

ANNUAL REPORT SUMMARY



2 | Building communities



2 | Caring for our environment



3 | \$1.2m for local groups



4 | Learning to be 'dogsmart'

ECONOMIC DEVELOPMENT BRINGS JOBS



Employment opportunities in the district are rising as we implement our district's Economic Development Plan to encourage business growth.

Latest figures (to March 2015) show an annual employment growth of 3.1 per cent (NZ 2.4 per cent) and a 2.2 per cent growth in the number of businesses in the district (NZ 1.8 per cent).

Major developments during 2015/16 included the opening of Yashili NZ's \$220m infant formula plant in November bringing 85 new jobs to Pokeno, and the Ports of Auckland decision in February to purchase 33ha of land for an inland freight hub at Northgate Business Park in Horotiu.

Through our 'Open Waikato' initiatives we're supporting growth potential in the primary and food industries, as well as energy, freight and logistics. We also co-fund Hamilton & Waikato Tourism recognising that tourism is a regional growth industry.

We submitted a Registration of Interest for extended Government funding of broadband in our district, supported by a Digital Enablement Plan.

We also partnered with Waikato Innovation Park to offer a free advisory service for North Waikato firms needing help to establish and grow their businesses.

WELCOME TO OUR ANNUAL REPORT SUMMARY FOR 2015/16

Welcome to our snapshot of what we've been doing in the community over the past 12 months.

Every year we produce an Annual Report of our activities and financial performance, and that compares what we did with what we planned to do when we developed our Long Term Plan.

This summary provides you with a 'scorecard' so that you can review the work we have been doing on your behalf.



MANAGING OUR GROWTH SUSTAINABLY

Over the past year we've focused on planning for and managing rapid growth in our district.

As spill-over demand from Auckland's housing crisis spreads south, and as the Waikato develops as a nationally significant freight and transport hub for the upper North Island, we've worked to ensure we manage our growth in ways that are socially, environmentally and economically sustainable.

Infrastructure management

We're looking for new ways to maintain and build the infrastructure we need to support an expected population growth of more than 26 per cent over the next 15 years (from about 69,900 this year to 88,200 in 2031.)

Our new roading 'Alliance' with Downer NZ is improving efficiencies and customer responsiveness to meet our roading and footpath maintenance needs.

We adopted a draft agreement to form a water and wastewater Council-controlled

organisation (CCO) with Hamilton City and Waipa District Councils to manage water supply and wastewater across the sub-region, and to provide financial savings and other benefits.

We're investigating the potential for more cost-effective shared services with other local councils in areas such as procurement, GIS and HR systems.

Strong financial performance

We met our financial targets, and set rates and debt levels that balance affordability with the need to provide for our growing community.

Average rates per rateable property were \$2,596 for 2015/16 and average debt per rateable property is \$2,012. This leaves capacity for funding the services and facilities needed to meet future growth.

After selling its quarry interests, our CCO Strada Corporation Ltd reviewed its strategic direction in an increasingly

competitive road contracting industry and decided to close. It will be wound up once all its assets are sold. The Council will receive a dividend and return of capital through this process.

Sustainable development

We've attracted new local businesses and employment to support economically sustainable growth.

We've introduced new refuse and recycling systems to minimise landfill waste, and we've identified significant natural areas and habitats to protect our environment.

We're working with you to build our communities through discretionary community grants, and a range of new initiatives from our new Youth Awards to 'placemaking' projects to revitalise our public spaces.

We're proud of what we've achieved together.

PARTNERING WITH YOU

We've worked hard to make it easier for you to do business with us by improving the ways we engage with you, by upgrading our systems and by extending our library hours.

We provided our customer delivery staff with more technical knowledge to help resolve customer queries at first point of contact, and we've consistently exceeded targets for our timeliness of response to customers' service requests.

Positive comments from our annual customer satisfaction survey showed that customers found Council staff helpful and easy to deal with. Satisfaction with the resolution of requests was 59 per cent overall, but below our target of 70 per cent.

Other survey results varied from 41 per cent satisfaction that the Council engages with customers on the right issues through to 90 per cent satisfaction with the district's parks and reserves, and 93 per cent satisfaction with the quality of our library services.

“We engaged with our communities on more than 30 initiatives, plans, strategies and bylaws”

We engaged with our communities on more than 30 initiatives, plans, strategies and bylaws during the year, from the Freedom Camping Bylaw to Plan Changes to our District Plan using a range of methods, such as market days and community events, to complement our formal consultation processes.

We upgraded our website and expanded our online services and searchable databases and, in the past year, we've enjoyed a 29 per cent rise in visits to the website, a 27 per cent rise in users (to nearly 150,000 unique visitors), and a 17 per cent increase in page views.

Based on your feedback we extended our library opening hours in Ngaruawahia, Raglan and Tuakau, and we'll extend opening hours at Te Kauwhata and Huntly in the second half of 2016. This has made it easier for customers to use the facilities, and do some council business after hours at our integrated sites.



BUILDING COMMUNITIES

Growth inevitably brings change. We are working hard to ensure we build our communities as our townships grow.

We're a diverse community. Twenty-four per cent of our 69,900 population identify as Maaori and we welcomed 162 new New Zealand citizens to our growing migrant community in the district in 2015/16.

Internal migration is expected to bolster our population by 26 per cent in the next 15 years. Building consents for new dwellings rose by 54 per cent to 791 across the district in 2015/16, more than twice the number being consented three years ago, and the third highest of any district council in the country after Selwyn (in Canterbury) and Queenstown.

As a Council we have set ourselves a challenge to have the most engaged community by 2020 and we have established annual performance indicators for our staff to meet this goal.

We established a new Pokeno Community Committee to provide a formal voice for that community and maintain strong links with one of our fