure projects
- Providing business establishment advice and assistance
- Identifying skill gaps and labour shortages within the District and working with training providers to better align training to business needs

Te Kuiti i-SITE Visitor Information Centre

The Te Kuiti i-SITE Visitor Information Centre prides itself on providing a free, friendly and objective information service to visitors and the local community. The i-SITE also plays a key role in the promotion of Te Kuiti, the community and the Waitomo District.

The Te Kuiti i-SITE goals are to provide:

- A vibrant and customer focused information service that welcomes, informs and entertains the resident of, and visitors to the Waitomo District
- Skilled staff, trained to answer questions, give impartial advice and share information about what makes the District special with visitors and locals alike
- Flexibility and choice by also providing a range of WDC Customer Services
- Promotion of the Waitomo District as a place to live, work and play.

Library Services

Public libraries provide connections to knowledge, ideas and works of the imagination, anytime, anywhere, enabling individuals to turn knowledge into value, participate as citizens and strengthen their communities.

The Waitomo District Library goals are to develop the Library's vision in the following areas:

- Engage the community
- Enable on-line access to the digital world
- Spark creativity
- Focus on added value
- Collect, create and make available local history

Customer Services

Customer Services involves service delivery and support to customers across three sites; Council's Administration Building (Queen Street), Waitomo District Library (Taupiri Street) and Te Kuiti i-SITE (Rora Street).

The Customer Service goals are to:

- Understand our customers and their needs
- Effectively communicate with our customers and the community
- Empower all employees to serve our customers
- Value customer satisfaction and simplify the customer experience
- Embrace technology to benefit our customers.



READING TIME WITH CENTRAL KIDS KINDERGARTEN

Contribution to Community Outcomes and Strategic Goals

Outcomes the Community Development Group contributes to:



Vibrant Communities



Thriving Business



Effective Leadership



THE GREAT NZ MUSTER 2016

Key Projects Completed during 2015/16

- Administration of the Community Development Fund.
- Continued delivery of district events; the Great NZ Muster and Waitomo District Christmas Parade.
- Continued promotion of community events via the Te Kuiti i-SITE Facebook page.
- Continued support of district promotion via the Hamilton and Waikato Regional Tourism organisation.
- Events promotion, including the Great NZ Muster.
- Continuing long-standing Sister City relationships.
- Data collection and analysis to inform the development of the Waitomo District Profile and Discussion Document 'Waitomo District Prepared for the Future'.
- Submission of funding application for UFB2, RBI2 and Mobile Blackspot Fund.
- Development of Timber Trail Market Strategy and Action Plan.
- Monitoring and data collection to inform the provision of a Motor Home Friendly District.



TIMBER TRAIL

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Provide assistance for community support activities.	Advertisement and administration of all WDC Funding Rounds as per the Community Development Fund Policy. Target 100%	Achieved All funding rounds advertised in the Waitomo News, WDC Website and Facebook page, as per the Community Development Fund Policy.	(a) 
Support the positive development of youth within the District.	Youth Council makes one submission to Council per year. Target 1 per annum	Not Achieved	(b) 
	Youth Council undertakes two youth related projects per year. Target 2 per annum	Achieved The Youth Council participated in the Waitomo District Christmas Parade, entering a float in conjunction with Number Twelve. Youth Council members took part in the Cyber Bullying Campaign 'Cyber-bullying is not OK' raising awareness around use of social media.	(c) 
Council will support major District events that build community pride and raise the District's profile.	Number of major District events held on time and to budget. Target One Major event (the Muster) and one minor event (the Christmas Parade)	Achieved The Christmas Parade was held on Friday 11 December 2015. Balloons over Waikato took place on Friday 18 March 2016 in Te Kuiti. The Great NZ Muster took place on Saturday 2 April 2016.	(d) 
Provision of comprehensive library facilities for the community.	Percentage of community satisfied with the quality of the library facilities and service in the annual satisfaction survey and research survey results. Target ≥ 85%	Achieved 93% of residents who used the library facilities in the last 12 months were satisfied with the quality of the library facilities and service.	(e) 
Council through its membership of the Hamilton and Waikato Regional Tourism Organisation will ensure enhanced presence in national and international markets for the District.	Number of District Promotion opportunities taken in key publications and industry events. Target > 4	Achieved The District was profiled through a range of activities and publications including: <ul style="list-style-type: none"> • Explore Central North Island • Cycling and Mountain Biking Tourism Marketing Network • Explore Your Own Backyard • Short Escapes Campaign • Hamilton and Waikato Official Regional Visitor Guide • www.hamiltonwaikato.com website, video and social media channels • Chinese New Zealanders Domestic Campaign 	(f) 
Council will encourage and support business expansion and sustainable economic development opportunities within the District.	Economic Development Action Plan developed and implemented. Target Economic Development Action Plan implemented by July 2015 and actions advanced as per plan.	Achieved The Economic Action Plan was adopted by Council on 23 June 2015 and subsequently implemented.	(g) 

Summary of Service Performance

The overall performance for community development for the year ended 30 June 2016 was very good with six out of seven performance targets achieved.

(B) The youth council did not lodge a submission to council in the 2015/2016 financial year.

How we went against our budget

Cost of Service Statement - Community Development (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Community Support	4	53	55
District Development	34	38	43
Agencies	19	22	22
Total Operating Income	57	113	120
Operating Expenditure			
Community Support	636	687	902
District Development	581	556	427
Agencies	30	30	31
Total Operating Expenditure	1,247	1,273	1,360
Net Operating Cost/(Surplus)	1,190	1,160	1,240
Capital Expenditure			
District Development	47	0	0
Total Capital Expenditure	47	0	0
Net Expenditure	1,237	1,160	1,240
Funded By			
Internal Loans	40	0	0
Reserves	175	140	274
General Rates	531	531	346
UAGC	285	283	446
Targeted Rate - Piopio Retirement	15	15	15
Targeted Rate - District Development	191	191	159
Total Funding	1,237	1,160	1,240

Variations to Annual Plan

Operating Income

Revenue was \$56,000 more than budget due to grant funding being received to support youth activities.

Operating Expenditure

Expenditure was \$26,000 more than budget due to additional rates and penalty remission applications being processed during the year.

Capital Expenditure

A budget for a motor home friendly district initiative was not spent during the year and has been deferred to 2016/17 year.

Regulation

The Regulation group of activities together with Resource Management fall under the Regulatory Services business unit. Both groups of activities are included in a single Activity Management Plan called the "Regulatory Services Activity Management Plan (AMP)".

What we do

The Regulation Group aims to ensure a healthy and safe environment for the community in terms of building and food safety, regulating behaviours and creating a nuisance free, family and investment friendly environment.

This Group includes the regulatory functions devolved to Council by legislation and leads the making of the necessary policies and bylaws to ensure a safe and nuisance-free environment for all the residents of the District. The functions are:

Building Control - Regulates the whole building control function in the District.

In July 2013 WDC joined the Waikato Building Consent Group. The purpose of the Group is to foster co-operation, collaboration and provide an excellent and consistent service to customers across the Waikato Region.

Member Councils include Waitomo District, Waipa District, Hamilton City, Waikato District, Otorohanga District, Matamata-Piako District and Hauraki District Councils.

Alcohol Licensing - Oversees the administration of the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and Licensing Authority which encourages the responsible sale and use of alcohol through licensing, monitoring of premises and enforcement of the Act.

Environmental Health - Involves the provision of environmental health services including licensing and inspection of food premises and noise control.

Bylaw Administration - Involves managing a range of bylaws that Council has in place which allow WDC to manage issues associated with community nuisance, protect public health and manage Council's assets.

Regulatory Services administer and where appropriate enforce the bylaws within the activity.

Animal and Dog Control - Involves the registration of dogs as well as the prevention of harm to the community in cases of menacing or dangerous behaviour by dogs and dealing with roaming stock.

Contribution to Community Outcomes and Strategic Goals

Outcomes the Regulation Group contributes to:



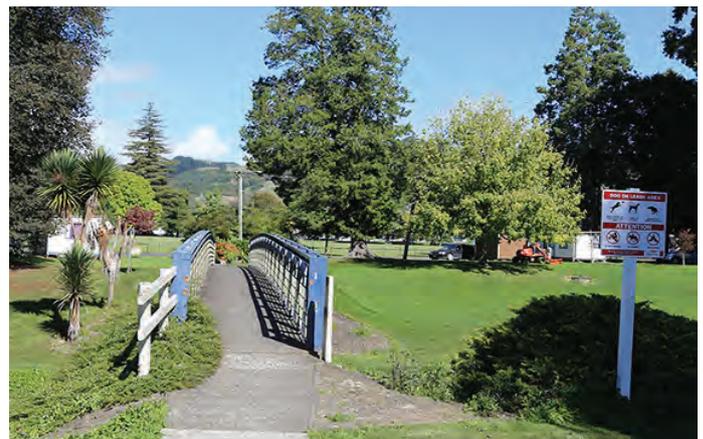
Thriving Business



Effective Leadership

Key Projects Completed during 2015/16

- The Dog Control Policy and Bylaw were reviewed in accordance with the requirements of the Dog Control Act 1996.
- The Local Alcohol Policy was adopted.
- Council had its accreditation as a Building Consent Authority renewed with no corrective actions requiring attention.
- Fees for funding under the Food Act 2014 were adopted.



DOG CONTROL SIGNS IN PUBLIC PLACES



NEW MITRE 10 BUILDING TAUPIRI STREET TE KUITI

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	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 Target 100%	Achieved All inspections of licensed food and alcohol retail premises were completed.	(a) 
Provision of an effective environmental health service for the community.	Customer satisfaction survey rating on Environmental Health Service. Target > 50%	Achieved 90% of residents who had used this service in the last 12 months were satisfied with the provision of an effective environmental health service	(b) 
Building consents and project information memoranda issued within 15 working days.	Percentage of building consents and project information memoranda issued within 15 working days. Target 90%	Achieved 98% of building consents were processed within 15 working days.	(c) 
Council will process, inspect and certify buildings work in the Waitomo District.	WDC maintains building control systems and process to meet IANZ Audit requirements. Target BCA Accreditation achieved every 2 years.	Achieved Accreditation was achieved in 2016.	(d) 
Provision of an effective building control service to the community.	Customer satisfaction survey rating on Building Control. Target > 50%	Achieved 77% of respondents who had used this service in the last 12 months were satisfied with the provision of an effective building control service	(e) 
Dog owners' properties will be inspected to ensure compliance with the Dog Control Act 1996 and Council's bylaws.	Percentage of dog owners' properties inspected per year. Target Urban 100% Rural 10%	Achieved 100% of urban dog owners' properties were inspected. Achieved 11% of rural dog owner's properties were inspected	(f) 
High level of customer satisfaction with animal control service.	Customer satisfaction survey rating on Animal Control. Target ≥ 50%	Achieved 78% of respondents were satisfied with the provision of an effective animal control service	(g) 
Dog Owners are well informed of their responsibilities and WDC Support.	Number of Dog/Owner Education initiatives. Target ≥ 2	Achieved Sponsorship of the Child Safety Awareness Programme in the Academy School Exercise Books for Waitomo & Te Kuiti rural primary schools. Promotion of micro-chipping service. 'Take care of your dog this Guy Fawkes" advert placed in Waitomo News, Facebook and Website. Responsible Dog Ownership advertisements published in newspaper, on radio and online.	(h) 

Summary of Service Performance

The overall performance for Regulation for the year ended 30 June 2016 was excellent with all eight performance targets achieved.

How we went against our budget

Cost of Service Statement - Regulation (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Regulation	431	424	430
Total Operating Income	431	424	430
Operating Expenditure			
Regulation	867	812	684
Total Operating Expenditure	867	812	684
Net Operating Cost/(Surplus)	436	388	254
Capital Expenditure			
Regulation	0	0	7
Total Capital Expenditure	0	0	7
Net Expenditure	436	388	261
Funded By			
Internal Loans	0	0	0
Reserves	16	(32)	(177)
General Rates	340	340	398
UAGC	80	80	40
Total Funding	436	388	261

Variations to Annual Plan

Operating Expenditure

Expenditure was \$55,000 less than budget due to expenditure for external processing of building consents not being required and the compliance schedule project not commencing as budgeted.

ENVIRONMENTAL SUSTAINABILITY

The Group of Activities discussed under this heading promotes Community Outcomes that primarily target environmental well-being.

Its component Groups aim to minimise the impact of community's lifestyles and growth on the natural environment. It is the responsibility of every local authority to carry out activities that promote sustainable management and protection of the environment.

Solid Waste Management

What we do

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 - The focus of this activity is on the reduction and diversion (reuse, recycling and recovery) of solid waste. It includes educational programmes targeted at improving awareness of the benefits of waste reduction and services available in support of this, promotion of and support for community initiatives.

Kerbside Recyclables Collection - A weekly kerbside collection of recyclables is provided for the residents of Te Kuiti, Piopio, Awakino, Mokau and the Waitomo Ward and Village area.

Kerbside Refuse Collection - A weekly kerbside collection of bagged refuse is provided for the residents of Te Kuiti, Piopio, Mokau, Awakino and Waitomo Ward and Village, coinciding with the weekly kerbside collection of recyclables.

Waste Disposal - Waste transfer stations are provided at the communities of Benneydale, Piopio, Marokopa, Kinohaku and Mokau/Awakino. A fully consented District landfill is located at Te Kuiti.

Contribution to Community Outcomes and Strategic Goals



Key Projects completed during 2015/16

- Recycling shelter at Waitomo District Landfill completed.
- Upgrade (painting, new signage) at Piopio, Marokopa, Bennydale 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 joined forces with other local government institutions in the Love Food Hate Waste initiative.



PUBLIC RECYCLING STATION KARA PARK PIOPIO

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Users find the recycling facilities safe to use.	Percentage of users rate the safety of Council's recycling facilities as satisfactory or better. Target 75%	Achieved 97% of respondents rated the safety of the recycling facilities as satisfactory or better as measured by the 2016 Resident Survey.	(a) 
Provision of effective waste service for the community.	Customer satisfaction survey rating on waste transfer stations. Target 60%	Achieved 85% of respondents who used this service are satisfied with the provision of waste transfer stations to the rural community as measured by the 2016 Resident Survey.	(b) 
The solid waste management facilities feel safe to the user.	Percentage of users rate the District's waste transfer stations safe to use. Target 70%	Achieved 95% of respondents rated the rural waste transfer stations safe to use as measured by the 2016 Resident Survey	(c) 
Users find the landfill facility safe to use.	Percentage of users rate the safety of Council's landfill facility as satisfactory or better. Target 75%	Achieved 98% of respondents are satisfied with the safety of the landfill facility as measured by the 2016 Resident Survey.	(d) 
The solid waste management facilities are open and accessible to users at advertised times.	Number of complaints per month due to facilities not being open at advertised times. Target *≤1	Achieved One complaint was received for the year ended 30 June 2016, for Mokau Transfer Station for not being open at the advertised times.	(e) 
Reduce quantity of recyclables like paper and plastics in bag collection that goes to landfill.	Percentage of reduction per annum leading to 10% reduction by 2016 and 15% by 2025 achieved through continual education (both measured against the 2014 Biennial Waste Audit). Target 2%	Not Achieved Whilst not achieved the 1.57% reduction shows that the trends are tracking steadily downwards.	(f) 
Reduce the quantity of organic waste like food scraps etc in bag collection that goes to landfill.	Percentage of reduction per annum achieved through continual education leading to 10% reduction by 2025 (measured against the 2014 Biennial Waste Audit). Target 1.5%	Not Achieved The increasing trend shown by 2016 Waste Audit results are a concern. Nearly 40% of the total waste stream is organic matter. Increased prioritisation and emphasis are required if stated goals are to be achieved by 2025.	(g) 
Provision of an effective solid waste service for the community.	Number of complaints received per month regarding solid waste activities. Target ≤ 10	Achieved Twenty Nine complaints received for the year. All months had less than 10 complaints received.	(h) 

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

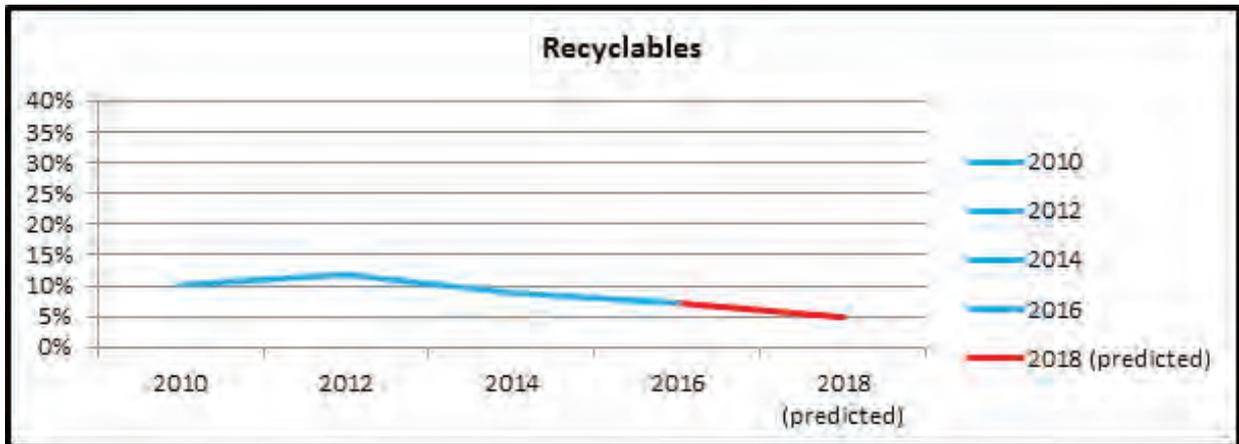
Summary of Service Performance

The overall performance for Solid Waste Management was very good with six performance targets achieved and two not achieved. Two performance targets (f and g) were measured against the 2010 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. WDC provides community education articles about the importance of waste minimisation to encourage residents to assist in the diversion of recyclable waste from the general waste at the landfill. WDC continues to provide targeted educational programmes to raise awareness of the benefits of waste reduction and services available in support of this initiative. An additional survey of recycling bin contents was undertaken during the 2016 Waste Audit which identified a 99% compliance with Council's recycling requirements. Recycling Stations located around the district are well utilised and are an important asset used to reinforce council's recycling expectations to the wider public.

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.

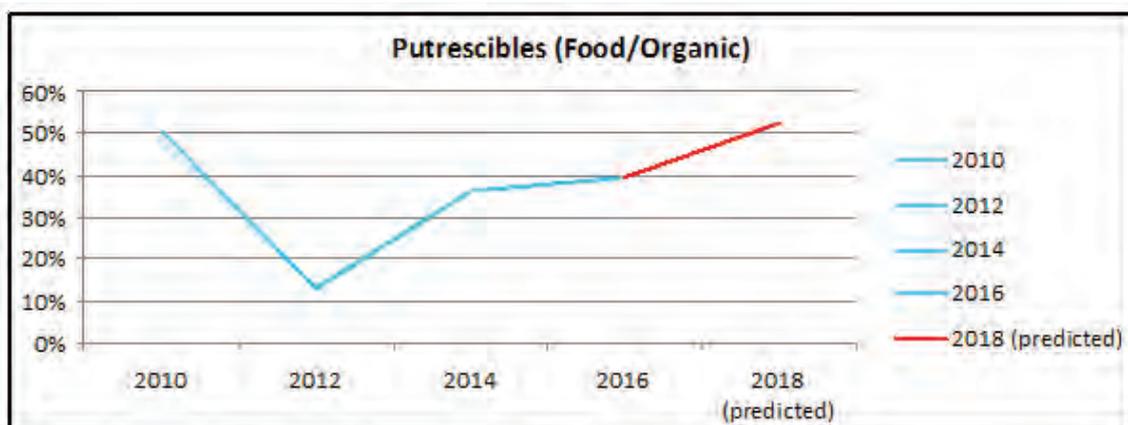
A total average of 39.06% of putrescibles (organic/food waste) was identified through the 2016 Waste Audit as being disposed of within the kerbside refuse bags, indicating a 3% increase since the 2014 Waste Audit. The previous target to reach a 10% reduction by 2016 when measured against the 2010 Waste Audit was achieved (2010 total average was 50.4% = 11% reduction). However projected figures using the most recent data indicate those gains may be lost by 2018.

Reducing food waste is a key strategy for meeting the goals of the Waste Minimisation Act. WDC joined a collective of councils around New Zealand to implement a national 'Love Food, Hate Waste' campaign to reduce food waste sent to landfills. Articles promoting ways to reduce food waste are featured in the Waitomo News from time to time throughout the year. These articles are also featured in the 'Waitomo Way' newsletter. Ongoing updates promoting 'Love Food, Hate Waste' are published on WDC's website and Facebook page.

Other targeted educational materials include the publication of 'A guide to Composting' brochure', and promotion of composting at home as featured articles in the Waitomo Way newsletter throughout the course of the year.

WDC developed 'Keep our District Vibrant and Thriving' brand to support Waste Minimisation efforts.

The following graph and 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.



The following graph and 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.

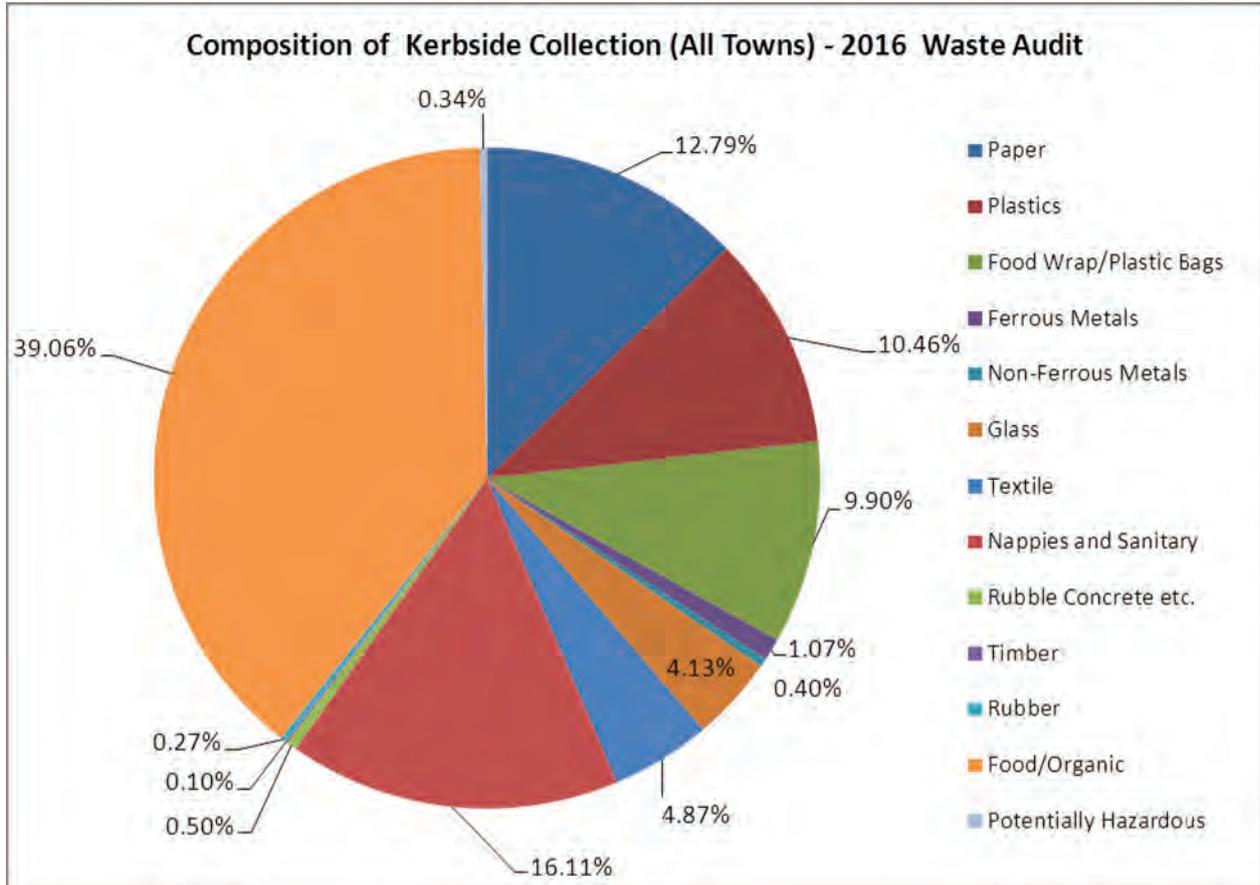
Putrescibles: Food and Organic (Average)				Putrescibles (Predicted)
	2012	2014	2016	2018
	12.97%	36.31%	39.06%	52.50%
Percentage Change		23.34%	2.75%	13.00%

Summary of Audit Report

The 2016 Waste Audit was carried out over four Waitomo District townships. The following number of kerbside refuse bags were collected from random properties in the following towns; Te Kuiti (20) Waitomo (10) Mokau (10) and Piopio (10). The purpose of the audit is to gauge the types of waste that get disposed of into the landfill, detailing the quantity of each type of waste by weight and percentage. These results provides WDC with information as to how we form our policies around waste management such as access to recycling facilities, landfill design and the cost of Council rubbish bags. The audit uses the twelve primary waste categories in the Ministry for the Environment's Waste Analysis Protocol 2002; being paper, plastics, putrescibles (organic materials/food waste), ferrous metals, non-ferrous metals (recyclable metals), glass, textiles, nappies and sanitary, rubble and concrete, timber, rubber and potentially hazardous items.

Waste Audit Results		
Type of waste in refuse bags	2016 Waste Audit (Percentage of waste contained in refuse bags)	2014 Waste Audit (Percentage of waste contained in refuse bags)
Putrescibles (organic/ food waste)	39.06%	36.31%
Sanitary and Nappies (non recyclable)	16.11%	22.20%
Plastic Wrap (non recyclable)	9.90%	17.25%
Paper (recyclable)	12.79%	16.34%
Textiles (eg: fabric)	4.87%	11.30%
Plastic (recyclable)	10.46%	9.83%
Glass (recyclable)	4.13%	8.16%
Metal (ferrous metals)	1.07%	5.43%
Potentially Hazardous (eg: hair dye, chemicals)	0.34%	3.57%
Metal - non ferrous metals (recyclable)	0.40%	0.67%
Rubble, concrete, timber and rubber	0.87%	Negligible

The amount of rubble, concrete, timber, rubber, non-ferrous metals and potentially hazardous substances contained in the refuse bags collected for the 2016 Waste Audit was nominal. The 2016 Waste Audit results showed a 2.75% increase in putrescibles (organic materials/food waste). Although this increase is not significant in comparison to the previous 2014 Waste Audit, the fact remains that overall the total percentage of organic/food waste contained in the general refuse bags is nearly 40% which is significant. The below Pie Graph gives a visual snapshot of how the waste audit results look.



WDC'S TEAM ADMINISTRATOR HILARY WALKER AND MANAGER OPERATIONAL SERVICES VIKUS JOUBERT CONDUCT THE 2016 WASTE AUDIT

How we went against our budget

Cost of Service Statement - Solid Waste Management (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Collection	126	144	136
Management	869	885	865
Total Operating Income	995	1,029	1,001
Operating Expenditure			
Collection	321	330	314
Management	1,635	1,460	1,375
Total Operating Expenditure	1,956	1,790	1,689
Net Operating Cost/(Surplus)	961	761	688
Capital Expenditure			
Management	0	218	595
Total Capital Expenditure	0	218	595
Net Expenditure	961	979	1,283
Funded By			
Internal Loans	0	0	556
Reserves	207	241	31
General Rate	11	11	8
UAGC	11	11	4
Targeted Rate - Mokau	38	38	37
Targeted Rate - Piopio	25	25	25
Targeted Rate - Te Kuiti	95	95	93
Targeted Rate - Waitomo	37	35	36
Targeted Rate - Solid Waste Management	537	523	493
Total Funding	961	979	1,283

Variations to Annual Plan

Operating Income

Revenue was \$34,000 more than budget due to the volume of special waste refuse being deposited at the landfill and an increase in the revenue from sale of rubbish bags.

Operating Expenditure

Expenditure was \$166,000 less than budget due to:

- Expenditure on intermediate capping material was not required to be purchased for the year as some refuse received was suitable capping material.
- Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- The surrender cost of carbon credits used to meet the Emissions Trading Scheme obligations was less than budget.

Capital Expenditure

Total capital expenditure was \$218,000 more than budget. The new recycling shed was completed at the landfill and some of the budget for this work was included in the prior year. The cost of carbon credits purchased to meet the Emissions Trading Scheme obligation for landfill emissions was more than budget.

Stormwater Drainage

What we do

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

The Group covers the stormwater assets owned and operated by Council in urban areas including Te Kuiti, Benneydale, Piopio, Mokau, Awakino, Marokopa and Te Waitere.

The majority of Council's stormwater infrastructure is located at Te Kuiti, with limited infrastructure available at the remaining townships. The stormwater infrastructure servicing Waitomo Village and Taharoa is privately owned and does not form part of this report.

Providing, maintaining and upgrading Council's urban stormwater network comprising the urban open drains, pipes and manholes, downstream from surface channels, sumps and sump leads (the latter, together with all rural drainage assets, are included under the Roads and Footpaths activity) are the main elements of this group.

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

Maintenance - This is the on-going day to day work required to keep assets serviceable and prevent premature deterioration or failure.

Renewals - The renewals programme comprises an essential part of this activity. Maintaining levels of service is dependent on replacing assets at the end of their useful lives.

New Works / Augmentation - This involves the provision of additional stormwater drainage either by installing new or extending/upgrading existing pipe networks, storage structures or treatment plants.

Contribution to Community Outcomes and Strategic Goals

Outcomes the Stormwater Drainage Group contributes to:		
		
Vibrant communities	Effective Leadership	
		
Sustainable Infrastructure		

Key Projects Completed during 2015/16

- Cotter Street stormwater was completed by drilling a 450mm pipe underneath the cul-de-sac.
- Haines Terrace had additional storm water installed, as well as some subsoil drainage added.
- Hill Street to Haines Terrace had pipe repairs undertaken.
- King Street East storm water pipe collapse was repaired by inserting a pipe inside the old, larger diameter pipe.
- A large diameter storm water pipe was installed, including a manhole at 32 Hospital Road.



ACCESS TO STORMWATER NETWORK KING STREET



STORMWATER PIPE INSTALLATION KING STREET

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Stormwater drainage system is adequate and is sufficiently maintained.	The number of flooding events that occur in the district in a financial year. Target Nil (for less than 1 in 2 year event)	Achieved No flooding events were identified or reported for the year ended 30 June 2016	(a) 
	For each flooding event the number of habitable floors affected in a financial year. Target ≤ 1 per 1000 properties	Achieved No flooding events were identified or reported for the year ended 30 June 2016	(b) 
Compliance with resource consent conditions for discharge from the Councils urban stormwater system that relate to environmental effects	Compliance with resource consents for discharge from its Stormwater system, measured by the number of the following (received by Council with a financial year):		
	abatement notices Target 0	Achieved No abatement notices were received in the year ended 30 June 2016	(c) 
	infringement notices Target ≤2	Achieved No infringement notices were received in the year ended 30 June 2016	(d) 
	enforcement orders Target Nil	Achieved No enforcement notices were received in the year ended 30 June 2016	(e) 
	successful prosecutions Target Nil	Achieved There were no successful prosecutions in the year ended 30 June 2016	(f) 
The Council responds to failures and request for service in a prompt and efficient way	The median response time to attend a flooding event, (measured from the time that the notification is received to the time that service personnel reach the site) Target ≤ 180 minutes (3hrs)	Achieved No flooding events occurred during the year ending 30 June 2016	(g) 
The Council provides a reliable stormwater collection service	The number of complaints received about the performance of the Council's urban stormwater system per 1,000 properties connected. Target ≤4 complaints per 1000 properties (=Total of 8 complaints)	Achieved A total of eight service request complaints were received about the performance of Council's urban Stormwater system for the year ending 30 June 2016. There are 1,916 properties charged for council Stormwater services, which when rounded equates to ≤4 complaints per 1000 properties.	(h) 

Summary of Service Performance

The overall performance for Stormwater Drainage for the year ended 30 June 2016 was excellent with all eight performance targets being achieved.

How we went against our budget

Cost of Service Statement - Stormwater Drainage (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Urban	0	0	1
Rural	0	0	0
Total Operating Income	0	0	1
Operating Expenditure			
Urban	375	365	299
Rural	47	44	25
Total Operating Expenditure	422	409	324
Net Operating Cost/(Surplus)	422	409	323
Capital Expenditure			
Urban	345	344	166
Rural	5	7	0
Total Capital Expenditure	350	351	166
Net Expenditure	772	760	489
Funded By			
Internal Loans	25	0	0
Reserves	334	382	133
Target Rate - Stormwater (Urban)	360	326	311
Target Rate - Stormwater (Rural)	53	52	45
Total Funding	772	760	489

Variations to Annual Plan

Operating Expenditure

Expenditure was \$13,000 less than budget for consent compliance and maintenance costs. This was offset partially by a loss on asset disposal associated with renewal works and costs associated with the completion of a stormwater safety assessment which was not included in the budget.

Resource Management

What we do

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, and
- Making amendments to the District Plan.

This Group exists to promote sustainable development of natural and physical resources, by establishing policies and plans which aim in part to make the District vibrant and prosperous.

The Resource Management Act 1991 (RMA) requires Council to implement and review objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of land and associated natural and physical resources of the District.

Contribution to Community Outcomes and Strategic Goals



NEW BP TO GO BUILDING TE KUITI

Key Projects Completed during 2015/16

- Continued effective administration of the Resource Management Act 1991 and the District Plan so as to facilitate responsible development within the District.



NEW SUPERMARKET DEVELOPMENT TE KUITI



NEW GULL SERVICE STATION TE KUMI ROAD TE KUITI

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Council will ensure that resource consents are processed in a timely and customer friendly manner so as to facilitate District wide development.	Percentage of notified consents processed within 80 working days of receipt. Target 90%	Achieved No notified resource consents were lodged during the 2015/2016 financial year	(a) 
	Percentage of non-notified consents processed within 20 working days. Target 90%	Achieved 100% of non notified resource consents have been processed within 20 working days.	(b) 
All premises where resource consent have been issued will be monitored at least biennially to ensure compliance.	Percentage of consented premises visited each year. Target 50%	Achieved All premises where resource consents have been issued have been monitored.	(c) 

Summary of Service Performance

The overall performance for Resource Management was excellent with all three performance targets achieved for the period ending 30 June 2016.

How we went against our budget

Cost of Service Statement - Resource Management (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
District Plan Administration	80	74	120
Total Operating Income	80	74	120
Operating Expenditure			
District Plan Administration	239	187	168
Total Operating Expenditure	239	187	168
Net Operating Cost/(Surplus)	159	113	48
Funded By			
Reserves	45	(1)	(58)
General Rates	57	57	70
Uniform Annual General Charges	57	57	36
Total Funding	159	113	48

Variations to Annual Plan

Operating Expenditure

Expenditure was \$52,000 less than budget due to legal expenses usually oncharged to resource consent applicants being less than expected for the year.

Sewerage and Treatment and Disposal of Sewage

What we do

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

The privately owned and operated sewerage schemes at Waitomo Village and Taharoa do not form part of this report.

There are three activities under this Group, namely:

- Maintenance,
- Renewals and replacements, and
- Improvements.

Operation and maintenance involves the planned and reactive servicing of the sewerage infrastructure – clearing blocked sewers, servicing pump stations, repairing damaged asset components and operating the sewage treatment plants and disposal systems.

Renewal/replacement of sewerage infrastructure (principally sewer pipes) involves replacement of these assets at the end of their effective lives.

The timing of renewals is determined from the asset age, condition assessments and capacity assessments of the existing drainage networks based on the available asset data.

Improvements involve the provision of additional sewerage reticulation or treatment plant capacity either by installing new or extending existing pipe networks or treatment plants. Where possible, any identified shortfall in existing pipe capacity will be addressed at the time of the pipe replacement so that any existing undersized pipes will be replaced with larger diameter pipes.

With the exception of Te Waitere all of the Council's sewerage schemes have been upgraded over the past seven years and re-consented. The Piopio scheme is new, commissioned in 2012.

Contribution to Community Outcomes and Strategic Goals



Key Projects completed during 2015/16

- Additional aeration was installed at the Te Kuiti Waste Water Treatment Plant oxidation pond to improve the pond water quality.
- Additional sewer manholes were installed to facilitate the Taupiri Street sewer main.
- A section of sewer main in Haines Terrace was repaired by installing a new manhole and a section of pipe was replaced.
- Benneydale sewer reticulation was thoroughly cleaned and an updated pipe condition assessment undertaken to establish deterioration.



INSTALLATION OF MANHOLE TAUPIRI STREET

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Sewerage System is adequate and is sufficiently maintained.	Number of complaints received in a financial year about; sewage odour, sewage system faults, sewage system blockages, and Council's response to issues with the sewage system. Target Total complaints per 1000 connections ≤20	Not Achieved	(a) 
Environmental impacts of Sewerage systems will be managed effectively.	Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of the following (received by Council in a financial year)		
	abatement notices Target Nil	Achieved No abatement notices were received in the year ended 30 June 2016	(b) 
	infringement notices Target Nil	Achieved No infringement notices were received in the year ended 30 June 2016	(c) 
	enforcement orders Target Nil	Achieved No enforcement notices were received in the year ended 30 June 2016	(d) 
	convictions received Target Nil	Achieved There were no successful prosecutions in the year ended 30 June 2016	(e) 
Timely response and resolution for sewage overflows.	The median response times for attendance, in a year, measured from the time that the Council receives notification to the time that service personnel reach the site Target ≤180 minutes (3hrs)	Achieved The median response time for attendance, in a year, measured from the time that the Council receives notification to the time that service personnel reach the site was less than 3 hours.	(f) 
	The median response times for resolution, in a year, measured from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault Target ≤540 minutes (9hrs)	Not Achieved	(g) 
Provision of effective and reliable sewerage systems and service to the community.	Number of dry weather sewage overflows from the Council's sewerage system in a financial year. Target ≤ 5 per 1000 connections	Not Achieved	(h) 

Summary of Service Performance

The overall performance for sewerage and treatment and disposal of sewerage for the year ended 30 June 2016 was good with five out of eight performance targets being achieved.

(a) The target for 'the 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 per 1,000 connections <20' was not achieved. A total of 126 service requests were received for the year ending 30 June 2016, giving a result of 71 per 1,000.

A large number of these issues were from Piopio residents with complaints regarding their Wastewater Treatment Systems – with issues ranging from high level alarms to sewerage overflows. Piopio residents are on a simplified (or conventional) sewerage system which, if not managed correctly by the householder, presents more blockages which is the case with most of these complaints. Piopio township residents are sent a reminder and guide to their on site waste water collection and treatment system every six months to educate them and assist in the reduction

There were also various complaints from Te Kuiti residents due to heavy rain causing manhole overflows and surges.

- (g) The target for 'the median response times for resolution, in a year, measured from the time that the Council receives notification to the time that (the external contractor) service personnel confirm resolution of the blockage or other fault being ≤ 540 minutes (9hrs)' was not achieved. The median response time for resolution was five days. The Contractor does not notify WDC on attendance time until closing the request.

There have been a number of issues with the timely delivery of this service over the last 12 months. The external service provider contract comes to an end early 2017, which has resulted in the proposal to implement a new service delivery model. From March 2017 this service will be delivered in-house allowing tighter controls around the timely and efficient delivery of service.

- (h) The target for 'Number of dry weather sewage overflows from the Council's sewerage system in a financial year being ≤ 5 per 1,000 connections' was not achieved. A total of 58 service requests were received for the year ending 30 June 2016, giving a result of 33 dry weather sewage overflows per 1,000 properties. A majority of these requests were for the Piopio Wastewater Treatment System with high level alarms causing overflows, and Te Kuiti wastewater manholes causing overflows. To assist in rectifying the situation in Te Kuiti the lines are regularly flushed as a preventative maintenance measure. Any high risk areas are flushed more regularly. Piopio wastewater system has had some gravity systems converted to pump systems. Piopio residents are on a simplified (or conventional) sewerage system which, if not managed correctly by the householder, presents more blockages which is the case with most of these complaints. Piopio township residents are sent a reminder and guide to their on site waste water collection and treatment system every six months to educate them and assist in the reduction of these issues.



OXIDATION POND - TE KUITI WASTEWATER TREATMENT PLANT

How we went against our budget

Cost of Service Statement - Sewerage (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Te Kuiti Sewerage	826	1,285	1,812
Benneydale Sewerage	1	1	1
Piopio Sewerage	1	5	4
Total Operating Income	828	1,291	1,817
Operating Expenditure			
Te Kuiti Sewerage	2,769	2,839	2,734
Te Waitere Sewerage	43	42	38
Benneydale Sewerage	163	185	128
Piopio Sewerage	269	274	242
Total Operating Expenditure	3,244	3,340	3,142
Net Operating Cost/(Surplus)	2,416	2,049	1,325
Capital Expenditure			
Te Kuiti Sewerage	428	226	185
Te Waitere Sewerage	14	0	5
Benneydale Sewerage	35	23	3
Piopio Sewerage	53	45	11
Total Capital Expenditure	530	294	204
Net Expenditure	2,946	2,343	1,529
Funded By			
Internal Loans Drawn	14	0	185
Reserves	704	173	(807)
Target Rate - Te Kuiti	1,644	1,598	1,586
Target Rate - District	166	165	176
Target Rate - Te Waitere	43	42	42
Target Rate - Benneydale	149	144	136
Target Rate - Piopio	226	221	211
Total Funding	2,946	2,343	1,529

Variations to Annual Plan

Operating Income

Revenue was \$463,000 more than budget due to an increase in trade waste revenue. The extra revenue is from exceedance charges, where nutrient loads discharged are more than the allowable limits. It should be noted, however that the larger trade waste users are actively pursuing cleaner levels of discharge which could impact on future revenue levels.

Operating Expenditure

Expenditure was \$96,000 more than budget due to:

- (a) Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- (b) These savings were offset by increased trade waste sampling and chemicals purchased to adequately treat high nutrient loads being received. Additional mechanical and electrical costs for the waste water treatment plant have been incurred as well as additional costs to improve the operation of the plant.
- (c) Included in expenditure was the write off of the daily exceedance charges owed by a trade waste debtor.
- (d) Expenditure at Benneydale was more than budget due expenditure being required to de-sludge the Imhoff tank (sewage reception and processing chamber) and wetland at the waste water treatment plant.

Capital Expenditure

Total capital expenditure was \$236,000 less than budget for reticulation renewals. Included in this budget was investigation and rehabilitation for inflow and ingress into the network for parts of the network. This project has been deferred to 2016/17. There has also been a delay in obtaining permission from KiwiRail to replace the pipe work under the railway line in Te Kuiti. Budgets for renewals at Te Waitere were not spent during the year.

ECONOMIC SUSTAINABILITY GROUP

The Groups of Activities discussed under this heading promotes Community Outcomes that primarily target economic well-being.

Its component Groups focus on providing the necessary infrastructure that enables communities to prosper and to ensure that the District as a whole is able to transport produce and necessities to and from the marketplace.

The growth and maintenance of tourism, farming and other commerce and industry is dependent on the provision of reliable transport and water supply networks.

Water Supply

What we do

The Water Supply activity provides for the environmentally safe collection, treatment and reticulation of Council's public water supplies. Water supply schemes are provided by Council at Te Kuiti, Benneydale, Piopio and Mokau.

There are three aspects of operations under this group.

Maintenance - can be defined as the regular work and immediate repairs necessary to preserve an asset in a condition, which allows it to perform its required function. For example, repairing leaks and broken mains, servicing pump stations, cleaning reservoirs, repairing and replacing water meters, hydrants and valves, operating the water treatment plants and intake systems.

Renewals **Renewal/replacement** of water supply infrastructure (principally water supply mains) involves replacement of these assets at the end of their effective lives.

Improvements - This involves the provision of additional water supply reticulation, storage or treatment plant capacity either by installing new or extending/upgrading existing pipe networks, storage structures or treatment plants.

Contribution to Community Outcomes and Strategic Goals



Key Projects completed during 2015/16

- The Te Kuiti Water Treatment Plant upgrade was the main focus with the commencement of the filter pipe work upgrade. Progress was delayed when the existing filters were compromised due to age. Two new filters are being installed.
- The Piopio Reservoir was checked for earth quake resilience and found to be insufficiently reinforced to comply. Soil condition assessments and design for a new reservoir are under way.
- The Mokau Storage Dam compliance with the Building Code work was undertaken and completed.
- A section of Kent Street water main was replaced and a ring main formed to complete a section of reticulation.
- A section of Te Kumi Road water main was upgraded and a ring main completed near the Te Kumi Loop lay-by, including a water connection to the new Gull Service Station.
- A major water connection was completed on Rora Street.
- Fire hydrants were improved by installing a section of 100mm main toward the rear of the Te Kuiti Primary School from Rora Street. Additional valves were also installed to facilitate shut-downs for maintenance.
- The new BP Service Station received a new water connection.
- The water main in Haines Terrace was replaced due to its very poor condition.



OLD PIPES REMOVED FROM WATER TREATMENT PLANT

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Water supply system is adequate and sufficiently maintained for public health purposes.	The extent to which WDC's drinking water supplies comply with Part 4 of NZ Drinking-water Standards 2005 (revised 2008) (bacteria compliance criteria) Target 100%	Not Achieved	(a) 
	The extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking-water Standards 2005 (revised 2008) (protozoal compliance criteria) Target 100%*	Not Achieved	(b) 
Water Supply networks are being maintained adequately.	Percentage of real water loss from the Council's networked reticulation system in a financial year in: ('Water Losses' includes real losses through leaks in the network and apparent losses through metering inaccuracies or water theft. This does not include unauthorised consumption)		
	Te Kuiti Target ≤ 25%	Achieved The Real Water loss from the Te Kuiti networked reticulation system was 20%	(c) 
	Mokau Target ≤ 25%	Achieved The Real Water Loss from the Mokau networked reticulation system was 2%	(d) 
	Piopio Target ≤ 25%	Achieved There was no Real Water Loss from the Piopio networked reticulation system.	(c) 
	Benneydale Target ≤ 15%	Achieved There was no Real Water Loss from the Benneydale networked reticulation system.	(e) 
Timely response and resolution of service requests.	The median response times for attendance for urgent call-outs in a financial year* Target ≤ 180 minutes (3 hrs)	Achieved The median response time was less than 2 hours	(f) 
	The median resolution time of urgent call-outs in a financial year** Target ≤ 540 minutes (9 hrs)	Achieved The median response time was less than 9 hours.	(g) 
	The median response times for attendance for non-urgent call outs in a financial year* Target ≤ 660 minutes (11 hrs)	Achieved The median response time was less than 11 hours.	(h) 
	The median resolution time of non-urgent call-outs in a financial year** Target ≤ 850 minutes (14.1 hrs)	Not Achieved	(i) 
	* from the time that the Council receives notification to the time that the service personnel reach the site. ** from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption		

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
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 Target ≤ 5 per 1000 connections	Not Achieved	(j) 
	drinking water taste Target ≤ 5 per 1000 connections	Achieved There were 5 complaints per 1,000 connections	(k) 
	drinking water odour Target ≤ 5 per 1000 connections	Achieved There were 5 complaints per 1,000 connections	(l) 
	drinking water pressure flow Target ≤ 5 per 1000 connections	Not Achieved	(m) 
	continuity of supply Target ≤ 5 per 1000 connections	Not Achieved	(n) 
	Median response time to any of these issues within a year Target ≤ 180 minutes	Achieved Median response time to any of these issues was less than 180 minutes.	(o) 
Efficient management of demand for water for the community.	Average consumption of drinking water per day per resident within the district. Target ≤ 400 litres per person per day	Achieved The average consumption of 90 Litres per person per day.	(p) 

Summary of Service Performance

The overall performance for water supply for the year ended 30 June 2016 was good 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 due to:
- Te Kuiti Water Treatment Plant is still undergoing a major upgrade which is anticipated for completion 2018.
 - Mokau requires upgrading to meet the standards. The installation of a treatment barrier to assist with meeting NZDWS 2005 is being investigated. In the meantime chemical dosing will continue.
 - Benneydale requires minor work to be carried out which will assist in bringing the plant up to NZDWS. Discussions with Waikato District Health Board are being undertaken to determine what works are required to meet the NZDWS.
 - Piopio water supply does however, meet the requirements for NZDWS 2005, but was changed from continuous monitoring to manual monitoring due to operational sampling issues causing non-compliance.
- (b) The target for 'the extent to which WDC's drinking water supplies comply with Part 5 of NZ Drinking Water Standards 2005 (protozal compliance criteria) with a goal of 100%' was not achieved.

Due to current treatment processes Mokau and Te Kuiti cannot achieve log credits. Achievement of this target is based on timing of completion of the Te Kuiti Water Treatment Plant upgrade which is being carried out primarily to ensure compliance with New Zealand Drinking Water Standards requirements.

- (i) 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 response time was 24 hours and is based on the service request system logs from the time that WDC receives first notification to the time that the external contractor service personnel confirm resolution of the fault or interruption.

There have been a number of issues with the timely delivery of this service over the last 12 months. The external service provider contract comes to an end early 2017, which has resulted in the proposal to implement a new service delivery model. From March 2017 this service will be delivered in-house allowing tighter controls around the timely and efficient delivery of service.

- (j) The target for 'the total number of complaints received by Council in a year for drinking water clarity – with a goal of ≤ 5 per 1000 connections' was not achieved. The total number of complaints received was 23 against a total number of rated water connections of 2,503, giving a total of 9 complaints per 1,000 connections.

There have been a number of issues with the timely delivery of this service over the last 12 months. The external service provider contract comes to an end early 2017, which has resulted in the proposal to implement a new service delivery model. From March 2017 this service will be delivered in-house allowing tighter controls around the timely and efficient delivery of service.

- (m) The target for 'the total number of complaints received by Council in a year for drinking water pressure flow – with a goal of ≤ 5 per 1000 connections' was not achieved. The total number of complaints received was 120 against a total number of rated water connections of 2,503, giving a total of 48 complaints per 1000 connections. The main reasons for these complaints were due to leaks causing the PSI to drop resulting in a reduction in supply. The Te Kuiti Water Treatment Plant upgrade is affecting the pressure due to backwash of the filters from the reticulation causing rapid pressure loss and fluctuations, but this will be addressed with the upgrade of the plant.

- (n) The target for 'the total number of complaints received by Council in a year for continuity of supply – with a goal of ≤ 5 per 1000 connections' was not achieved. The total number of complaints received was 57 against a total number of rated water connections of 2,503, giving a total of 23 complaints per 1000 properties. The main reasons for these complaints were due to leaks/broken tobies or water pipes and upgrades to the treatment plant, resulting in restricted or no supply. As part of the Te Kuiti Water Treatment Plant upgrade backwashing had to be carried out causing a drop in pressure in the reticulation in Te Kuiti. This problem will be resolved when that element of the upgrade is completed, which is currently scheduled for November.



NEW PIPES CONNECTED AT TE KUITI WATER TREATMENT PLANT

How we went against our budget

Cost of Service Statement - Water Supply (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Te Kuiti Water	784	809	2
Mokau Water	0	172	0
Piopio Water	0	0	1
Benneydale Water	0	0	0
Total Operating Income	784	981	3
Operating Expenditure			
Te Kuiti Water	1,538	1,914	1,620
Mokau Water	355	413	344
Piopio Water	356	380	441
Benneydale Water	174	167	159
Total Operating Expenditure	2,423	2,874	2,564
Net Operating Cost/(Surplus)	1,639	1,893	2,561
Capital Expenditure			
Te Kuiti Water	5,306	1,939	1,963
Mokau Water	171	320	155
Piopio Water	34	66	29
Benneydale Water	3	4	70
Total Capital Expenditure	5,514	2,329	2,217
Net Expenditure	7,153	4,222	4,778
Funded By			
Internal Loans	4,502	1,101	2,218
Reserves	359	807	299
Target Rate - Te Kuiti	939	904	870
Target Rate - Mokau	282	272	251
Target Rate - Piopio	276	268	206
Target Rate - Benneydale	161	158	154
Metered Water Rates	634	712	780
Total Funding	7,153	4,222	4,778

Metered water rates is now included as Rates Revenue in the 'Funded by' section of the Cost of Service Statement. Previously it was included in 'Operating Income'. The comparative year figures have been reclassified to reflect this change.

Variations to Annual Plan

Operating Income

Revenue was \$197,000 more than budget due to :

- (a) Water supply connection revenue was more than budget due to a number of significant new commercial water connections being applied for and installed.
- (b) Subsidy revenue was recognised in relation to Mokau water supply upper dam works. The budget for this revenue was included in a previous year.

Operating Expenditure

Expenditure was \$451,000 more than budget due to:

- (a) The concrete structure of one of the rapid gravity sand filters in Te Kuiti has cracked due to ground subsidence. The structure is in the process of being replaced with the original structure being impaired resulting in a loss on impairment.
- (b) Costs have increased due to additional health and safety requirements for supervision and safety inspections across all water supply systems
- (c) There have been additional costs in Te Kuiti for mechanical, electrical and SCADA operational costs associated with the treatment plant upgrade and reservoir rehabilitation.
- (d) Chemical costs for Te Kuiti and Piopio have also been more than budget to treat raw water drawn for these systems.

Capital Expenditure

Total capital expenditure was \$3,185,000 less than budget due to:

- (a) A significant amount of work was completed on the Te Kuiti water treatment plant upgrade project which commenced in 2013/14. There have been delays in the project due to issues with the backwash pump and the unforeseen damage to the sand filters.
- (b) Further capital works was completed on the Mokau water supply upper dam works. This work was completed in June 2016 and was partly funded by a Ministry of Health subsidy.
- (c) Expenditure on the installation of a water main between Moa and Tui Streets in Piopio. The budget for this work was included in the last financial year.

Roads and Footpaths

What we do

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

- Roads (excluding state highways),
- Footpaths, bridges,
- Traffic services,
- Parking and
- Traffic safety programmes.

Road Network

Roads	Urban (km)	Rural (km)	Total (km)
Maintained	52.97	961.11	1014.08
Sealed	50.22	409.04	459.26
Unsealed	2.75	552.07	554.82

The nature of Council's roading activities is:

- Managing and maintaining the District's road network, and
- Identifying the need for and undertaking maintenance, operations and renewals of the roading network and footpaths and ancillary systems such as signs and road markings.

Subsidised Roading - New Zealand Transport Agency (NZTA), the national road funding authority, provides a subsidy for works that meet their criteria via the Regional Council's Land Transport Programme. The current Funding Assistance Rate (FAR) is 62% for the Waitomo District Council, and is expected to increase by an additional 1% for the next financial year.

The activities currently subsidised by NZTA are:

- Sealed Pavement Maintenance,
- Unsealed Pavement Maintenance,
- Routine Drainage Maintenance,
- Structures Maintenance,
- Environmental Maintenance,
- Traffic Services Maintenance,
- Level Crossing Warning Devices,
- Emergency Reinstatement,
- Network and Asset Management, and
- Professional Services.

Non subsidised Roading - These are activities carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by NZTA. The Council has sole financial responsibility for this activity.

The functions include:

- Footpath Maintenance and Renewals,
- Amenity Lights,
- Unsubsidised miscellaneous work,
- Street Cleaning, and
- Car park Maintenance (other than kerbside parking).

Contribution to Community Outcomes and Strategic Goals



Key Projects completed during 2015/16

The following work programmes were completed during 2015/16:

- Pavement rehabilitation on Oparure Road (2586 metres).
- 50.3km of road reseals.
- Unsealed roads re-metalling was completed on approximately 34km of unsealed roads.
- General roading maintenance of urban roads (50 km sealed and 3km unsealed).
- General roading maintenance of rural roads (409 km sealed and 552km unsealed).
- General maintenance of 156 bridges
- 158 metres of footpath renewals/repairs
- 716 metres of drainage/culvert renewals
- 174 metres of kerb and channel renewals
- 113 km of side drains maintenance.
- Commence the transition to the new 'fit for purpose' levels of service as part of the One Network Roading Classification (ONRC).
- In conjunction with other works continue to progressively widen critical areas like sharp bends on unsealed rural roads that do not currently have the minimal carriageway width of 5.0m.
- In conjunction with other works continue to progressively widen rural sealed roads to 6.5m wide to achieve the 'fit for purpose' Levels of Service acceptable under the ONRC.
- Emergency repair work worth \$194,000 was done at slip and erosion sites, including the following large sites:
 - » Kumara Road slip
 - » Point Road wave protection structure and maintenance
 - » Manganui Road slip
 - » Taharoa Road slip
 - » Kawhia Harbour Road sea erosion sites.

Statement of Service Performance

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

What we do (Level of Service)	How we measure success (Performance Measure and Target)	Our Performance to 30 June 2016	Key
Monitor safety of local roads to assist in planning and prioritising works required to upgrade, maintain or change the condition of the roading environment in order to reach and maintain a specified level of safety.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. Target 1 (or maintain at 0)	Not Achieved	(a) 
Maintain the overall condition of local roads to a specified adequate standard *NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort	The average quality of ride on a sealed local road network, measured by smooth travel exposure, in a financial year. (Percentage of measured sealed road lane kilometres not exceeding a NAASRA* roughness count rating of 150 to be at least 90%). *NAASRA is a generally acceptable measure of road roughness. A NAASRA count of less than 150 indicates an acceptable level of ride comfort. Target 90%	Achieved Measured against biennial NAASRA results 2015/16 - 94%.	(b) 
Maintain the overall condition of the unsealed roads to a specified adequate standard.	Percentage of unsealed road metalled each year. Target 15% (of total)	Not Achieved 5.5%	(c) 
Maintain the overall condition of sealed roads to a specified adequate standard.	Percentage of the sealed local road network that is resurfaced each year. Target 7% (of total)	Achieved 11% of the sealed local road network was resurfaced in the year ending 30 June 2016.	(d) 
Maintain the overall condition of footpaths to a specified adequate standard.	The percentage of footpath network that falls within a condition rating of 3 Target 90%	Achieved 94.5% of footpath network falls within a condition rating of 3.	(e) 
Manage the timeliness and appropriateness of responses to problems and service requests.	The percentage of customer service requests relating to roads and foot paths responded to within 10 working days. Target 95%	Not Achieved	(f) 

* 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

Three out of the six performance targets were achieved in the Roads and Footpaths activity for the year ended 30 June 2016.

- (a) The total number of fatalities as a result of serious crashes on local roads for the year ended 30 June 2016 was four. The statistics for the number of crashes causing serious injury were not available at the time that this annual report was compiled, however the 2014/15 years statistics for this was four. Continuous safety measures to improve safety on WDC roading structures are continuously investigated and incorporated where appropriate for our network.

WDC are embarking on a new Driver Training initiative, in collaboration with Otorohanga District Council and NZTA, in an effort to improve the quality of new licensed drivers and to reduce unlicensed driving.

- (c) The target for the 'Percentage of unsealed road metalled each year of 15% or more' was not achieved. A result of 5.5% was measured at the year ended 30 June 2016. The re-metalling of unsealed roads are done not only by budget considerations, but as required by assessing the condition. In the financial year ending 30 June 2016, WDC had the benefit of less than usual condition based requirements and that is likely due to less hard

rain events, this was attributable to efforts made during the previous year to not only grade the metal, but also to ensure better rolling which assists with longevity. The original target of 15% is unrealistic given the budget limitations, which only allows for approximately 5%.

- (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. Total of 447 service requests were received for the year ended 30 June 2016, of which 343 (77%) were achieved and 104 (23%) were not achieved. Resulting in 77% result over the year.

There was an increased number of requests for overgrown vegetation causing restricted driver vision at mostly rural locations within the district. This was caused due to the time of year when vegetation growth is at its peak and current climatic conditions are leading to a vigorous growth season.

Service requests for the roads and footpaths are done in order of importance and/or urgency, as not to put the health and safety of the road users or public at risk.

For example, a request to clear vegetation to enable a safe view of traffic for a driver and avoiding a potential accident, is priority over a request to clear vegetation because it is overgrowing a footpath and causing a nuisance.

Weekly meetings are held between WDC Roding Team and the Road Maintenance Contractor to go over any service requests and other issues that may have arisen over the week. The Service Request system was incorporated into the ICL IT framework to improve service request turnover following the road maintenance contract approval in 2015.

All efforts are made to ensure that requests are responded to within the required time frames, or any required work will be programmed by the contractor. These include weekly follow up of overdue service requests, refining of time and resource allocations to optimize the competing demands of the workload issue.



KUMARA ROAD ARIA - ROAD WIDENING AND EMERGENCY REINSTATEMENT WORK

How we went against our budget

Cost of Service Statement - Roads and Footpaths (\$000's)	2016 Council Budget	2016 Council Actual	2015 Council Actual
Operating Income			
Subsidised Roads	6,839	5,898	5,911
UnSubsidised Roads	74	127	91
Total Operating Income	6,913	6,025	6,002
Operating Expenditure			
Subsidised Roads	9,273	8,622	8,585
UnSubsidised Roads	330	380	349
Total Operating Expenditure	9,603	9,002	8,934
Net Operating Cost/(Surplus)	2,690	2,977	2,932
Capital Expenditure			
Subsidised Roads	5,500	4,247	4,612
UnSubsidised Roads	315	26	95
Total Capital Expenditure	5,815	4,273	4,707
Net Expenditure	8,505	7,250	7,639
Funded By			
Internal Loans	188	0	95
Reserves	2,431	1,353	1,719
UAGC	83	83	186
Targeted Services Rate - Rural	27	27	23
Targeted Services Rate - Urban	229	227	207
Targeted Rate - Roads and Footpaths	5,547	5,560	5,409
Total Funding	8,505	7,250	7,639

Variations to Annual Plan

Operating Income

Revenue was \$888,000 less than budget due to both maintenance and capital expenditure for subsidised roads being less for the year. This resulted in reduced subsidy revenue being received than was included in the budget. There was an unbudgeted contribution received for the quarry entranceway work that was completed during the year.

Operating Expenditure

Expenditure was \$601,000 less than budget due to:

- Favourable loan interest rates achieved during the year meaning less interest costs were incurred.
- There was less expenditure on unsealed pavement maintenance costs during the year and there were no losses on asset disposals recognised during the year.

Capital Expenditure

Total capital expenditure was \$1,542,000 less than budget due to:

- There was no significant emergency reinstatement projects completed during the year as allowed for in the budgets.
- Some rehabilitation projects were not completed due to delays in obtaining environmental consents.

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 68) shows all revenue received including revenue from Rates, the Significant Activities and Council's subsidiary company.
2. The Statement of Changes in Equity (page 69) discloses movements in total equity.
3. The Statement of Financial Position (page 70) shows the assets and liabilities of the Council and its subsidiary.
4. The Cash Flow Statement (page 71) summarises the cash flows from operating, investing and financing activities during the year.
5. The "Notes to the Financial Statements" (pages 72 - 139) should be read in conjunction with the above statements.
6. The individual Statements of Cost of Service for Council's Significant Activities (pages 25-66) 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 39 (starting page 132) 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 2016

	NOTE	Council			Group	
		2016 COUNCIL BUDGET \$000's	2016 COUNCIL ACTUAL \$000's	2015 COUNCIL ACTUAL \$000's	2016 GROUP ACTUAL \$000's	2015 GROUP ACTUAL \$000's
Revenue						
Rates revenue excluding metered water rates	1	18,305	17,988	17,484	17,977	17,472
Metered water rates from exchange transactions	2	634	712	780	712	780
Subsidies and grants	3	7,484	6,763	6,734	6,763	6,734
Interest revenue from exchange transactions		60	71	165	27	110
Fees, charges and income from construction	4	3,203	3,522	4,035	25,043	27,255
Other revenue including gains/(losses)	5	8	257	509	257	509
Total Revenue and Gains/(Losses)	44	29,694	29,313	29,707	50,779	52,860
Expenses						
Employee benefit expenses	6	4,575	4,503	4,083	11,605	10,704
Depreciation and amortisation expense	7,21,22	5,641	5,639	5,509	6,325	6,199
Finance costs	8	3,009	2,174	2,471	2,565	3,047
Other expenses	9	13,568	13,403	12,465	26,558	26,929
Total Expenses		26,793	25,719	24,528	47,053	46,879
Surplus/(Deficit) Before Tax		2,901	3,594	5,179	3,726	5,981
Income tax expense/(revenue)	10	0	0	0	(459)	(85)
Surplus/(Deficit) from continuing operations		2,901	3,594	5,179	4,185	6,066
Surplus for the year from discontinued operations	43	0	0	0	84	(19)
Surplus/(Deficit)		2,901	3,594	5,179	4,269	6,047
Other Comprehensive Revenue and Expense						
Revaluation of property, plant and equipment	11	0	0	6,108	136	6,257
Gains/(losses) from cash flow hedges		0	(1,828)	(1,089)	(1,828)	(1,089)
Revaluation of available for sale assets	13	0	1,900	0	0	0
Income tax relating to components of other comprehensive revenue and expense	10	0	0	0	(38)	0
Total Other Comprehensive Revenue and Expense		0	72	5,019	(1,730)	5,168
Total Comprehensive Revenue and Expense		2,901	3,666	10,198	2,539	11,215

These financial statements should be read in conjunction with the notes to the financial statements on pages 72 to 139

Statement of Changes in Equity for the year ended 30 June 2016

	NOTE	Council		Group	
		2016 ACTUAL \$000's	2015 (Restated) ACTUAL \$000's	2016 ACTUAL \$000's	2015 (Restated) ACTUAL \$000's
Total Equity					
Balance at 1 July		287,081	277,412	286,751	276,065
Prior Period Adjustment	42	0	(529)	0	(529)
Adjusted Balance at 1 July		287,081	276,883	286,751	275,536
Total Comprehensive Revenue and Expense for the year		3,666	10,198	2,539	11,215
Balance at 30 June		290,747	287,081	289,290	286,751

These financial statements should be read in conjunction with the notes to the financial statements on pages 72 to 139.

Statement of Financial Position at 30 June 2016

	NOTE	Council			Group	
		2016 BUDGET \$000's	2016 ACTUAL \$000's	2015 (restated) ACTUAL \$000's	2016 ACTUAL \$000's	2015 (restated) ACTUAL \$000's
Equity						
Accumulated Funds	11	207,531	207,602	203,593	208,275	203,591
Other Reserves	11	7,127	10,352	9,850	5,852	7,250
Revaluation Reserve	11	70,465	72,793	73,638	75,163	75,910
Total Equity		285,123	290,747	287,081	289,290	286,751
Current Assets						
Cash and Cash Equivalents	12	100	174	2,457	174	2,457
Other Financial Assets	13	2	3	2	3	2
Inventory	14	34	38	71	1,281	1,964
Receivables under Exchange Transactions	15	280	357	372	2,928	3,829
Receivables under Non Exchange Transactions	15	4,978	5,688	5,189	5,688	5,189
Capitalised Quarry Development Asset	26	0	0	0	71	284
Assets Held for Sale	25	67	78	67	78	67
Deferred Tax Asset	10	0	0	0	0	0
Total Current Assets		5,461	6,338	8,158	10,223	13,792
Current Liabilities						
Bank Overdraft (Secured)	18	0	0	0	275	2,377
Payables and Deferred Revenue under Exchange Transactions	17	3,490	2,811	3,340	4,361	4,821
Payables and Deferred Revenue under Non Exchange Transactions	17	0	719	702	875	873
Current Portion of Borrowings	18	5,200	15,032	10,345	15,907	11,142
Provisions	19	17	20	17	20	17
Employee Entitlements	20	505	514	422	1,090	1,122
Derivative Financial Instruments	16	171	561	317	561	317
Total Current Liabilities		9,383	19,657	15,143	23,089	20,669
Net Working Capital		(3,922)	(13,319)	(6,985)	(12,866)	(6,877)
Non Current Assets						
Property, Plant and Equipment	21	332,628	329,837	326,527	336,284	332,952
Intangible Assets	22	88	303	99	316	111
Forestry Assets	23	44	0	0	0	0
Investment Property	24	635	1,346	1,295	1,346	1,295
Assets Held for Sale	25	753	439	434	439	434
Capitalised Quarry Development Asset	26	0	0	0	368	0
Other Financial Assets	13	765	783	786	33	37
Investment in CCO	13	2,620	4,500	2,600	0	0
Deferred Tax Asset	10	0	0	0	650	261
Derivative Financial Instruments	16	409	0	153	0	153
Total Non Current Assets		337,942	337,208	331,894	339,436	335,243
Non Current Liabilities						
Payables and Deferred Revenue under Non Exchange Transactions	17	371	300	459	300	459
Borrowings	18	47,634	29,754	35,794	33,892	39,581
Employee Entitlements	20	61	0	0	0	0
Provisions	19	831	933	879	933	879
Derivative Financial Instruments	16	0	2,155	696	2,155	696
Total Non Current Liabilities		48,897	33,142	37,828	37,280	41,615
Net Assets		285,123	290,747	287,081	289,290	286,751

These financial statements should be read in conjunction with the notes to the financial statements on pages 72 to 139

Cashflow Statement for the year ended 30 June 2016

	NOTE	Council			Group	
		2016 BUDGET \$000's	2016 ACTUAL \$000's	2015 ACTUAL \$000's	2016 ACTUAL \$000's	2015 ACTUAL \$000's
Cash flows from Operating Activities						
Cash was provided from:						
Rates Revenue (including penalties)		21,718	21,331	19,585	21,318	19,573
Subsidies and Grants		8,607	6,379	8,120	6,379	8,120
Property Rentals		467	501	463	716	678
Petroleum Tax		120	126	125	126	125
Interest from Investments		60	71	165	26	110
Receipts from Other Revenue and Construction Contracts		3,081	4,868	5,003	31,452	32,848
Tax Refunds Received/(Paid)		0	0	0	0	0
		34,053	33,276	33,461	60,017	61,454
Cash was applied to:						
Payments to Suppliers and Employees		19,747	19,138	17,903	41,555	44,168
Elected Members		252	235	219	343	306
Interest Paid on Borrowings		3,009	2,180	2,435	2,572	3,014
GST Received/(Paid) (net)		325	1,134	1,403	2,498	2,853
		23,333	22,687	21,960	46,968	50,341
Net Cash Inflow from Operating Activities	29	10,720	10,589	11,501	13,049	11,113
Cash flows from Investing Activities						
Cash was provided from:						
Proceeds from Sale of Property, Plant and Equipment		0	13	12	13	1,047
Proceeds from Sale of Assets Held for Sale		87	0	0	0	0
Repayment from Advance to Community Groups		2	2	3	2	3
		89	15	15	15	1,050
Cash was applied to:						
Purchase and Development of Property, Plant and Equipment		15,986	11,255	11,207	12,032	11,788
Purchase of Intangible Assets		0	302	55	312	72
Renewals of Investment Properties		0	35	0	35	0
		15,986	11,592	11,262	12,379	11,860
Net Cash Inflow from Investing Activities		(15,897)	(11,577)	(11,247)	(12,364)	(10,810)
Cash flows from Financing Activities						
Cash was provided from:						
Cash was provided from Borrowings		10,377	8,705	5,000	9,952	5,000
		10,377	8,705	5,000	9,952	5,000
Cash was applied to:						
Repayment of Borrowings		5,200	10,000	3,752	10,818	4,241
		5,200	10,000	3,752	10,818	4,241
Net Cash Inflow from Financing Activities		5,177	(1,295)	1,248	(866)	759
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		0	(2,283)	1,502	(181)	1,062
Cash, cash equivalents and bank overdrafts at the beginning of the year		100	2,457	955	80	(982)
Cash, cash equivalents and bank overdrafts at the end of the year		100	174	2,457	(101)	80
Balance at end of year represented by:						
Cash at Bank and In Hand		100	174	457	174	457
Term Deposits with maturities less than three months		0	0	2,000	0	2,000
Bank Overdraft		0	0	0	(275)	(2,377)
		100	174	2,457	(101)	80

These financial statements should be read in conjunction with the notes to the financial statements on pages 72- 139

Notes to the Financial Statements

Statement of Accounting Policies for the year ended 30 June 2016.

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) and its subsidiary Independent Roadmarkers Taranaki Ltd (100% owned). Council's subsidiaries are 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 2016. The financial statements were authorised for issue by the Council on 6 October 2016.

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

There are no standards, amendments or interpretations issued and not yet effective, that have not been adopted early and which are relevant to the Council.

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. Profits are not recognised on building and civil contracting services during the establishment and initial stages and accordingly recognition of profit is deferred during that period. The difference between the revenue and costs is carried forward as either a contract receivable or contract payable. Once the contract result can be reliably estimated, which is not less than 20% complete by cost, the profit earned to that point is recognised in the current period. Expected losses are recognised in full as soon as they become apparent.

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

Rendering of services is classified as exchange revenue.

Expenditure

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

Grant Expenditure

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

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

Borrowing Costs

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

Income Tax

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Inventory

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

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

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 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
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Infrastructural Assets

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

Roads

Top surface	2-20 years
Base course	25-120 years
Sub base	25-115 years
	Or not depreciated
Formation and running course	Not depreciated
Culverts – timber and other	40-100 years
Signs	15-30 years
Street Lights and poles	15-60 years
Bridges	70-120 years
Footpath surface and base	18-80 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%
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Forestry Assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. The calculation is based on assessment of growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

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 influences 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 influences 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 it's remaining future economic benefits or service potential.

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

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

Value in use for non cash generating assets

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

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

Value in use cash generating assets

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

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

Equity

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

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

Other Reserves

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

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

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

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

Property Revaluation Reserves

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

Emissions Trading Scheme (ETS)

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

Budget Figures

The budget figures are those approved by the Council in its 2015/16 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 2016.

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 two prior years of net profit before tax.

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

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
General Rate	3,441	3,376	3,439	3,374
Uniform Annual General Charge	3,142	3,110	3,140	3,109
Targeted Rates - Sewerage	2,214	2,193	2,214	2,192
Targeted Rates - Water	1,651	1,529	1,648	1,526
Targeted Rates - Solid Waste	730	697	729	696
Targeted Rates - Roads and Footpaths	5,814	5,639	5,811	5,636
Targeted Rates - Other	879	807	879	806
Rates Penalties	480	471	480	471
Sub Total	18,351	17,822	18,340	17,810
Less Rates paid on Council properties	(363)	(338)	(363)	(338)
Total Rates Revenue	17,988	17,484	17,977	17,472
Rates Revenue from non exchange transactions	17,988	17,484	17,977	17,472

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	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Metered Water Rates	712	780	712	780

3• Subsidies and Grants

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
NZTA Rooding Subsidy	5,745	5,763	5,745	5,763
Ministry of Health Government Grants	945	(2)	945	(2)
Ministry of Social Development Grants	42	26	42	26
Grants received for Railway Station Building	10	613	10	613
Grants received for refurbishment for relocation of Te Kuiti Community House	11	290	11	290
Other Grants	10	44	10	44
Total Subsidies and Grants	6,763	6,734	6,763	6,734
Subsidies and grants revenue from non exchange transactions	6,763	6,734	6,763	6,734

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. The full subsidy relating to this agreement was not fully claimed in the 2014/15 year as the upper dam works construction had not commenced. The amount of subsidy claimed was \$548,100. A variation to the agreement was sought to extend the completion date. For the upper dam works, the work was completed in June 2016 and the subsidy revenue of \$164,600 has been recognised in the 2015/16 year.

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 has been 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 is expected to be 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 spent in April 2015 with the remaining work to be completed by October 2016.

In 2015 NZ Lottery Grants Board provided grant funding of \$553,077 for the refurbishment and renewal of the Railway Buildings in Te Kuiti. The work associated with this project was completed in June 2015. The remaining \$10,000 balance of the grant funding was received during the 2015/16 year.

In 2015 NZ Lottery Grants Board provided grant funding of \$290,000 for the costs of refurbishment to the building at 28 Taupiri Street Te Kuiti to accommodate the relocation of the Te Kuiti Community House. The full subsidy amount was recognised in 2014/15 as the majority of the project was completed by June 2015. The remaining work associated with this project was completed by August 2015 and the balance of grant funding of \$10,805 has been recognised in the 2015/16 year.

4• Fees, Charges and Income from Construction

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Revenue from exchange transactions				
Income from Construction Contracts	0	0	20,844	22,702
Resource Consent Revenue	15	78	15	78
Property Rentals	27	41	235	228
Rental Revenue from Investment Property	23	24	23	24
Sale of Goods	156	164	663	531
Quarry Royalties	38	36	0	0
Total	259	343	21,780	23,563
Revenue from non exchange transactions				
Regulatory Revenue	415	425	415	425
Property Rentals	351	339	351	339
Trade Waste Charges	1,269	1,814	1,269	1,814
Solid Waste Disposal Charges	859	817	859	817
Swimming Pool Revenue	54	53	54	53
Resource Consent Revenue	18	16	18	16
Other Fees and Charges	297	228	297	228
Total	3,263	3,692	3,263	3,692
Total Fees, Charges and Income from Construction	3,522	4,035	25,043	27,255

5• Other Revenue including gains and losses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Other Revenue	132	158	132	158
Donations Received	2	41	2	41
Revenue on Acquisition of Property, Plant and Equipment at nominal value	11	17	11	17
Petrol Tax	128	124	128	124
Total Other Revenue from non exchange transactions	273	340	273	340
Gain/(Loss) in Change in Fair Value of Investment Property	22	205	22	205
Gain/(Loss) in Forestry Assets	0	(44)	0	(44)
Gain/(Loss) in Change in Fair Value of Available for Sale Non Current Assets	(49)	(2)	(49)	(2)
Gain/(Loss) on Sale of Property, Plant and Equipment	11	10	11	10
Total Other Gains/(Losses)	(16)	169	(16)	169
Total Other Revenue including Gains/(Losses)	257	509	257	509

6• Employee Benefit Expenses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Salaries and Wages	4,535	4,175	11,621	10,860
Defined Contribution Plan Employer Contributions	60	52	179	113
Increase/(Decrease) in Employee Benefit Liabilities	(92)	(144)	(195)	(269)
Total Employee Benefit Expenses	4,503	4,083	11,605	10,704

7• Depreciation and Amortisation Expense

(\$000's)	Waitomo District Council			Waitomo District Group	
	2016 BUDGET	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Leadership and Investments	388	424	354	424	354
Community Service	759	819	674	819	674
Community Development	5	5	5	5	5
Regulation	2	4	2	4	2
Solid Waste Management	114	91	92	91	92
Stormwater Drainage	181	170	174	170	174
Sewerage	764	750	734	750	734
Water Supply	477	407	426	407	426
Roads and Footpaths	2,951	2,969	3,048	2,969	3,048
Other Activities	0	0	0	686	690
Total Depreciation and Amortisation Expense	5,641	5,639	5,509	6,325	6,199

8• Finance Costs

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Interest on Bank Borrowings	2,112	2,443	2,488	3,011
Interest on Finance Leases	9	13	24	21
Discount Unwinding on Provision (note 16)	25	25	25	25
Interest derivatives (presented net):				
Ineffectiveness on cash flow hedges	28	(10)	28	(10)
Total Finance Costs	2,174	2,471	2,565	3,047

9• Other Expenses

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Audit fee for Long Term Plan and Consultation Document	0	88	0	88
Audit Fees for Financial Statement Audit	122	120	188	198
Audit Fees for Assurance Related Services	3	3	3	3
Bad Debts Written Off	388	188	388	189
Directors Fees	0	0	108	87
Grants Expenditure	96	95	96	95
Insurance Premiums	217	215	376	391
Inventory Consumption	0	0	2,653	1,762
Impairment of Property, Plant and Equipment	165	0	165	0
(Gain)/Loss on Property, Plant and Equipment	343	311	354	5
Operating Lease Expenses	35	32	111	167
Impairment of Receivables	157	(28)	163	(19)
Remuneration of Elected Members	227	223	227	223
Subscriptions	88	102	106	108
Road Maintenance	4,443	4,316	4,443	4,316
Other Maintenance Expenditure	4,902	3,989	6,787	5,803
Direct Contract Expenses	0	0	6,272	9,407
Other Expenditure	1,949	2,375	3,850	3,670
Investment Property Expenditure	4	1	4	1
Rates and Penalties Remissions	264	435	264	435
Total Other Expenditure	13,403	12,465	26,558	26,929

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)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Income tax Recognised in Profit or Loss				
Current tax	0	0	0	0
Deferred tax on temporary differences	0	0	459	(94)
	0	0	459	(94)
Reconciliation of Accounting Profit/(Loss) before tax and income tax expense				
Surplus/(deficit) before Taxation	3,594	5,049	4,417	5,917
Prima facie taxation at 28% (2015: 28%)	1,006	1,414	1,237	1,657
Taxation effect of non deductible expenditure	(1,072)	(1,480)	(1,071)	(1,479)
Non taxable Income	0	0	(40)	(17)
Non-Recognition of Benefit of Tax Losses	66	66	66	66
Partial recognition of deferred tax benefit not recognised	0	0	(824)	(125)
Movement in temporary differences not recognised	0	0	216	(168)
Under/(over) provided in prior periods	0	0	(43)	(28)
Taxation Expense	0	0	(459)	(94)

	Depreciation and Amortisation	Employee Entitlements	Other	Tax Losses Carried Forward	Total Deferred Tax Asset/ (Liability)
Deferred tax balances					
Council					
Council has not recognised any deferred tax assets or liabilities					
Group 2015					
Opening Balance	(477)	150	(61)	555	167
(Charged)/Credited to Profit or Loss	(67)	(47)	(96)	305	95
Closing Balance	(545)	103	(157)	860	261
Group 2016					
(Charged)/Credited to Profit or Loss	0	17	199	244	460
(Charged)/Credited to equity	(38)	0	0	0	(38)
(Charged)/Credited to Discontinued Operations	(2)	(2)	(3)	(27)	(34)
Closing Balance	(584)	118	39	1,077	650

Council

Council has accumulated tax losses of \$2,212,000 to 30 June 2016 (2015: \$1,976,000). 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 \$12,983,000 to 30 June 2016 (2015: \$13,906,000). The Group is unlikely to benefit from its accumulated tax losses and therefore has not recognised a deferred tax asset for this. The group has recognised a deferred tax asset for the partial use of accumulated tax losses in the 2016/17 financial year. The amount recognised is equivalent to the prior two years of net profit before tax.

Imputation Credit Account

	Waitomo District Group	Waitomo District Group
(\$000's)	2016 ACTUAL	2015 ACTUAL
Balance 1 July	3,416	3,416
Closing Balance 30 June	3,416	3,416

11• Equity

(\$000's)	Note	Waitomo District Council		Waitomo District Group	
		2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Accumulated Funds					
Balance at 1 July		203,593	200,100	203,591	199,230
Surplus/(Deficit) for the year		3,594	5,179	4,269	6,047
Transfer from Revaluation Reserve on Asset Disposal		666	170	666	170
Transfer from Revaluation Reserve on Reclassification of Asset		179	0	179	0
Transfer to Council Created Reserves		(430)	(1,856)	(430)	(1,856)
Balance at 30 June		207,602	203,593	208,275	203,591
Other Reserves					
Council Created Reserves					
Balance at 1 July		8,102	6,246	8,102	6,246
Transfers from Retained Earnings		430	1,856	430	1,856
		8,532	8,102	8,532	8,102
Available for Sale Reserves					
Balance at 1 July		2,604	2,604	4	4
Valuation Gains/(Losses)		1,900	0	0	0
Balance at 30 June		4,504	2,604	4	4
Hedging Reserve					
Balance at 1 July		(856)	233	(856)	233
Gains/(Losses) from Cash Flow Hedges		(1,828)	(1,089)	(1,828)	(1,089)
Balance at 30 June		(2,684)	(856)	(2,684)	(856)
Total Other Reserves at 30 June		10,352	9,850	5,852	7,250
Revaluation Reserves					
Balance at 1 July		73,638	68,229	75,910	70,352
Prior Period Adjustment		0	(529)	0	(529)
Adjusted Balance at 1 July		73,638	67,700	75,910	69,823
Revaluation Gains/(Losses)		0	6,108	136	6,257
Income tax expense relating to other comprehensive income		0	0	(38)	0
Transfer from Retained Earnings on Asset Disposal		(845)	(170)	(845)	(170)
Balance at 30 June		72,793	73,638	75,163	75,910
This is made up of:					
Operational Land		4,336	4,336	4,756	4,756
Operational Buildings		3,537	4,099	3,680	4,242
Library Books		5	17	5	17
Restricted Land		5,104	5,140	5,104	5,140
Restricted Buildings		336	386	336	386
Infrastructural Land		668	668	668	668
Roading Assets		41,625	41,625	42,975	42,975
Water Reticulation Assets		4,822	5,005	4,822	5,005
Sewerage Reticulation Assets		5,812	5,814	5,812	5,814
Stormwater Reticulation Assets		5,898	5,898	5,898	5,898
Refuse System Assets		650	650	650	650
Quarry Plant Assets		0	0	457	359
Total Revaluation Reserves		72,793	73,638	75,163	75,910

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

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2015 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2016 \$000's
Operational Reserves				
Leadership and Investments				
Leadership	166	72	(145)	93
Investments	(3,364)	148	(2)	(3,218)
	(3,198)	220	(147)	(3,125)
Community Service				
Parks and Reserves	253	109	(36)	326
Housing and Other Property	136	293	(17)	412
Recreation and Culture - Library	(230)	10	0	(220)
Recreation and Culture - Aquatic Centre	(115)	0	(5)	(120)
Recreation and Culture - Arts and Culture	189	18	0	207
Recreation and Culture - Aerodrome	112	13	0	125
Public Amenities	274	36	(38)	272
Safety	201	76	0	277
	820	555	(96)	1,279
Community Development				
Community Development	195	60	(199)	56
	195	60	(199)	56
Regulation				
Regulation	(205)	52	(20)	(173)
	(205)	52	(20)	(173)
Solid Waste Management				
Collection	69	16	(9)	76
Management - Landfill and Transfer Stations	412	30	(277)	165
Management - Waste Minimisation	(30)	0	(6)	(36)
	451	46	(292)	205
Stormwater				
Te Kuiti Stormwater	13	0	(23)	(10)
Rural Stormwater	148	8	0	156
	161	8	(23)	146
Resource Management				
District Plan Administration	6	1	0	7
	6	1	0	7
Sewerage				
Te Kuiti Sewerage	2,396	187	0	2,583
Te Waitere Sewerage	54	0	0	54
Benneydale Sewerage	(206)	0	(39)	(245)
Piopio Sewerage	399	0	(7)	392
	2,643	187	(46)	2,784

Waitomo District Council				
(\$000's)	OPENING BALANCE 1 JULY 2015 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2016 \$000's
Water Supply				
Te Kuiti Water	(259)	0	(142)	(401)
Mokau Water	(456)	0	(82)	(538)
Piopio Water	(625)	0	(43)	(668)
Benneydale Water	(79)	0	(3)	(82)
	(1,419)	0	(270)	(1,689)
Roads and Footpaths				
Subsidised Roads	(2,180)	496	0	(1,684)
Non Subsidised Roads	422	0	(32)	390
	(1,758)	496	(32)	(1,294)
Corporate Support				
Gratuities	83	0	0	83
Long Service Leave	25	0	0	25
Natural Disaster	426	0	0	426
	534	0	0	534
Total Operational Reserves	(1,770)	1,625	(1,125)	(1,270)
Depreciation Reserves				
Leadership and Investments				
Investments	(224)	1	(68)	(291)
	(224)	1	(68)	(291)
Community Service				
Parks and Reserves	(44)	43	(74)	(75)
Housing and Other Property - Housing	148	72	(12)	208
Housing and Other Property - Community Halls	833	84	(89)	828
Housing and Other Property - Other Land and Buildings	375	93	(60)	408
Housing and Other Property - Railway Station Building	0	21	(24)	(3)
Recreation and Culture - Library	471	97	(56)	512
Recreation and Culture - Aquatic Centre	(76)	38	(30)	(68)
Recreation and Culture - Arts and Culture	62	151	(201)	12
Recreation and Culture - Aerodrome	18	35	(7)	46
Public Amenities	72	83	(57)	98
	1,859	717	(610)	1,966
Community Development				
I-SITE	31	5	(4)	32
	31	5	(4)	32
Regulation				
Animal Control	(32)	5	(7)	(34)
	(32)	5	(7)	(34)
Solid Waste Management				
Management - Landfill and Transfer Stations	(245)	89	(129)	(285)
	(245)	89	(129)	(285)

Waitomo District Council				
(\$000's)	OPENING BALANCE 1 JULY 2015 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2016 \$000's
Stormwater				
Te Kuiti Stormwater	826	150	(356)	620
Rural Stormwater	23	4	(8)	19
	849	154	(364)	639
Sewerage				
Te Kuiti Sewerage	495	603	(574)	524
Te Waitere Sewerage	(10)	6	0	(4)
Benneydale Sewerage	167	36	(34)	169
Piopio Sewerage	4	63	(93)	(26)
	656	708	(701)	663
Water Supply				
Te Kuiti Water	356	204	(340)	220
Mokau Water	(54)	45	(64)	(73)
Piopio Water	198	37	(85)	150
Benneydale Water	131	37	(20)	148
	631	323	(509)	445
Roads and Footpaths				
Subsidised Roads	5,212	2,648	(2,355)	5,505
Non Subsidised Roads	74	140	(46)	168
	5,286	2,788	(2,401)	5,673
Corporate Support				
Corporate Support	284	252	(251)	285
Plant	220	170	(147)	243
	504	422	(398)	528
Total Depreciation Reserves	9,315	5,212	(5,191)	9,336
Investment Revaluation Reserves				
Leadership and Investments				
Investment Property - Parkside	149	7	0	156
	149	7	0	156
Community Service				
Housing and Other Property - Other Land and Buildings	321	0	(33)	288
	321	0	(33)	288
Available for Sale Reserves				
Shares in Other Companies	4	0	0	4
Shares in Subsidiary	2,600	1,900	0	4,500
	2,604	1,900	0	4,504
Total Investment Revaluation Reserves	3,074	1,907	(33)	4,948
Special Purpose Reserves				

(\$000's)	Waitomo District Council			
	OPENING BALANCE 1 JULY 2015 \$000's	TOTAL DEPOSITS \$000's	TOTAL WITHDRAWALS \$000's	CLOSING BALANCE 30 JUNE 2016 \$000's
Community Development				
District Development	16	0	0	16
	16	0	0	16
Hedging Reserve				
Cashflow Hedging Reserve	(856)	0	(1,828)	(2,684)
	(856)	0	(1,828)	(2,684)
Solid Waste Management				
Waste Minimisation Reserve	71	27	(92)	6
	71	27	(92)	6
Total Special Purpose Reserves	(769)	27	(1,920)	(2,662)
Total Other Reserves	9,850	8,771	(8,269)	10,352

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 companies, Parkside subdivision, Housing and Other Property and a small forestry holding at the Rangitoto Landfill site. 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 three 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.
- 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	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Cash and Cash Equivalents				
Cash at Bank and In Hand	174	457	174	457
Term Deposits With Maturities of Less Than 3 months	0	2,000	0	2,000
Total Cash and Cash Equivalents	174	2,457	174	2,457

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 \$44,171 (2015:\$110,681) that are subject to restrictions. These unspent funds relate to Waste Minimisation reserve (note 11) and grants received with restrictions. 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	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Cash at Bank and In Hand	174	457	174	457
Term Deposits With Maturities of Less Than 3 Months	0	2,000	0	2,000
Bank Overdrafts (note 18)	0	0	(275)	(2,377)
Total	174	2,457	(101)	80

13• Other Financial Assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Current				
Loans and Advances	3	2	3	2
Total	3	2	3	2
Non Current				
Loans and Advances	763	766	13	17
Shares in Companies	20	20	20	20
Total	783	786	33	37
Total Other Financial Assets	786	788	36	39

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 NZ Local Government Insurance Company (2015: 16,940). The investment is recorded at cost because it cannot be measured reliably.

Investment in CCO

Council has 100% shareholding in Inframax Construction Ltd (2015:100%). 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 2016.

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Shares in Subsidiary	4,500	2,600	0	0
Total	4,500	2,600	0	0

14• Inventory

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Metal Stockpiles and Landfill Stock	10	33	1,253	1,898
Fuels, Spares and Consumables	28	38	28	66
Total Inventory	38	71	1,281	1,964

15• Receivables

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Receivables under Exchange Transactions				
Related Party Receivables	40	22	0	0
General Debtors	215	239	1,115	1,647
Amounts due from Customers for Contract Work	0	0	1,039	1,440
Retentions Receivable	0	0	584	563
Prepayments	102	112	212	196
Receivables prior to Impairment	357	373	2,950	3,846
Less Provision for Doubtful Debts	0	(1)	(22)	(17)
Total Receivables under Exchange Transactions	357	372	2,928	3,829
Receivables under Non Exchange Transactions				
Rates Receivables *	3,969	3,973	3,969	3,973
General Debtors	3,483	2,823	3,483	2,823
Receivables prior to Impairment	7,452	6,796	7,452	6,796
Less Provision for Doubtful Debts	(1,764)	(1,607)	(1,764)	(1,607)
Total Receivables Under Non Exchange Transactions	5,688	5,189	5,688	5,189

* Included in the rates receivable figure is an amount of \$1,420,042 (2015: \$1,300,510) relating to rates penalties.

	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Gross Receivables				
Not past due	4,778	3,988	8,015	7,162
Past due 1-30 days	128	45	128	45
Past due 31-60 days	12	88	201	280
Past due 61-90 days	0	109	12	122
Past due > 90 days	2,789	2,827	2,822	2,837
Total Gross Receivables	7,707	7,057	11,178	10,446
Impairment of Receivables				
Not past due	(442)	(420)	(442)	(420)
Past due 1-30 days	0	0	0	0
Past due 31-60 days	(6)	0	(6)	0
Past due 61-90 days	0	0	0	0
Past due > 90 days	(1,316)	(1,188)	(1,338)	(1,204)
Total Impairment of Receivables	(1,764)	(1,608)	(1,786)	(1,624)
Net Receivables				
Current	4,336	3,568	7,573	6,742
Past due 1-30 days	128	45	128	45
Past due 31-60 days	6	88	195	280
Past due 61-90 days	0	109	12	122
Past due > 90 days	1,473	1,639	1,484	1,633
Total Net Receivables	5,943	5,449	9,392	8,822
Plus Prepayments	102	112	212	196
Total Receivables	6,045	5,561	9,604	9,018
Individual Impairment	1,764	1,608	1,786	1,624
Collective Impairment	0	0	0	0
Total Provision for Impairment	1,764	1,608	1,786	1,624
Current	442	420	442	420
Past due 1-30 days	0	0	0	0
Past due 31-60 days	6	0	6	0
Past due 61-90 days	0	0	0	0
Past due > 90 days	1,316	1,188	1,338	1,204
Total Individual Impairment	1,764	1,608	1,786	1,624
Balance at 1 July	(1,608)	(1,636)	(1,624)	(1,643)
Additional provisions made during the year	(356)	(160)	(362)	(170)
Receivables written off during the period	200	188	200	189
Balance at 30 June	(1,764)	(1,608)	(1,786)	(1,624)

16• Derivative Financial Instruments

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Non Current Asset Portion				
Interest rate swaps - cash flow hedges	0	153	0	153
Total Derivative Financial Instrument Assets	0	153	0	153
Current Liability Portion				
Interest rate swaps - cash flow hedges	561	317	561	317
Non Current Liability Portion				
Interest rate swaps - cash flow hedges	2,155	696	2,155	696
Total Derivative Financial Instrument Liabilities	2,716	1,013	2,716	1,013

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 \$47,000,000 (2015: \$49,000,000), of which \$29,000,000 (2015: \$34,000,000) were effective at balance date and \$18,000,000 (2015: \$15,000,000) had a forward start date. At 30 June 2016, the fixed interest rates applicable the swap contracts ranged from 3.78% to 4.90% (2015: 3.78% to 4.90%).

The Council and Group have no fair value hedges.

17• Payables and Deferred Revenue

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Current Portion				
Payables and Deferred Revenue under Exchange Transactions				
Trade Payables and Accrued Expenses	1,508	2,672	3,911	4,361
Related Party Payables	988	274	0	0
Retention Monies	311	390	311	390
Elected Members and Directors Fees Payable	4	4	14	8
Deferred Revenue	0	0	125	62
Total	2,811	3,340	4,361	4,821
Payables and Deferred Revenue under Non Exchange Transactions				
GST Payable	250	221	406	392
Deposits and Bonds	110	120	110	120
Deferred Revenue	359	361	359	361
Total	719	702	875	873
Total Current Portion	3,530	4,042	5,236	5,694
Non Current				
Payables and Deferred Revenue under Non Exchange Transactions				
GST Payable	300	459	300	459
Total Non Current Portion	300	459	300	459
Total Payables and Deferred Revenue	3,830	4,501	5,536	6,153

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

18• Borrowings

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Bank Overdraft	0	0	275	2,377
Current				
Secured Loans	14,991	10,310	15,787	11,032
Lease Liabilities	41	35	120	110
Total Current	15,032	10,345	15,907	11,142
Non Current				
Secured Loans	29,000	35,000	33,073	38,642
Unsecured Loans	750	750	750	750
Lease Liabilities	4	44	69	189
Total Non Current	29,754	35,794	33,892	39,581
Total Borrowings	44,786	46,139	49,799	50,723

Council

Council borrowings consisted of \$21,000,000 (2015: \$26,000,000) Floating Rate Notes with a range of applicable interest rates of 2.89% to 3.81% (2015: 4.12% to 5.77%), Westpac Term Advances of \$19,000,000 (2015: \$19,000,000) with a range of applicable interest rates of 3.18% to 3.23% (2015: 4.31% to 4.45%), Westpac Call Advance of \$3,740,000 (2015: Nil) with an applicable interest rate of 3.25% and an unsecured Westpac Term Loan of \$750,000 (2015: \$750,000) with an applicable interest rate of 5.4% (2015: 6.6%).

All interest rates quoted above are 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 are 4.63% (2015: 4.6%) and for the unsecured loan 5.4% (2015: 6.6%). 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 Term Advances is 1 July 2017 (2015: July 2017) and a range of maturity dates for the Floating Rate Notes of August 2016 to August 2018 (2015: August 2015 to November 2017).

Council has a Wholesale Advance credit facility from Westpac Banking Corporation Limited with a limit of \$30,000,000 (2015: \$25,000,000), of which \$7,260,000 (2015: \$6,000,000) was available as at 30 June 2016.

Group

In addition to the facility held by Council, as noted above, Inframax Construction Limited has a bank overdraft of \$500,000 (2015: \$500,000) of which \$225,000 (2015: \$270,000) was undrawn, a Multi-option credit facility of \$2,000,000 (2015: \$3,250,000) of which \$2,000,000 (2015: \$1,120,000) was undrawn, drawn loans of \$4,867,000 (2015: \$4,365,000) and performance guarantees of \$1,350,000 (2015: \$1,001,000).

Stock Issued under Debenture Trust Deed

At 30 June 2015 the total amount of Stock issued and outstanding under the Debenture Trust Deed was:

(\$000's)	Waitomo District Council	Waitomo District Council
	2016 ACTUAL	2015 ACTUAL
Debenture Stock	21,000	26,000
Security Stock*	45,000	45,000
Total Stock Issued	66,000	71,000

*Security Stock issued is a general security instrument issued to Westpac Banking Corporation Limited for security of the Term Advance and Call Advance facilities and Interest Rate Swap contracts. The principal money owing under the Security Stock were, a Call Advance of \$3,740,000 (2015: Nil) and Term Advances of \$19,000,000 (2015: \$19,000,000). The total borrowings outstanding are less than the security held by the bank under the Security Stock.

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.

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

Analysis of Finance Lease Liabilities (\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Total Minimum Lease Payments Payable				
Not later than one year	41	35	120	124
Later than one year and not later than five years	4	44	69	200
Present Value of Minimum Lease Payments	45	79	189	324

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 Borrowings

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

(\$000's)	Opening Balance 1 July 2015	Loan Repayments	Loans Raised	Closing Balance 30 June 2016	Internal Interest Paid
Activity Loans					
Leadership and Investments	3,542	(68)	0	3,474	120
Community Service	2,904	(243)	1,503	4,164	98
Community Development	27	(5)	0	22	1
Regulation	41	(7)	0	34	1
Solid Waste Management	6,550	(198)	0	6,352	223
Stormwater Drainage	135	(12)	0	123	5
Sewerage	13,770	(429)	0	13,341	468
Water Supply	7,578	(226)	1,101	8,453	257
Roads and Footpaths	23,109	(754)	0	22,355	787
Total	57,656	(1,942)	2,604	58,318	1,960

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 60,000 cubic metres (2015: 70,000 m3) and an unconsented capacity of 268,000 m3 (2015: 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 20 years (2015: 21 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% (2015: 5.50%) and inflation rate of 2.00% (2015: 2.50%)

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Provision for Landfill Aftercare				
Balance at 1 July	896	798	896	798
Additional provisions made during the year	46	91	46	91
Amounts used during the year	(14)	(18)	(14)	(18)
Discount unwinding	25	25	25	25
Balance at 30 June	953	896	953	896
This is made up of:				
Current	20	17	20	17
Non Current	933	879	933	879
Total Provisions	953	896	953	896

20. Employee Entitlements

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Accrued Pay	78	32	179	314
Annual, Long Service and Sick Leave	428	382	903	800
Gratuities and Retirement Provision	8	8	8	8
Total Employee Entitlements	514	422	1,090	1,122
This is made up of:				
Current	514	422	1,090	1,122
Non Current	0	0	0	0
Total Employee Entitlements	514	422	1,090	1,122

21• Property, Plant and Equipment

Council 2016	Cost/ Revaluation 30.06.15	Acc Depn & Impairment Charges 30.06.15	Carrying Value 30.06.15	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.16	Acc Depn & Impairment Charges 30.06.16	Carrying Value 30.06.16
\$000's											
Operational Assets											
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
Total Operational Assets	18,474	5,254	13,220	1,354	179	(65)	941	0	19,584	6,195	13,389
Restricted Assets											
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
Total Restricted Assets	10,893	0	10,893	1,053	72	0	286	0	11,874	286	11,588
Infrastructural Assets											
Land	1,318	0	1,318	0	0	0	0	0	1,318	0	1,318
Roads	249,164	17,695	231,469	4,212	(2)	0	2,969	0	253,378	20,664	232,714
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
Total Infrastructural Assets	318,043	18,357	299,686	5,227	258	0	4,386	0	323,012	22,743	300,269
Contract Work in Progress	2,728	0	2,728	1,871	8	0	0	0	4,591	0	4,591
Total Council Assets	350,138	23,611	326,527	9,505	517	(65)	5,613	0	359,061	29,224	329,837

Council 2015 (Restated) \$000's	Cost/ Revaluation 30.06.14	Acc Depn & Impairment Charges 30.06.14	Carrying Value 30.06.14	Current Year Additions	Current Year Disposals	Reclassifica- tion/Prior Peri- od Adjustment (Note 42)	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.15	Acc Depn & Impairment Charges 30.06.15	Carrying Value 30.06.15
Operational Assets											
Land	4,705	0	4,705	66	0	0	0	683	5,454	0	5,454
Buildings	7,502	1,964	5,538	213	7	(46)	462	1,228	6,464	0	6,464
Plant and equipment	334	158	176	26	3	0	27	0	357	185	172
Motor Vehicles	1,199	789	410	242	1	0	123	0	1,440	912	528
Furniture and fittings	1,194	1,038	156	100	0	15	29	0	1,309	1,067	242
Computers	1,690	1,558	132	29	(1)	0	52	0	1,720	1,610	110
Library Books	964	776	188	51	4	0	58	0	1,011	834	177
Finance leases - office equipment	678	607	71	108	67	0	39	0	719	646	73
Total Operational Assets	18,266	6,890	11,376	835	81	(31)	790	1,911	18,474	5,254	13,220
Restricted Assets											
Land	6,556	0	6,556	0	(1)	0	0	(247)	6,310	0	6,310
Buildings	4,617	932	3,685	1,412	15	31	214	(316)	4,583	0	4,583
Total Restricted Assets	11,173	932	10,241	1,412	14	31	214	(563)	10,893	0	10,893
Infrastructural Assets											
Land	1,256	0	1,256	104	0	0	0	(42)	1,318	0	1,318
Roads	244,454	14,647	229,807	4,707	(3)	0	3,048	0	249,164	17,695	231,469
Water Reticulation	14,428	1,541	12,887	1,614	13	0	426	866	14,928	0	14,928
Sewerage Reticulation	26,540	2,254	24,286	2,007	214	0	734	3,740	29,085	0	29,085
Stormwater Systems	9,673	815	8,858	346	(1)	(529)	174	196	8,698	0	8,698
Refuse Systems	4,189	576	3,613	778	0	0	86	0	4,967	662	4,305
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	310,423	19,833	290,590	9,556	223	(529)	4,468	4,760	318,043	18,357	299,686
Contract Work in Progress	3,943	0	3,943	(1,189)	26	0	0	0	2,728	0	2,728
Total Council Assets	343,805	27,655	316,150	10,614	344	(529)	5,472	6,108	350,138	23,611	326,527

Group 2016	Cost/ Revalua- tion 30.06.15	Acc Depn & Impairment Charges 30.06.15	Carrying Value 30.06.15	Current Year Additions	Current Year Disposals	Reclassification	Current Year Depreciation	Revaluation Gain/(Loss)	Cost/ Revaluation 30.06.16	Acc Depn & Impair- ment Charges 30.06.16	Carrying Value 30.06.16
Operational Assets											
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
Total Operational Assets	34,461	14,712	19,749	2,668	375	(65)	1,618	136	36,620	16,125	20,495
Restricted Assets											
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
Total Restricted Assets	10,893	0	10,893	1,053	72	0	286	0	11,874	286	11,588
Infrastructural Assets											
Land	1,318	0	1,318	0	0	0	0	0	1,318	0	1,318
Roads	249,060	17,695	231,365	3,657	(2)	0	2,969	0	252,719	20,664	232,055
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
Total Infrastructural Assets	317,939	18,357	299,582	4,672	258	0	4,386	0	322,353	22,743	299,610
Contract Work in Progress	2,728	0	2,728	1,871	8	0	0	0	4,591	0	4,591
Total Council Assets	366,021	33,069	332,952	10,264	713	(65)	6,290	136	375,438	39,154	336,284

Group 2015 (Restated)	Cost/ Revaluation 30.06.14	Acc Depn & Impairment Charges 30.06.14	Carrying Value 30.06.14	Current Year Additions	Current Year Disposals	Reclassification/ Prior Period Adjustment (Note 42)	Current Year Depreciation and Impairment	Revaluation Gain/(Loss)	Cost/ Revalua- tion 30.06.15	Acc Depn & Impairment Charges 30.06.15	Carrying Value 30.06.15
Operational Assets											
Land	5,259	0	5,259	66	0	0	0	737	6,062	0	6,062
Buildings	9,218	2,090	7,128	217	7	(46)	521	1,323	8,278	184	8,094
Plant and equipment	334	158	176	26	3	0	27	0	357	185	172
Motor Vehicles	15,255	10,242	5,013	809	588	0	706	0	13,815	9,287	4,528
Quarry Production Equipment	383	105	278	21	0	0	42	0	404	147	257
Furniture and fittings	1,971	1,773	198	112	2	15	47	0	2,095	1,819	276
Computers	1,690	1,558	132	29	(1)	0	52	0	1,720	1,610	110
Library Books	964	776	188	51	4	0	58	0	1,011	834	177
"Finance leases - office equipment"	678	607	71	108	67	0	39	0	719	646	73
Total Operational Assets	35,752	17,309	18,443	1,439	670	(31)	1,492	2,060	34,461	14,712	19,749
Restricted Assets											
Land	6,556	0	6,556	0	(1)	0	0	(247)	6,310	0	6,310
Buildings	4,617	932	3,685	1,412	15	31	214	(316)	4,583	0	4,583
Total Restricted Assets	11,173	932	10,241	1,412	14	31	214	(563)	10,893	0	10,893
Infrastructural Assets											
Land	1,256	0	1,256	104	0	0	0	(42)	1,318	0	1,318
Roads	244,454	14,647	229,807	4,707	(3)	0	3,048	(104)	249,060	17,695	231,365
Water Reticulation	14,428	1,541	12,887	1,614	13	0	426	866	14,928	0	14,928
Sewerage Reticulation	26,540	2,254	24,286	2,007	214	0	734	3,740	29,085	0	29,085
Stormwater Systems	9,673	815	8,858	346	(1)	(529)	174	196	8,698	0	8,698
Refuse Systems	4,189	576	3,613	778	0	0	86	0	4,967	662	4,305
Land under Roads	9,883	0	9,883	0	0	0	0	0	9,883	0	9,883
Total Infrastructural Assets	310,423	19,833	290,590	9,556	223	(529)	4,468	4,656	317,939	18,357	299,582
Contract Work in Progress	3,943	0	3,943	(1,189)	26	0	0	0	2,728	0	2,728
Total Council Assets	361,291	38,074	323,217	11,218	933	(529)	6,174	6,153	366,021	33,069	332,952

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, Sarah Seel, an independent valuer from AECOM New Zealand Limited. The valuation is effective as at 30 June 2014.

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 2014	\$229,807,000
Refuse Systems	30 June 2014	\$3,253,000
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 the year Council derecognised 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.

Work in progress

The total amount of property, plant, and equipment in the course of construction is \$4,591,000 (2015: \$2,728,000)

Leasing

The net carrying amount of plant and equipment held under finance leases is \$37,000 (2015: \$73,000).

Group Cost/Revaluation and Accumulated Depreciation and Impairment Charges

Opening and closing balances for the Group's Cost/Revaluation and Accumulated depreciation and impairment charges have been restated to reflect Council's and its subsidiary companies' balances. The reason for the overstatement was that disposals and impairment charges were not being recorded against these accounts correctly. There was no effect on the net carry value of these asset classes. The asset classes affected are buildings, motor vehicles and furniture and fittings.

22• Intangible Assets

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Software				
Cost				
Balance at 1 July	812	764	1,494	1,429
Additions	189	48	199	65
Disposals	(1)	0	(1)	0
Balance at 30 June	1,000	812	1,692	1,494
Accumulated Amortisation				
Balance at 1 July	752	715	1,422	1,380
Amortisation expense for the year	26	37	35	42
Balance at 30 June	778	752	1,457	1,422
Net Book Value at 30 June	222	60	235	72
Emission Trading Units				
Balance at 1 July	39	39	39	39
Additions	86	1	86	1
Disposals	0	(1)	0	(1)
Amounts surrendered during the year	(44)	0	(44)	0
Balance at 30 June	81	39	81	39
Net Book Value at 30 June	303	99	316	111

Software Opening Cost and Accumulated Depreciation balances as at 1 July 2014 for the Group have been restated to include balances from Inframax Construction Ltd.

23• Forestry Assets

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Balance at 1 July	0	44	0	44
Gains/(Losses) due to change in fair value less estimated point of sale costs	0	(44)	0	(44)
Balance at 30 June	0	0	0	0

Council owns 15.7 hectares of Pinus radiata forest located around the Landfill site, William Street, Te Kuiti. The forest is due to mature in 13 years time.

No valuation was carried for the forestry assets for 30 June 2016.

As at 30 June 2015 an independent valuation was carried out by independent registered valuers, Bruce Langley of North Langley and Associates. The following significant valuation assumptions were used in determining the fair value of the forest:

- Current log prices at 30 June 2015 were used, under the assumption that harvest would be carried out within the next two years from valuation date.
- Current harvesting contract costs were assessed based on location and size of the forest.
- Reference to current at gate prices for hogging fuel used by various mills that use hogged fuel with chain grate boilers.
- The forest land was excluded from the forest valuation and included in the land and buildings valuation.

24• Investment Property

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Balance at 1 July	1,295	635	1,295	635
Transfer from Assets held for Sale	0	455	0	455
Additions	30	0	30	0
Gains/(Losses) due to change in Fair Value	22	205	22	205
Disposals	(1)	0	(1)	0
Balance at 30 June	1,346	1,295	1,346	1,295

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 has a contractual obligation for repairs and maintenance and capital expenditure for leased investment properties under a commercial lease agreement. Contractual obligations for capital expenditure was \$37,500 (2015:\$37,500) and was completed during the 2015/16 financial year.

25• Asset held for sale

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Balance at 1 July	501	956	501	956
Transfer to Investment Property	0	(455)	0	(455)
Transfer from Property, Plant and Equipment	65	0	65	0
Gains/(Losses) due to change in Fair Value	(49)	0	(49)	0
Balance at 30 June	517	501	517	501

This is made up of:

Current	78	67	78	67
Non Current	439	434	439	434
Total Assets Held for Sale	517	501	517	501

In October 2011 Council purchased the Parkside subdivision from its subsidiary company Inframax Construction Limited at book value. Subsequent to that it was revalued less the sale of one section at 30 June 2012 resulting in a valuation loss of \$118,000. During the year no sections were sold (2015: Nil). Fifteen sections (of 28) are still being actively marketed for sale on a section by section basis, with complete disposal of this class expected by 2023.

Thirteen sections were transferred to Investment Property as in May 2015 Council reconsidered its options with respect to these sections and has decided to hold them off from active marketing and sale until further investigations on these are completed.

Council has resolved that the house situated at 2 Jennings Street, Te Kuiti is to be offered for sale as a relocatable building and the entire building is to be moved off the section.

26• Capitalised Quarry Development Asset

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Balance at 1 July	0	0	284	196
Stripping costs capitalised during the year	0	0	244	141
Stripping costs amortised during the year	0	0	(89)	(53)
Balance at 30 June	0	0	439	284
This is made up of:				
Current	0	0	71	284
Non Current	0	0	368	0
Total Assets Held for Sale	0	0	439	284

27• Capital Commitments and Operating Leases

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Commitments for capital contracted by not provided for:				
Water assets	151	1,409	151	1,409
Sewerage assets	7	0	7	0
Stormwater assets	0	13	0	13
Road assets	65	60	65	60
Intangible assets	72	153	72	153
Solid Waste assets	0	26	0	26
Restricted buildings	210	638	210	638
Operational buildings	0	282	0	282
Total Capital Commitments	505	2,581	505	2,581
Non Cancellable Operating Leases as Lessee				
Not later than one year	40	35	129	126
Later than one year but not later than five years	4	44	73	201
Later than five years	0	0	0	0
Total Non Cancellable Operating Leases	44	79	202	327
Operational Commitments				
Not later than one year	7,427	3,353	7,623	3,721
Later than one year but not later than five years	5,885	1,786	6,328	2,444
Later than five years	1,281	0	1,292	139
Total Operational Commitments	14,593	5,139	15,243	6,304
Total Commitments	15,142	7,799	15,950	9,212

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.

Emissions Trading Scheme

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) by 31 May 2017 to match their emissions from 1 January 2016 to 31 December 2016.

The cost of meeting ETS obligations is mandatory and the Rangitoto Landfill is obliged to make good the associated payments. Provisions for ETS payments were included in the financial projections contained in the 2015/16 LTP.

Given the volatility of the value of NZU's, and in order to minimise price risk, Council purchased a forward contract in April 2016 to fix the price of NZU's for the 2016 calendar year, as follows:

Calendar Year	No. of NZUs	Price per NZU	Commitment \$
2016	6,315	\$11.40	\$71,991
Total Commitment for ETS			

The next payment under the Act will be due on **31 May 2017** covering the calendar year 2016.

The level of forward contracts will be reviewed annually and 'rolling' purchases considered – i.e. it may be prudent to annually extend Council's horizon so that it is always 2-3 years out.

28• 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 (2015: \$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 (2015: \$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.

Group

A contingent liability of \$1,350,287 exists at 30 June 2016 (2015: \$1,000,849) being bonds guaranteed by Westpac New Zealand Ltd and will be payable if the Group cannot fulfil its contractual obligations.

As at 30 June 2016, there were no contingent liabilities outstanding. As at 30 June 2015, High Court proceedings were commenced by Concrete Structures (NZ) Ltd. The Directors of Inframax Construction Limited having considered legal advice and the facts, are of the opinion that there is no amount due.

29• Operating Cash Flow Reconciliation*

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Net Surplus/(Deficit) After Tax	3,594	5,179	4,269	6,047
Add/(Less) Non Cash Items				
Depreciation and Amortisation	5,639	5,509	6,325	6,215
(Gain)/Loss in change of fair value of Investment Property	(22)	(205)	(22)	(205)
Loss on revaluation of Assets Held for Sale	49	0	49	0
Loss/(Gain) on Revaluation of Forestry Assets	0	44	0	44
Loss/(Gain) on Disposal of Assets or Impairment of Assets	509	344	520	50
Non cash acquisition of assets	(11)	0	(11)	0
Change in Unrealised Derivative Financial Instrument	(28)	10	(28)	10
Change in Deferred Taxation Asset/Liability	0	0	(425)	(95)
Add/(Less) Movements in Working Capital Items				
Increase/(Decrease) in Trade and Other Payables	(512)	581	(83)	(897)
(Increase)/Decrease in Trade and Other Receivables	(483)	(337)	195	246
(Increase)/Decrease in Inventories	33	(37)	683	(568)
Increase/(Decrease) in Employee Entitlements	92	(144)	(32)	(295)
Increase/(Decrease) in Provisions	57	97	57	98
Capitalised Quarry Development Asset	0	0	(155)	(88)
Add/(Less) Items Classified as Investing or Financing Activities	1,672	460	1,707	551
Net Cash Flows from Operating Activities	10,589	11,501	13,049	11,113

*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.

30• Capital Expenditure

Waitomo District Council

(\$000's)	NOTE	2016 BUDGET	2016 ACTUAL	2015 ACTUAL
Leadership and Investments		461	398	565
Community Service		1,184	1,947	2,202
Community Development		47	0	0
Regulation		0	0	7
Solid Waste Management		0	218	595
Stormwater Drainage		350	351	166
Sewerage		530	294	204
Water Supply		5,514	2,329	2,217
Roads and Footpaths		5,815	4,273	4,707
Total Depreciation and Amortisation Expense		13,901	9,810	10,663
Shown as Additions to				
Property, Plant and Equipment	21	13,901	9,505	10,614
Intangible Assets	22	0	275	49
Investment Properties	24	0	30	0
		13,901	9,810	10,663
Funded by				
Loans		5,592	2,604	4,032
Subsidy Revenue and Contributions		4,295	3,636	3,905
Reserves		4,014	3,570	2,726
		13,901	9,810	10,663

Summary of Significant Capital Additions and Replacements

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
Leadership (Total spend \$398)	Office furniture and equipment, computer hardware and licences, vehicles and radio telephones required to meet business unit and other organisational needs	369	0	0	398
	Unspecified improvements	92	0	0	0
Community Services (Total spend \$1,947)	Railway Buildings upgrade and Main Street re-design and garden upgrade to revitalise buildings to enable use for a variety of potential users	90	0	1,002	0
	Playground and sports grounds drainage improvements at Centennial Park	50	0	0	0
	Cultural & Arts Centre improvements to enhance appeal to user groups	130	0	0	167
	Library book stock renewal to maintain the standard of books available at the District library	50	0	0	49
	Benneydale pedestrian bridge improvement	0	0	30	0
	Land purchase for future camp grounds development	0	0	119	0
	Access improvements	58	0	0	0
	Improvement of 28 Taupiri St layout for use by community groups	0	0	142	0
	Upgrade of public toilets at Benneydale for use by the community and travellers	235	0	0	3
	Upgrade of public toilets at Piopio for use by the community and travellers	0	0	151	0
	Unspecified improvements	67	0	30	0
	Miscellaneous renewals for Elderly Persons Housing, camping grounds, public toilets, parks and reserves, plant & equipment, Council-owned buildings	504	0	4	250
Community Development (Total spend \$0)	Motor home friendly district initiative to attract more visitors to the district	40	0	0	0
	Unspecified improvements	2	0	0	0
	Miscellaneous renewals	5	0	0	0
Solid Waste (Total spend \$218)	Replacement of miscellaneous assets	0	0	0	40
	Construction of new recycling shelter to promote recycling practices and improve safety	0	0	92	0
	Purchase of Emissions Trading Scheme Units for surrender as part of operation of the Landfill	0	0	0	86
Stormwater (Total spend \$351)	Ongoing renewals of Council stormwater infrastructure for the management of rain water runoff for property protection	350	0	0	351
Sewerage (Total spend \$294)	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.	115	0	5	73
	Reticulation network improvements to improve efficiency of the network as a whole.	132	0	25	8
	Ongoing renewals of Council sewerage infrastructure assets, including pipes, pump stations and treatment plants	283	0	0	183
Water (Total spend \$2,329)	Upgrade of water treatment plant in Te Kuiti to meet new drinking water standards	5,080	0	1,636	0
	Mokau water treatment plant upgrade and raw water storage to meet drinking water standards and improve security of supply	110	0	252	0
	Unspecified improvements	0	0	35	0
	Various pipe and plant renewals to maintain the reticulation network	324	0	10	396

Activity (Total spend in \$000's)	Description	Budget \$000's	Actual Expenditure \$000's		
			Additional demand	Improve performance	Replace existing asset
Roads (Total spend \$4,273)	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.	1,300	0	0	1,386
	Pavement rehabilitation carried out to reduce future road maintenance costs.	1,400	0	0	1,186
	Unsealed road metalling to renew structural support to unsealed roads district-wide	600	0	0	613
	Emergency reinstatement work to repair damage to roads as a result of bad weather events	820	0	0	194
	Drainage renewals to renew culverts in roading network	400	0	0	270
	Structures components replacement, including bridge and abutment maintenance throughout the District	200	0	0	266
	Traffic services renewals to improve road safety with additional signage district-wide and installation of new or replacement street lights	120	0	0	179
	Minor safety improvements, including guard rails and re-alignment of roads to improve road safety	310	0	0	96
	Other minor works, including preventative maintenance	350	0	0	56
	Footpath renewals, retaining wall maintenance, road improvements and property purchases not eligible for NZTA subsidy	315	0	2	25
(Total spend \$9,810)		13,901	0	3,535	6,275

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

31 • Financial Instruments

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Financial Instrument Categories				
Financial Assets				
Fair Value through Profit and Loss - held for trading				
Derivative Financial Instrument Assets	0	153	0	153
Loans and Receivables				
Cash and Cash Equivalents	174	2,457	174	2,457
Receivables Under Exchange and Non Exchange Transactions	6,045	5,449	8,616	8,822
Loans and Advances - Current	3	2	3	2
Loans and Advance - Non Current	763	766	13	17
Total Loans and Receivables	6,985	8,674	8,806	11,298
Available for Sale				
Shares in Companies	20	20	20	20
Shares in Subsidiaries	4,500	2,600	0	0
Total Available for Sale	4,520	2,620	20	20
Financial Liabilities				
Fair Value through Profit and Loss - held for trading				
Derivative Financial Instrument Liabilities	2,716	1,013	2,716	1,013
Financial Liabilities at Amortised Cost				
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	3,530	4,042	5,236	5,694
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	300	459	300	459
Bank Overdraft	0	0	275	2,377
Secured Loans - Current	14,991	10,310	15,787	11,032
Secured Loans - Non Current	29,000	35,000	33,073	38,642
Unsecured Loans - Non Current	750	750	750	750
Lease Liabilities - Current	41	35	120	110
Lease Liabilities - Non Current	4	44	69	189
Total Financial Liabilities at Amortised Cost	48,616	50,640	55,610	59,253

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:

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Cash and Cash Equivalents	174	2,457	174	2,457
Receivables Under Exchange and Non Exchange Transactions	6,045	5,449	8,616	8,822
Loans and Advances	766	768	16	19
Total Credit Risk	6,985	8,674	8,806	11,298

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 counterparty default rates:

	Waitomo District Council		Waitomo District Group	
(\$000's)	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Counterparties with Credit Ratings:				
Cash and Cash Equivalents				
AA-	174	2,457	174	2,457
Derivative Financial Instrument Assets				
AA-	0	153	0	153
Counterparties without Credit Ratings:				
Other Financial Assets - Loans and Advances				
Existing counterparty with no defaults in the past	16	18	16	18
Existing counterparty 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
Council 2016						
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	3,530	3,530	3,530	0	0
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0.00%	300	300	159	141	0
Bank Overdraft	0.00%	0	0	0	0	0
Secured Loans - Current	3.43%	14,991	14,991	14,991	0	0
Secured Loans - Non-current	3.10%	29,000	30,059	898	24,136	5,025
Unsecured Loans - Non-current	5.40%	750	807	41	766	0
Lease Liabilities - Current & Non-current	10.56%	45	48	44	4	0
Derivative Financial Instruments	0.00%	2,716	2,896	567	570	1,759
Total		51,354	52,631	20,230	25,617	6,784

Council 2015						
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	4,042	4,042	4,042	0	0
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0.00%	459	459	0	159	300
Bank Overdraft	0.00%	0	0	0	0	0
Secured Loans - Current	5.21%	10,310	10,310	10,310	0	0
Secured Loans - Non-current	4.43%	35,000	37,860	1,551	12,286	24,023
Unsecured Loans - Non-current	6.60%	750	840	50	20	770
Lease Liabilities - Current & Non-current	10.56%	84	92	44	44	4
Derivative Financial Instruments	0.00%	1,013	866	322	326	218
Total		51,658	54,469	16,319	12,835	25,315

Total Contractual Cashflows - Group 2016

	Effective Interest Rates %	Carrying Amount	Contractual Cashflows	Less than 1 Year	1-2 Years	2-5 Years
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	5,236	5,236	5,236	0	0
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0.00%	300	300	159	141	0
Bank Overdraft	7.60%	275	275	275	0	0
Secured Loans - Current	3.53%	15,787	15,810	15,810	0	0
Secured Loans - Non-current	3.37%	33,073	33,165	1,116	24,864	7,185
Unsecured Loans - Non-current	5.40%	750	807	41	766	0
Lease Liabilities - Current & Non-current	9.66%	189	206	133	73	0
Derivative Financial Instruments	0.00%	2,716	2,896	567	570	1,759
Total		58,799	59,146	23,788	26,414	8,944

Total Contractual Cashflows - Group 2015

Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Current	0.00%	5,694	5,694	5,694	0	0
Payables and Deferred Revenue under Exchange and Non Exchange Transactions - Non Current	0.00%	459	459	0	159	300
Bank Overdraft	7.62%	2,359	2,359	2,359	0	0

Secured Loans - Current	5.31%	11,032	11,331	11,331	0	0
Secured Loans - Non-current	4.61%	38,642	41,571	1,551	15,970	24,050
Unsecured Loans - Non-current	6.60%	750	840	50	20	770
Lease Liabilities - Current & Non-current	8.79%	303	341	135	133	73
Derivative Financial Instruments	0.00%	1,013	866	322	326	218
Total		60,252	63,461	21,442	16,608	25,411

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	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Interest Rate Risk				
Market Interest Rates increase by 50bps	(77)	(54)	(107)	(91)
Market Interest Rates decrease by 50bps	77	54	107	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 \$15,490,000 (2015: \$10,750,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$77,000 (2015: \$54,000). 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.

Explanation of Sensitivity Analysis - Group

Group has floating rate debt with a principal amount totalling \$20,634,000 (2015: \$18,224,000). A movement in interest rates of plus or minus 50bps would result in a movement of \$103,000 (2015: \$91,000). 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 \$29,813,000 (2015: \$35,921,000) and for the Group \$33,951,000 (2015: \$39,708,000).

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

Fair Value Measurement

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

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

(\$000's)	Level 1	Level 2	Level 3	Total
Council 2016				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	0	0	0
	0	0	0	0
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	4,500	4,500
Shares in Companies	0	0	20	20
	0	0	4,520	4,520
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	2,716	0	2,716
	0	2,716	0	2,716
Group 2016				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	0	0	0
	0	0	0	0
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	0	0
Shares in Companies	0	0	20	20
	0	0	20	20
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	2,716	0	2,716
	0	2,716	0	2,716
Council 2015				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	153	0	153
Available-for-sale financial assets				
Shares in Subsidiaries	0	0	2,600	2,600
Shares in Companies	0	0	20	20
	0	153	2,620	2,773
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,013	0	1,013
	0	1,013	0	1,013
Group 2015				
Financial Assets at FVTPL				
Derivative Financial Instrument Assets	0	153	0	153
Available-for-sale financial assets				
Shares in Companies	0	0	20	20
	0	153	20	173
Financial Liabilities at FVTPL				
Derivative Financial Instrument Liabilities	0	1,013	0	1,013
	0	1,013	0	1,013

Recognition of Level 3 fair value measurements of financial assets

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Balance at 1 July	2,620	2,620	20	20
Gain on revaluation recognised in Other Comprehensive Income	1,900	0	0	0
Balance at 30 June	4,520	2,620	20	20

32 • Related Party Transactions

The Council is the ultimate parent of the Group. Related parties include its subsidiary Inframax Construction Ltd and Inframax's subsidiary Independent Roadmarkers Taranaki Ltd, the Council's investment in Waikato Local Authority Shared Services Ltd and NZ Local Government Insurance Company.

Council

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

		Waitomo District Council	
(\$000's)		2016 ACTUAL	2015 ACTUAL
Transactions with Inframax Construction Ltd			
Road construction and maintenance expenditure		6,488	1,206
Other expenditure		26	12
Fees and charges and Income from Construction		110	66
Interest on advance		46	59
Balances Outstanding with Inframax Construction Ltd			
Payables		988	274
Receivables		40	22
Advance		750	750

		Waitomo District Group	
(\$000's)		2016 ACTUAL	2015 ACTUAL
Transactions between Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd			
Other Income		37	98
Operating Expenses		14	28
<i>Sale of business net assets to Inframax Construction Ltd</i>			
Inventory at replacement/actual cost		21	0
Property, plant and equipment sold at market price per valuation		200	0
Contract work in progress at cost		24	0
Less Obligations		4	0
Remedial obligations		(15)	0
Finance lease		(18)	0
Annual leave liability		(1)	0
Balances Outstanding between Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd			
Receivables		0	5
Payables		0	21
Intercompany Loan		0	53

Inframax Construction Limited

The Company paid plant hire fees of \$28,332 (2015: \$16,464) to R & M Simpson Contracting, a business owned by R & M Simpson, employees of the Company. There was \$5,692 owing at year end (2015: \$8,323).

Remuneration of the Chief Executive (Council)

In the 2015/16 financial year the total remuneration paid to the Council's Chief Executive was \$ 248,783 (2015: \$239,774)

Elected Representatives

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Mayor Hanna	71	66	71	66
Deputy Mayor Whitaker	31	31	31	31
Councillor Goddard	25	27	25	27
Councillor Brodie	29	27	29	27
Councillor Te Kanawa	23	23	23	23
Councillor Davey	23	23	23	23
Councillor Smith	25	26	25	26
Directors Fees	0	0	108	87
Total Elected Members Remuneration and Directors Fees	227	223	335	310

Key Management Personnel

(\$000's)	Waitomo District Council		Waitomo District Group	
	2016 ACTUAL	2015 ACTUAL	2016 ACTUAL	2015 ACTUAL
Elected Members and Directors				
Remuneration	227	223	335	310
Number of elected members and directors	7	7	10	10
Key Management Personnel				
Remuneration	865	821	1,065	1,008
Full time equivalent members	5	5	6	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 (2015: Nil).

Council Employees

(\$000's)	Waitomo District Council
	2016 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
Total Employees	74

Council Employees

Waitomo District Council

(\$000's)	2015 ACTUAL
Total number of employees per remuneration band at 30 June:	
<\$60,000	41
\$60,000 - \$79,999	17
\$80,000 - \$119,999	9
\$120,000 - \$239,999	5
Total Employees	72

The number of full time employees at 30 June 2016 was 74 (2015: 72).

33• Construction Contracts

Waitomo District Group

(\$000's)	NOTE	2016 ACTUAL	2015 ACTUAL
Constructions costs incurred plus recognised profits less recognised losses to date		0	0
Less Progress Billings		0	0
Contracts in Progress at 30 June		0	0
Deferred Revenue	17	125	62
Construction Contract Accrued Income	15	0	0
Contracts in Progress at 30 June		125	62

34• Severance payments

Council

There were no severance payments made during the year (2015: nil).

Group

There were no severance payments made during the year (2015: nil).

35• 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.

COUNCIL	EAP 2014/15	Actual 2014/15	LTP 2015-25 2015/16	Actual 2015/16
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,899	6,958	7,002	7,062
Targeted rates	10,850	10,865	11,937	12,001
Subsidies and grants for operating purposes	2,857	2,898	3,269	3,171
Fees and charges	4,009	4,880	2,983	3,596
Interest and Dividends from Investments	0	0	60	71
Local authorities fuel tax, fines, infringement fees and other receipts	182	314	139	144
Total operating funding (A)	24,797	25,915	25,390	26,045
Applications of operating funding				
Payments to staff and suppliers	17,068	17,281	18,367	18,107
Finance costs	3,074	2,470	2,989	2,174
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	20,142	19,751	21,356	20,281
Surplus (deficit) of operating funding (A-B)	4,655	6,164	4,034	5,764
Sources of capital funding				
Subsidies and grants for capital expenditure	3,802	2,887	4,295	3,616
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	3,451	4,032	5,592	2,604
Gross proceeds from sale of assets	100	10	76	11
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	7,353	6,929	9,963	6,231
Applications of capital funding				
Capital expenditure - to meet additional demand	0	0	0	0
Capital expenditure - to improve the level of service	3,633	4,081	6,026	3,535
Capital expenditure - to replace existing assets	6,996	5,801	7,875	6,275
Increase (decrease) in reserves	1,379	3,211	96	2,185
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding (D)	12,008	13,093	13,997	11,995
Surplus (deficit) of capital funding (C-D)	(4,655)	(6,164)	(4,034)	(5,764)
Funding Balance ((A-B) + (C-D))	0	0	0	0

LEADERSHIP AND INVESTMENTS	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,780	2,429	2,496
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	88	92	59
Internal charges and overheads recovered	12,376	15,459	14,928
Local authorities fuel tax, fines, infringement fees and other receipts	5	60	71
Total operating funding (A)	15,249	18,040	17,554
Applications of operating funding			
Payments to staff and suppliers	6,292	7,626	7,371
Finance costs	3,576	2,964	2,149
Internal charges and overheads applied	5,470	7,287	7,544
Other operating funding applications	0	0	0
Total applications of operating funding (B)	15,338	17,877	17,064
Surplus (deficit) of operating funding (A-B)	(89)	163	490
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	239	130	0
Gross proceeds from sale of assets	106	76	11
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	345	206	11
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	344	92	0
Capital expenditure - to replace existing assets	0	369	398
Increase (decrease) in reserves	(88)	92	103
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	256	369	501
Surplus (deficit) of capital funding (C-D)	89	163	490
Funding Balance ((A-B) + (C-D))	0	0	0

COMMUNITY SERVICE	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,744	3,118	3,113
Targeted rates	252	262	262
Subsidies and grants for operating purposes	0	0	0
Fees and charges	424	401	485
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1	0	0
Total operating funding (A)	3,421	3,781	3,860
Applications of operating funding			
Payments to staff and suppliers	1,659	1,578	1,083
Finance costs	0	0	0
Internal charges and overheads applied	1,245	1,651	1,541
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,904	3,229	2,624
Surplus (deficit) of operating funding (A-B)	517	552	1,236
Sources of capital funding			
Subsidies and grants for capital expenditure	0	105	45
Development and financial contributions	0	0	0
Increase (decrease) in debt	382	693	1,503
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	382	798	1,548
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	159	330	1,478
Capital expenditure - to replace existing assets	565	854	469
Increase (decrease) in reserves	175	166	837
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	899	1,350	2,784
Surplus (deficit) of capital funding (C-D)	(517)	(552)	(1,236)
Funding Balance ((A-B) + (C-D))	0	0	0

COMMUNITY DEVELOPMENT	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	770	815	815
Targeted rates	200	206	206
Subsidies and grants for operating purposes	0	2	51
Fees and charges	237	55	62
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	1,207	1,078	1,134
Applications of operating funding			
Payments to staff and suppliers	804	688	706
Finance costs	0	0	0
Internal charges and overheads applied	383	554	561
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,187	1,242	1,267
Surplus (deficit) of operating funding (A-B)	20	(164)	(133)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	40	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	40	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	2	0
Capital expenditure - to replace existing assets	0	45	0
Increase (decrease) in reserves	20	(171)	(133)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	20	(124)	(133)
Surplus (deficit) of capital funding (C-D)	(20)	164	133
Funding Balance ((A-B) + (C-D))	0	0	0

REGULATION	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	321	421	421
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	434	412	409
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	19	16
Total operating funding (A)	757	852	846
Applications of operating funding			
Payments to staff and suppliers	269	182	128
Finance costs	0	0	0
Internal charges and overheads applied	482	684	681
Other operating funding applications	0	0	0
Total applications of operating funding (B)	751	866	809
Surplus (deficit) of operating funding (A-B)	6	(14)	37
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	6	(14)	37
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6	(14)	37
Surplus (deficit) of capital funding (C-D)	(6)	14	(37)
Funding Balance ((A-B) + (C-D))	0	0	0

SOLID WASTE MANAGEMENT	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	18	22	22
Targeted rates	1,129	732	730
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,180	995	1,029
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,327	1,749	1,781
Applications of operating funding			
Payments to staff and suppliers	1,509	1,171	1,061
Finance costs	25	25	25
Internal charges and overheads applied	636	647	627
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,170	1,843	1,713
Surplus (deficit) of operating funding (A-B)	157	(94)	68
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	852	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	852	0	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	852	0	92
Capital expenditure - to replace existing assets	0	0	126
Increase (decrease) in reserves	157	(94)	(150)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,009	(94)	68
Surplus (deficit) of capital funding (C-D)	(157)	94	(68)
Funding Balance ((A-B) + (C-D))	0	0	0

STORMWATER	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	419	413	411
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	419	413	411
Applications of operating funding			
Payments to staff and suppliers	146	132	153
Finance costs	0	0	0
Internal charges and overheads applied	104	109	120
Other operating funding applications	0	0	0
Total applications of operating funding (B)	250	241	273
Surplus (deficit) of operating funding (A-B)	169	172	138
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	25	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	25	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	136	350	351
Increase (decrease) in reserves	33	(153)	(213)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	169	197	138
Surplus (deficit) of capital funding (C-D)	(169)	(172)	(138)
Funding Balance ((A-B) + (C-D))	0	0	0

RESOURCE MANAGEMENT	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	110	114	114
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	86	80	74
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	196	194	188
Applications of operating funding			
Payments to staff and suppliers	94	116	59
Finance costs	0	0	0
Internal charges and overheads applied	102	123	127
Other operating funding applications	0	0	0
Total applications of operating funding (B)	196	239	186
Surplus (deficit) of operating funding (A-B)	0	(45)	2
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	0	(45)	2
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	0	(45)	2
Surplus (deficit) of capital funding (C-D)	0	45	(2)
Funding Balance ((A-B) + (C-D))	0	0	0

SEWERAGE	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,410	2,228	2,214
Subsidies and grants for operating purposes	0	0	0
Fees and charges	792	828	1,291
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,202	3,056	3,505
Applications of operating funding			
Payments to staff and suppliers	1,552	1,147	1,567
Finance costs	0	0	0
Internal charges and overheads applied	1,138	1,332	1,064
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,690	2,479	2,631
Surplus (deficit) of operating funding (A-B)	512	577	874
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	942	14	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	942	14	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	753	207	30
Capital expenditure - to replace existing assets	200	323	264
Increase (decrease) in reserves	501	61	580
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,454	591	874
Surplus (deficit) of capital funding (C-D)	(512)	(577)	(874)
Funding Balance ((A-B) + (C-D))	0	0	0

WATER SUPPLY	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,675	2,293	2,363
Subsidies and grants for operating purposes	0	0	0
Fees and charges	726	4	35
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,401	2,297	2,398
Applications of operating funding			
Payments to staff and suppliers	1,348	1,072	1,694
Finance costs	0	0	0
Internal charges and overheads applied	689	874	821
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,037	1,946	2,515
Surplus (deficit) of operating funding (A-B)	364	351	(117)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	780	945
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,147	4,502	1,102
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,147	5,282	2,047
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	756	5,195	1,933
Capital expenditure - to replace existing assets	394	319	396
Increase (decrease) in reserves	361	119	399
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,511	5,633	1,930
Surplus (deficit) of capital funding (C-D)	(364)	(351)	117
Funding Balance ((A-B) + (C-D))	0	0	0

ROADS AND FOOTPATHS	LTP 2012-2022 2014/15	LTP 2015-25 2015/16	ACTUAL 2015/16
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	266	83	82
Targeted rates	6,023	5,803	5,814
Subsidies and grants for operating purposes	3,010	3,267	3,120
Fees and charges	74	116	152
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	138	120	128
Total operating funding (A)	9,511	9,389	9,296
Applications of operating funding			
Payments to staff and suppliers	5,035	4,655	4,285
Finance costs	0	0	0
Internal charges and overheads applied	1,850	1,997	1,760
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,885	6,652	6,045
Surplus (deficit) of operating funding (A-B)	2,626	2,737	3,251
Sources of capital funding			
Subsidies and grants for capital expenditure	3,302	3,410	2,625
Development and financial contributions	0	0	0
Increase (decrease) in debt	519	188	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,821	3,598	2,625
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	280	200	2
Capital expenditure - to replace existing assets	5,620	5,615	4,271
Increase (decrease) in reserves	547	520	1,603
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6,447	6,335	5,876
Surplus (deficit) of capital funding (C-D)	(2,626)	(2,737)	(3,251)
Funding Balance ((A-B) + (C-D))	0	0	0

36• Events after balance date

Borrowings

Council refinanced a \$6,000,000 floating rate note that was due to mature on the 30 August 2016, through increasing the limit of the Westpac Wholesale Advance credit facility from \$30,000,000 to \$ 36,000,000. No other contractual terms of the credit facility were changed at the time of the increase and the expiry date of the facility remains 1 July 2017.

37• Explanations of Variances to Budget (Council)

Statement of Comprehensive Revenue and Expense

Revenue was \$0.4 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 \$0.7 million less than budget. Road subsidy revenue was less than budget due to less expenditure on unsealed road maintenance, road safety and professional services. This was offset by subsidy revenue for Mokau water supply upper dam works. This revenue was included in the budget in a previous year.
- This decrease in revenue was offset by Fees and Charges revenue being \$0.3 million more due to additional trade waste revenue being received. The additional revenue is due to higher volumes and nutrient content of discharge and the levying of exceedance charges.
- Other revenue was also \$0.2 million more due to contributions for the railway station building and insurance proceeds. A gain was also recognised for revaluation of investment property.

Expenditure was \$1.1 million less than budget due to:

- Finance costs were \$0.8 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.
- Roads and footpaths costs were \$0.3 million less than budget due to less expenditure on unsealed road maintenance, road safety and professional services.
- Community service costs were \$0.4 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.
- Leadership costs were \$0.2 million less than budget due to the District Plan work stream being deferred until after the local body elections.
- This decrease in expenditure was offset by \$0.4 million more being spent in the Water Supply activity due to increased costs for chemicals and cost increases associated with additional health and safety requirements. Also mechanical, electrical costs and SCADA operational costs associated with the treatment plant upgrade and reservoir rehabilitation were more than budget.

Statement of Financial Position

Total equity was \$5.6 million more than expected due to:

- The surplus was \$0.7 million more than budget as detailed above.
- The revaluation reserve was \$2.3 million more than budget as a result of the revaluation of water, wastewater, stormwater and land and buildings assets in the 2014/15 year.
- 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.
- Council created reserves were also \$4.2 million more than budget due to surpluses and deficits arising from various activities of Council and depreciation reserves not utilised due to delays in the capital expenditure programme.
- These increases were offset by the loss on cashflow hedges which was \$2.9 million more than budget due to interest rate decreases.

Current assets were \$0.9 million more due to a higher level of Receivables at balance date than was anticipated at the time the budget were prepared.

Current liabilities were \$10.3 million more than budget due to a greater portion of borrowings being recognised as current than when the budget was prepared.

Non current assets were \$0.7 million less than expected mainly due to the net of increase in the value of Investment in CCO (from the valuation increase of Inframax Construction Ltd of \$1.9 million) and Property, Plant and Equipment being less than budget due to less capital expenditure being undertaken during the year than planned. Investment property was also more than budget due mainly to the reclassification in the previous year of some of the Parkside sections from Assets held for sale.

Non current liabilities were \$15.7 million less than budget due to a low level of borrowings than what was budgeted and a lower portion of borrowings being recognised as non current. Derivative financial instruments were also \$2.1 million more than expected.

38• Compliance with Legislation

Group

In 2016 and 2015 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.

39• Financial reporting and prudence benchmarks

Annual report disclosure statement for the year ending 30 June 2016.

What is the purpose of this statement?

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

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

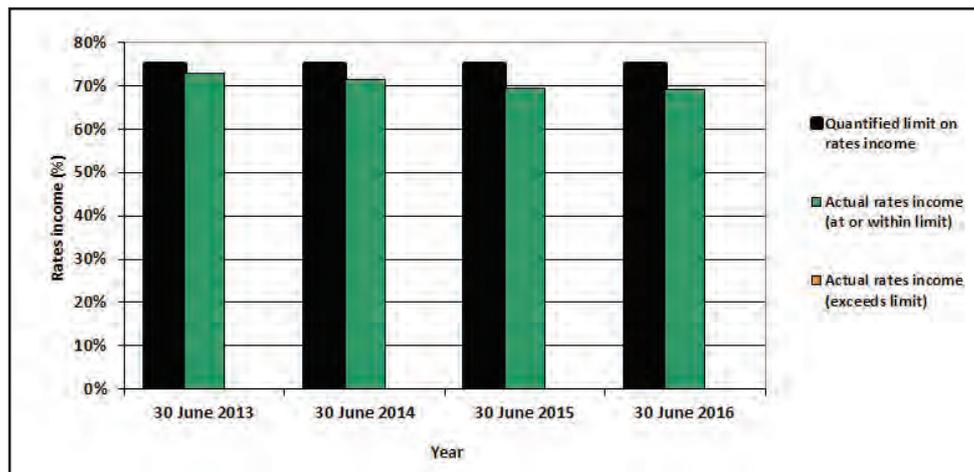
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

Rates (income) affordability

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



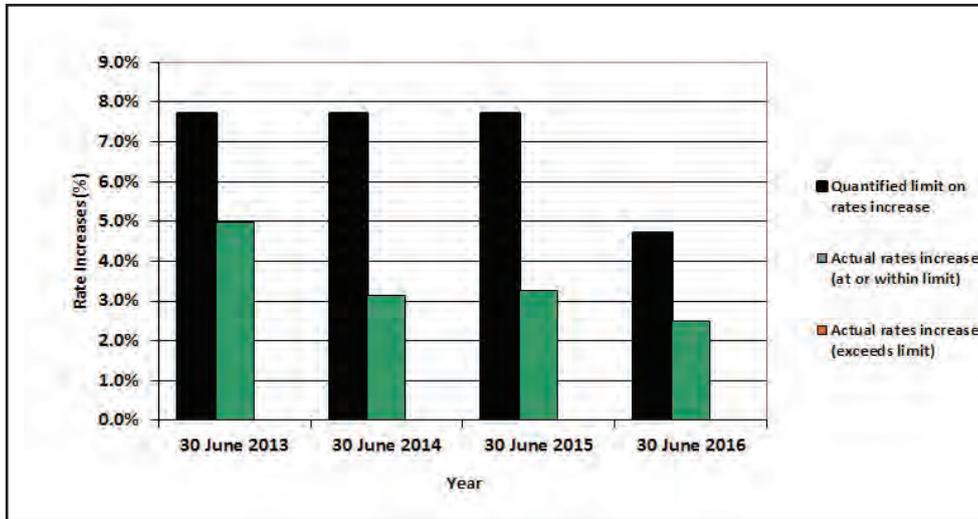
The quantified limit on rates income is that total rates revenue will be limited to 75% of total operating expenditure. Total rates revenue excludes rates penalties and includes rates received on Council properties. Rates revenue includes metered water rates, previously metered water rates were included as part of fees and charges. The comparative years have been recalculated to reflect this change. Total budgeted expenditure also includes rates paid on Council properties. Rates income was 70% of operating expenditure in 2014/15 and 69% of operating expenditure in 2015/16.

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 2016 (Local Government Cost Index + 2% - 4.71% based on LGCI average over 10 years). Actual rates increase from 2014/15 to 2015/16 was 2.5%.

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 have been recalculated 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:

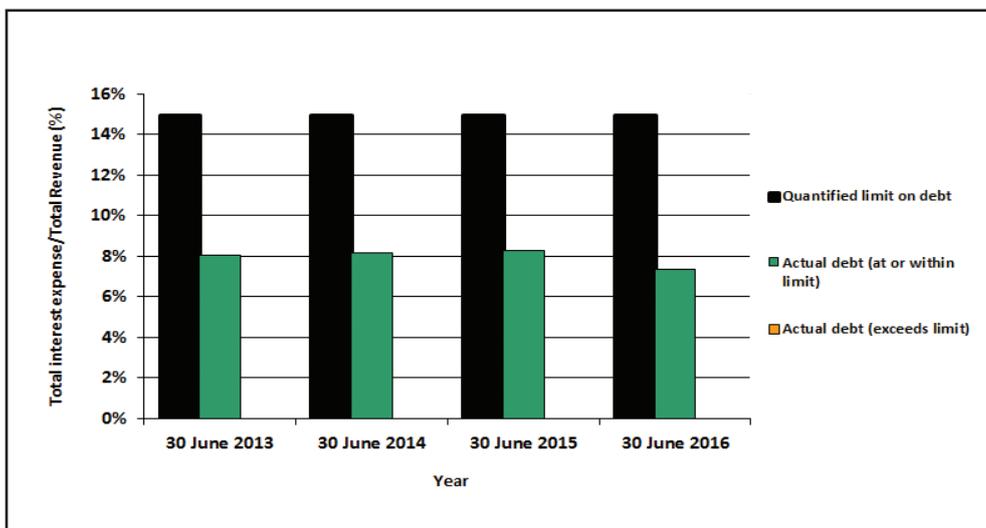
- total interest expense will not exceed 15% of total revenue,
- total borrowings will not exceed 25% of total equity,
- total borrowings must not exceed 20% of total assets,
- net debt will not exceed 170% of total (cash) revenue, and
- net interest will not exceed 20% of annual rates.

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.

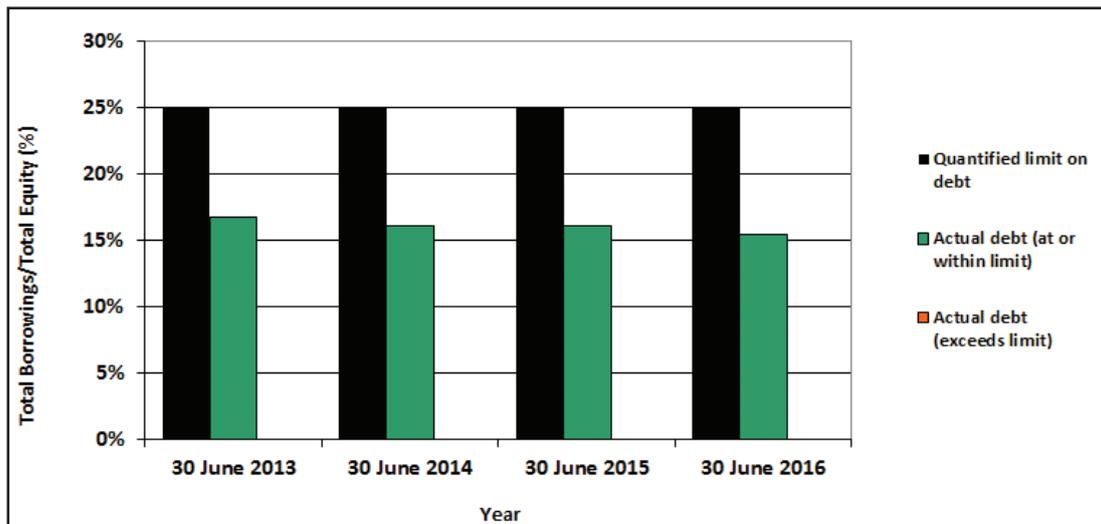
Total interest expense will not exceed 15% of total revenue

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.



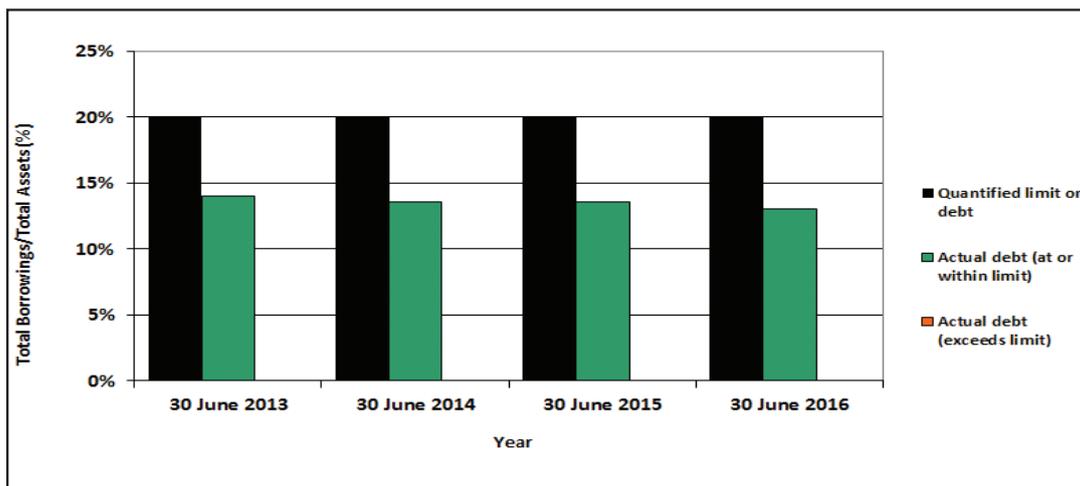
Total borrowings will not exceed 25% of total equity

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.



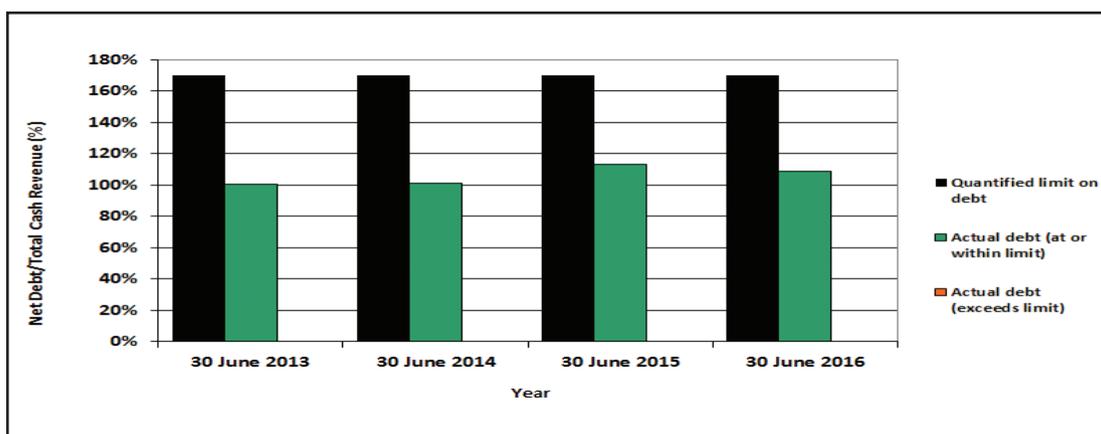
Total borrowings must not exceed 20% of total assets.

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.



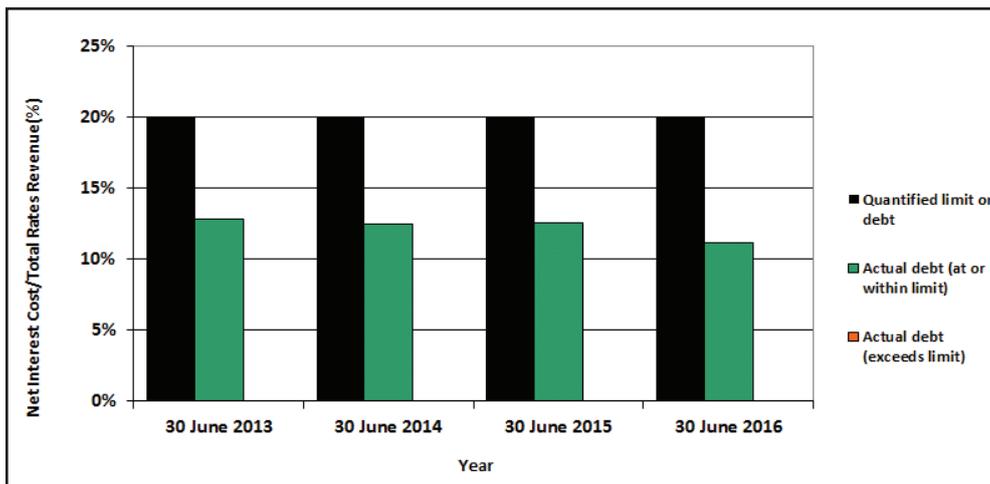
Net debt will not exceed 170% of total (cash) revenue

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.



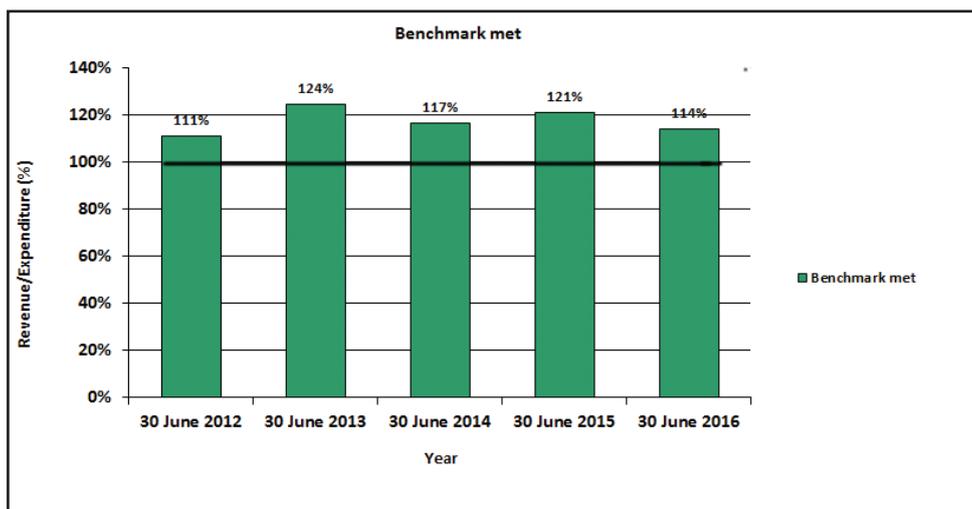
Net interest will not exceed 20% of annual rates

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.



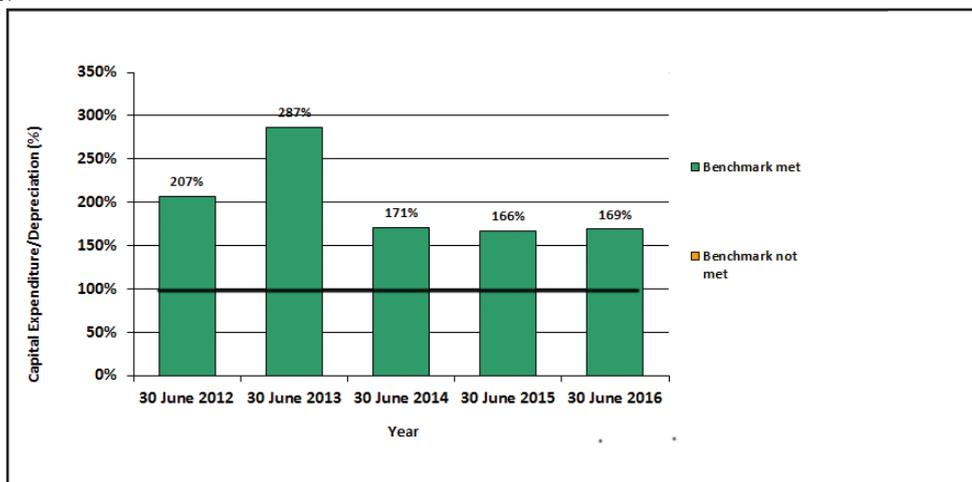
Balanced budget benchmark

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.



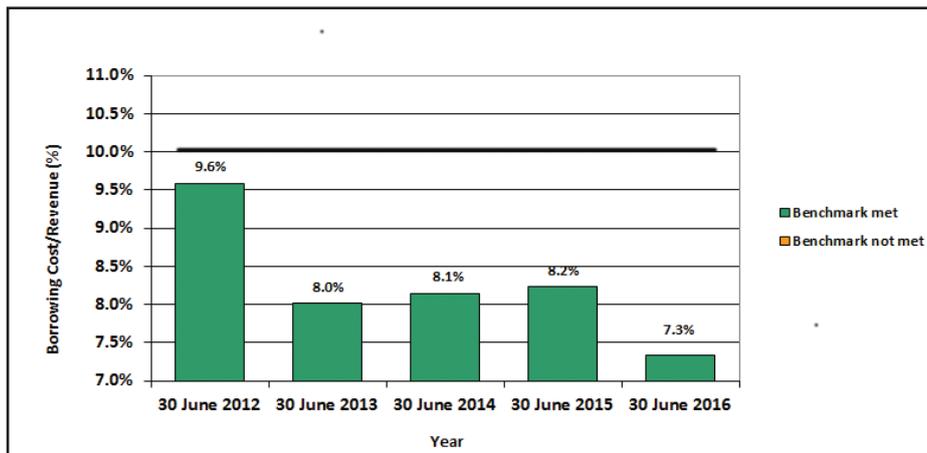
Essential services benchmark

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.



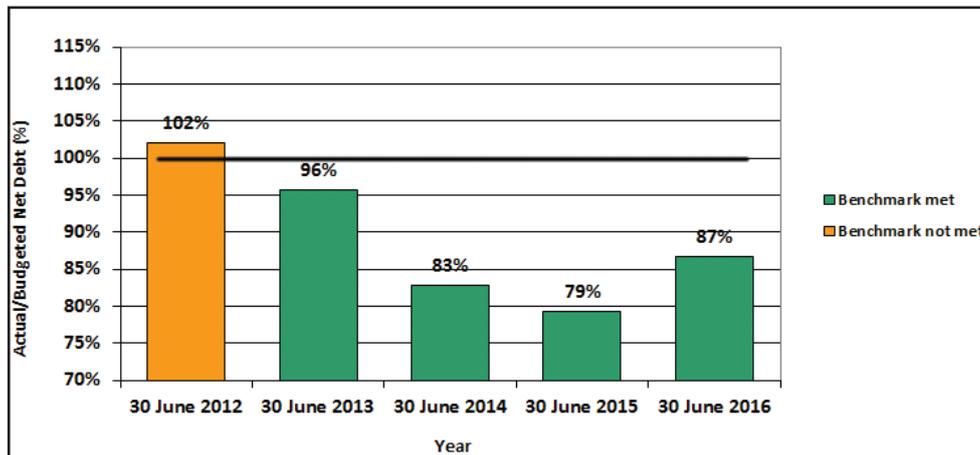
Debt servicing benchmark

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.

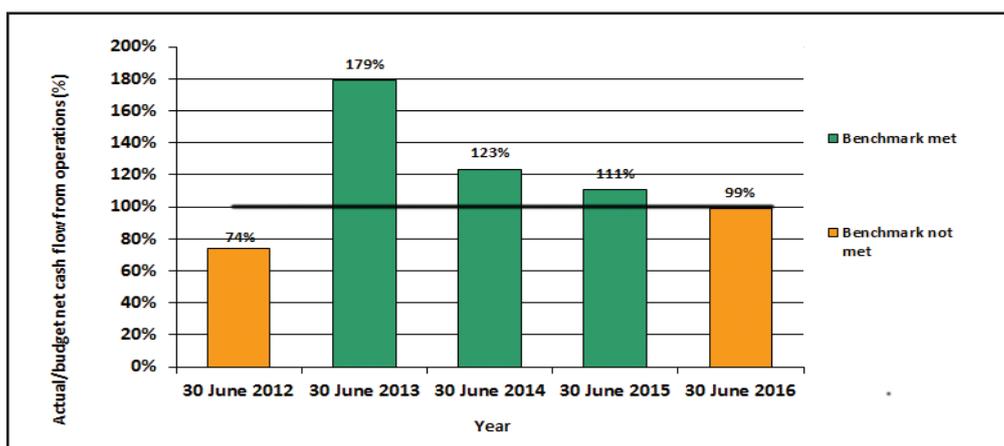


The 2012 net debt was higher than planned due to a higher level of debt than budgeted due to the purchase of Parkside subdivision and the injection of equity into shareholding investment in Inframax Construction Ltd. This value of the investment in Inframax Construction Limited was subsequently written down to nil on 30 June 2012.

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.



40• Local Government Act Disclosures

Rating base information

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

Rating base information

Council	2015 ACTUAL
Number of rating units	5,864
Total Capital value of rating units (in 000's)	2,986,104,950
Total land value of rating units (in 000's)	1,943,072,500

Insurance

(\$000's)	Carrying Value 30 June 2016	Covered by Insurance Contracts	Covered by Financial Risk Sharing Arrangement	Covered by Self Insurance
Stormwater, Sewerage and Water Supply	51,979	33,304	46,110	426
Operational and Restricted Buildings and Contents	12,415	53,870	0	0
Motor Vehicles	515	1,158	0	0
Total	64,909	88,332	46,110	426

Network Assets

(\$000's)	Estimate of Replacement Cost June 2015	Estimate of Replacement Cost 30 June 2016	Carrying Value 30 June 2016	Assets Constructed during 2015/16
Roads	291,029	295,241	232,714	4,212
Stormwater Drainage	15,974	14,925	8,801	340
Sewerage - Other Assets	19,660	19,645	12,095	90
Sewerage - Treatment Plants and Facilities	17,746	17,746	16,365	46
Water Supply - Other Assets	13,390	15,446	9,921	343
Water Supply - Treatment Plants and Facilities	10,892	8,353	4,797	36
Total	368,691	371,356	284,693	5,067

(No assets were transferred to Council during the 2015/16 year)

41• 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 been donated funds that are restricted for particular purposes.

42• Prior Period Adjustment

Actual 2015 (\$000's)	Before Adjustment	Correction of Error	After Adjustment
Council			
Equity			
Revaluation reserve	74,167	(529)	73,638
Non Current Assets			
Property, plant and equipment	327,056	(529)	326,527
Group			
Equity			
Revaluation reserve	76,439	(529)	75,910
Non Current Assets			
Property, plant and equipment	333,481	(529)	332,952

During the 2015/16 year, the Council discovered that \$529,000 of assets were duplicated in the 30 June 2015 asset valuation for stormwater asset class. The assets should have been disposed out of the asset listing that was subsequently used to prepare the 2015 valuations. A prior year adjustment of \$529,000 was made to opening revaluation reserve and adjusted through the carrying value of this asset class.

43• 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 surplus for the year are set out below. The comparative profit and cash flows from discontinued operations have been represented to include those operations classified as discontinued in the current year.

(\$000's)	2016 Council Actual	2015 Council Actual	2016 Group Actual	2015 Group Actual
Surplus for the year from discontinued operations				
Revenue	0	0	318	445
Expenditure	0	0	200	473
Surplus/(deficit) before tax	0	0	118	(28)
Income Tax Expense/(Benefit)	0	0	34	(9)
Surplus after tax from discontinued operations	0	0	84	(19)
Cash flows from discontinued operations				
Net cash inflows/(outflows) from operating activities	0	0	132	(124)
Net cash inflows/(outflows) from investing activities	0	0	195	(5)
Net cash inflows/(outflows) from financing activities	0	0	(309)	100
Net cash inflows	0	0	18	(29)

44• Exchange and non exchange revenue

(\$000's)	2016 Council Actual	2015 Council Actual	2016 Group Actual	2015 Group Actual
Revenue from exchange transactions				
Metered water rates revenue	712	780	712	780
Interest revenue	71	165	27	110
Fees and charges and income from construction	259	343	21,780	23,563
Total Revenue from exchange transactions	1,042	1,288	22,519	24,453
Revenue from non exchange transactions				
Rates revenue excluding metered water rates	17,988	17,484	17,977	17,472
Subsidies and grants	6,763	6,734	6,763	6,734
Fees and charges and income from construction	3,263	3,692	3,263	3,692
Other revenue from exchange transactions	273	340	273	340
Total Revenue from non exchange transactions	28,287	28,250	28,276	28,238
Other gains/(losses)	(16)	169	(16)	169
Total Revenue	29,313	29,707	50,779	52,860

COUNCIL CONTROLLED ORGANISATIONS

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

Council is involved in two CCOs:

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

Inframax Construction Limited

Background

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

Shareholders

ICL is a wholly owned subsidiary of Waitomo District Council.

Company Objectives

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

In pursuing the principle objective the Company and Directors shall:

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

Nature and Scope of Operations

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

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

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

Performance Results

Statement of Performance Measures: Year ended 30 June 2016

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	Greater than 20%	23%
Current Ratio	Positive	Positive
EBITDA (\$000's)	Greater than 2,200	2,034
Revenue (\$000's)	Greater than 28,000	28,394
Closing bank and shareholder loans (\$000's)	Less than 7,500	5,894
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 2016 and 30 June 2015 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.

The performance measures below are derived from the June 2017 statement of Corporate Intent. The actual results are for the year ended 30 June 2016.

Non Financial Performance	Actual Achievement
Accident compensation days	29
Achievement of ISO9001 accreditation	Standard achieved
Assessed compliance level of environmental consents by Waikato Regional Council	
Non-compliant	0
Highly compliant	3
Fully compliant	6
Number of local events within operational areas where the company provided complimentary services	14

Inframax Construction Ltd - Statement of Comprehensive Revenue and Expense: Year ended 30 June 2016

\$000's	2016 Actual	2015 Actual
Total Revenue	28,396	24,496
Total Expenditure (including Depreciation and Interest)	27,572	23,594
Net Profit/(Loss) Before Tax	824	902
Company Tax/(Credit)	(459)	(85)
Net Profit/(Loss) After Tax	1,283	987

Waikato Local Authority Shared Services (WLASS) Limited

Background

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

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

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

Shareholders

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

Company Objectives

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

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

Nature and Scope of Activities

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

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

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

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

PERFORMANCE TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>Procurement 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 to the WLASS Financial Delegations Policy.</p>	<p>Achieved: Three new procurement initiatives have been implemented (Laboratory Services (5-year term), IT Professional Services Panel (3-year term, with a 2-year right of renewal), Internal Audit Services (3-year term).</p> <p>Achieved: The Laboratory Services contract is expected to save over \$170,000 p.a. if all of the eligible councils participate. The IT Professional Services Panel provides discounted hourly rates of between and 0 – 50% off market rates, averaging 10.4% over the 22 suppliers.</p> <p>The Internal Audit Services contract provides discounted hourly rates of between 25 – 30% off market rates, plus a number of additional, value added services at no cost. The fees will remain unchanged for 3 years.</p> <p>Achieved: The Laboratory Services contract is an extension of an existing Waikato Regional Council contract, which was originally competitively tendered. Both of the other contracts were publicly tendered and awarded in accordance with the WLASS Financial Delegations Policy.</p>
<p>Collaborative Projects 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: Five new collaboration projects were implemented during 2015/16: EECA Collaboration Agreement; development of a regional GIS Data Portal; transfer of the Waikato Building Consent group into WLASS; the permanent establishment of RATA within WLASS; the transfer of Future Proof into WLASS.</p> <p>Achieved: All proposals were approved following the consideration of a report to, and resolution of, the WLASS Board.</p>
<p>Existing WLASS Contracts 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: The Contracts Register is up-to-date.</p> <p>Achieved: The NZ Post contract has been extended for 2 years on the existing terms and conditions.</p>
<p>Cashflow 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</p>	<p>Not achieved: Cash flow for the year shows a decrease in total cash held of \$10,944.</p> <p>The company still maintains a safe cash position, with cash, cash equivalents and bank account balances at the end of June 2016 being \$682,673.</p>

PERFORMANCE TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>Cost Control Administration expenditure shall be managed and monitored.</p>	<p>The Financial Accountant and Chief Executive review expenditure monthly.</p> <p>The WLASS Board reviews financial statements quarterly.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>	<p>Achieved: Actual expenditure was 19% favourable compared to budget.</p> <p>Reports on the financial position were considered at WLASS Board meetings on 21 August and 3 November 2015, and on 15 February, 1 April and 10 June 2016.</p>
<p>Reporting 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>Note that every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.</p>	<p>Achieved: The 2015/16 WLASS Annual Report is being provided.</p> <p>The 6-monthly report was sent to all shareholders on 27 January 2016.</p>
<p>Waikato Mayoral Forum The company shall provide administrative support and updates on Mayoral Forum work streams to the Mayoral Forum.</p>	<p>Mayoral Forum projects shall be managed financially through the WLASS.</p> <p>Updates on Mayoral Forum projects shall be co-ordinated by the WLASS Chief Executive.</p> <p>Note: The current approved workstreams are:</p> <ul style="list-style-type: none"> • Roothing (RATA) • Economic Development • Regulatory Bylaws and Policies • Waters • Waikato Spatial Plan 	<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>Achieved: Progress reports were provided to the Mayoral Forum on 7 September and 16 November 2015, and 22 February and 18 April 2016.</p> <p>Achieved: All approved invoices were paid by the 20th of the month following their receipt.</p>
<p>Shared Valuation Data Services (SVDS) 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: SVDS was available to users for more than 99% of normal working hours.</p> <p>Not Applicable: No capital enhancement work was undertaken during 2015/16.</p> <p>Achieved: The SVDS Advisory Group met five times - on 6 August and 5 November 2015, 29 January (teleconference), 10 March and 2 June 2016.</p>

PERFORMANCE TARGET	METHOD	MEASURE	ACTUAL OUTCOME
<p>Waikato Regional Transport Model (WRTM) The WRTM is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for WRTM.</p> <p>Contract Manager monitors performance of the model supplier (currently Traffic Design Group - TDG) and 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 by the Contract Manager 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: The model supplier reports quarterly on service performance. All modelling reports were actioned within the agreed timeframe and scope; two projects were under the budget estimate and one was slightly over.</p> <p>Not Achieved: Only one report was provided to the Board, at their meeting on 15 February 2016.</p> <p>Achieved: WRTM Census update base model was completed in August 2015. The Peer reviewer has been engaged from the outset of the project. All technical notes and the base model have been signed off by the peer reviewer. Peer reviewer is scheduled to sign off the Future Models in late 2016.</p>
<p>Shareholder Survey 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>Achieved: A survey was undertaken in May 2016, and the results are included in this report.</p> <p>For the 2015/16 survey, the scale of response has been changed from yes, partially, barely, no, don't know/not applicable to very satisfied, satisfied, partially satisfied, dissatisfied and don't know/not applicable. The results for the 2015/16 year are based on the percentage of very satisfied and satisfied responses. Responses of "Don't know" and "N/A" have been excluded from the results.</p>
<p>Review of Benefits 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: Information on the achievements of WLASS over the past 12 months are included in this report and as part of these performance measures.</p>

APPENDICES

Waitomo District Council

The Waitomo County Act was passed in 1904 and the first meeting of the Waitomo County Council was held in September 1905.

The Borough of Te Kuiti was constituted in 1910.

In 1922 the Awakino County was amalgamated with the Waitomo Council in an area of the then Otorohanga County to form a separate local authority.

Part of the Kawhia County was included with Waitomo County in 1956 and the balance incorporated with Otorohanga.

The Te Kuiti Borough and Waitomo County Councils were amalgamated to form the Waitomo District Council on 1st April 1976, and although minor changes to boundaries occurred with the 1989 reorganisation, the District remained substantially unchanged.

The present Waitomo District Council was reconstituted on 1st November 1989 as a result of the local government reorganisation process that occurred across New Zealand.



The 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 45% of the District population residing in this town.

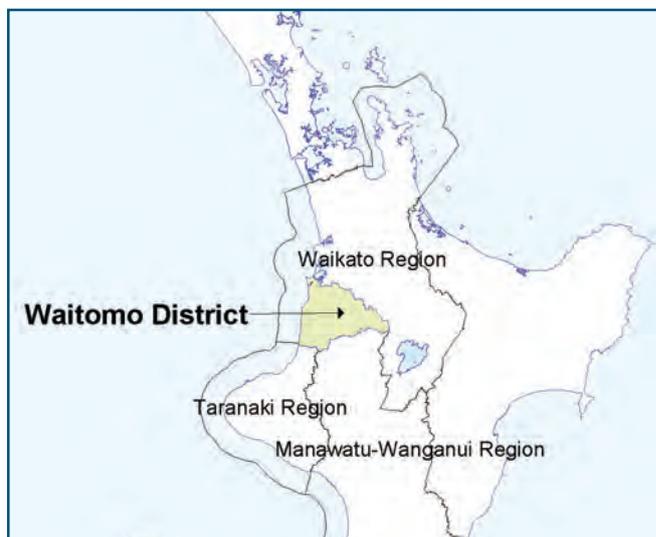
The main rural communities are Benneydale, Piopio and Waitomo Village. There are several other smaller townships throughout the District, including the popular beach settlements of Mokau, Awakino, Marokopa, and Te Waitere.

Tourism, sheep and beef farming, forestry and logging and mining and quarrying are the main economic activities in the District. The Waitomo Caves, a labyrinth of glowworm caves and other caving adventures in the area, is an internationally known tourist destination attracting over 500,000 visitors every year.

The resident population of Waitomo District as per the 2013 census was 8910. Waitomo District has a higher number of young people and also Maori people compared to the national average.

The age distribution of people in the District is slightly larger than for New Zealand in the age group 16-65 and slightly lower in the age groups 65 and over and younger than 15.

By 2031, the District is expected to have the 3rd highest percentage of people under the age of 15 years (22%) out of all 73 territorial local authorities. The national median percentage, at that point in time, is expected to be about 17%.



Sourced from LINZ data, Crann and Critchlow, Copyright reserved. Census boundaries from Statistics New Zealand

District Statistics

LOCATION	
Latitude:	38° 21' South
Longitude:	175° 11' East of Greenwich
Altitude:	55m above mean sea level
Area:	336,357 hectares (3363.57 sq km)

CLIMATE	
Temperature Summer Average - 18.5°C (winter average - 9.5°C)	Frosts Average - 47 days per year
Sunshine Mean Average - 1,749 hours	Rainfall Average - 1,473 mm per year

POPULATION ANALYSIS (Source data 2013 Census)	
Total Population	8,910
Median age	35
Number of households	3,423
Electors	5,793

RATING STATISTICS	
Total Rates Revenue 2015/16 (excluding Penalties) Budget:	\$18,528,000 (excl GST)
Total Rateable Capital Value as at 30 June 2016	\$2,919,618,900
Total Capital Value at as 30 June 2016	\$3,053,854,600

PUBLIC DEBT OUTSTANDING	
30 June 2016 (Actual)	\$44,786,000
30 June 2016 (Budget)	\$52,834,000

PUBLIC EQUITY	
30 June 2016 (Actual)	\$290,747,000
30 June 2016 (Budget)	\$285,123,000

OTHER INFORMATION	
Number of Building Consents 2015/16	165
Value of Building Consents 2015/16	\$22,794,563
Total District Roading Sealed	459 kilometres
Total District Roading Unsealed	554 kilometres
Registered Dogs Total (30 June 2015)	3,698

GLOSSARY

Terms used in the Annual Report

Activity	The goods or services that WDC provides to the Community.
Annual Report	A document that WDC prepares each year which provides the public with information on the performance of the WDC during the year (in both financial and non-financial terms).
Assets	Assets are things that WDC owns, such as roads, parks, buildings and cash holdings.
Asset Management Plan	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.
Capital Expenditure	The term used to describe expenditure on assets (land, infrastructure, plant and equipment) that will provide benefit to the Community for a period greater than 12 months.
Capital Value	The sum of the unimproved value (land value), and the value of the improvements is equal to the capital value of the land.
Community	A network of people and organisations linked together by common factors. This might refer to a network of people linked by place (that is, a geographic community), common interest or identity (for example, a Hapu, a voluntary organisation or society), or an administrative community (such as a District).
Community Outcomes	The Outcomes that Council aims to achieve in meeting the current and future needs of its communities for good quality infrastructure, local public services and performance of regulatory functions. These outcomes inform the development of WDC's planning and co-ordinate the activities and planning of all sectors of the community.
Corporate Support	Used to describe the inputs that are used by all of WDC's activities.
Council	The seven elected members that form the governing body of WDC
Current Assets	Assets that can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.
Current Liabilities	Creditors and other liabilities due for payment within the financial year.
Designated Investments	Investments representing Special Funds and Reserve Accounts.
Development Expenditure	A form of capital expenditure that refers to an investment in an asset to improve its value. The investment in the asset results in the asset's condition being better than when it was first purchased, or built by WDC. This does not include renewing old assets to their original state; these are classed as renewal works.
Exceptions Annual Plan	A document adopted by WDC in each of the years between LTPs which sets out the budget and sources of funding for the year and reports on any exceptions from those forecast in the LTP.
Infrastructural Assets	Fixed utility systems that provide a continuing service to the Community and are not generally regarded as tradable. WDC's infrastructural assets consist of roads and footpaths, water supply systems, sewerage systems, stormwater systems and Solid Waste Management systems (e.g transfer stations and the Rangitoto Landfill).
Key Performance Indicators	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.
Levels of Service	Operational levels of service are stated in the activity sections of the Waitomo District Council's Long Term Plan (LTP)
Level of Service Expenditure	A form of capital expenditure that refers to an investment in an asset to improve its value as a result of improving the service that the asset provides to the community. The level of service investment in the asset results in the asset's condition being better than when it was first purchased or built by WDC. This does not include improvements to assets as a result of increased need or demand for that asset due to growth, this is classed as Development Expenditure; or renewal of old assets to their original state, which is classed as Renewal Expenditure.
Local Government Act 2002	The Key legislation that defines the regulations and responsibilities for local authorities.
2009-19 Long Term Plan	A plan covering a period of 10 years (2009-2019), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
2012-22 Long Term Plan	A plan covering a period of 10 years (2012-2022), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
2015-25 Long Term Plan	A plan covering a period of 10 years (2015-2025), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
Operations Expenditure	The expenditure required to meet the costs of normal day-to-day services provided by WDC. This includes expenditure resulting from inputs on such items as contract costs, materials, electricity and plant hire.
Operating Revenue	Money earned through WDC activities in return for service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include Land Transport New Zealand (LTNZ) Financial Assistance Rates (FAR) subsidies, rental income and fees and charges.
Operating Surplus	An accounting term meaning the excess of income over expenditure. Income and expenditure in this context excludes "capital" items such as the receipt of repayment of intergeneration loans, the cost of capital works and transfers to and from reserves. An operating surplus is inclusive of non-cash items such as income and expenditure owing but not paid (debtors and creditors) and depreciation.
Outputs	Goods and services the WDC will produce or provide to achieve agreed outcomes.
Renewal Expenditure	A form of capital expenditure that describes WDC's ongoing programme of works, which is aimed at maintaining the District's assets in a good condition by 'renewing' them back to their original state.
Separately Used or Inhabited Part/SUIP	A separately used or Inhabited part of a rating unit includes any part of a rating unit used or inhabited by the owner or any other person, who has the right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement. As a minimum, the land or premises forming the SUIP must be capable of actual habitation or actual separate use. For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one SUIP.
Stakeholders	People, groups and or organisations that have an interest in what happens in the District.
Statement of Financial Position	Also referred to as a Balance Sheet. The name of this financial table has been changed as required by the accounting standards for PBE
Strategic Goals	WDC has set Strategic Goals for each of its activities. These goals are targeted at ensuring WDC's work programmes are promoting the achievement of Community Outcomes. The goals are long-term and in most cases will take many years to achieve.

Terms used in the Annual Report

Sustainable Development	Development that meets the needs of the present without compromising the reasonably foreseeable needs of future generations.
Targeted Rates	Targeted Rates are rates set to fund a particular activity or group of activities, and may be set and assessed on a particular category or categories of rating units.
Uniform Annual General Charge	A uniform annual general charge that is levied on all separately used or inhabited rating units in the District
Waitomo District Council	The organisation established to administer WDC affairs, conduct operations and bring effect to WDC policy and strategies.

Acronyms used in this document:

AMP	Asset Management Plan
AP	Advisory Panel
BLG	Better Local Government Reform
Capex	Capital Expenditure
CCO	Council Controlled Organisation
CCTO	Council Controlled Trading Organisation
COs	Community Outcomes
DDR	District Development Rate
DLA	District Licensing Agency
DWS	2005(revised 2008) Drinking Water Standards
EAP	Exceptions Annual Plan
ETS	Emissions Trading Scheme
FAR	Financial Assistance Rates
FRN	Floating Rate Notes
ICL	Inframax Construction Limited
ISBU	Internal Services Business Unit
JMA	Joint Management Agreement
KPI	Key Performance Indicator
LGA 2002	Local Government Act 2002
LGRA	Local Government (Rating) Act 2002
LGCI	Local Government Cost Index
LoS	Level of Service
LTP	Long Term Plan
LTNZ	Land Transport New Zealand
MoH	Ministry of Health
NAASRA	National Association of Australian State Roading Authorities
NZWS	New Zealand Waste Strategy
Opex	Operational Expenditure
PBE	Public Benefit Entity
PWBRA	Piopia Wider Benefit Rating Area
RFS	Request for Service - Waitomo District Council's service request system.
RSS	Resident Satisfaction Survey
RTO	Regional Tourism Organisation
SCADA	Supervisory Control and Data Acquisition
SUIP	Separately Used or Inhabited Part of a Rating Unit
SWaMMP	Solid Waste (Activity) Management and Minimisation Plan
SWSS	Sanitary Waste Subsidy Scheme
TKWTP	Te Kuiti Water Treatment Plant

Acronyms used in this document:

TKWWTP	Te Kuiti Waste Water Treatment Plant
TP	Treasury Policy
TFR	Targeted Fixed Rate
TR	Targeted Rate
UAGC	Uniform Annual General Charge
WLASS	Waikato Local Authority Shared Services
WDC	Waitomo District Council
WDHB	Waikato District Health Board
WINZ	Water Information New Zealand
WMF	Waikato Mayoral Forum
WRC	Waikato Regional Council (formally known as Environment Waikato)

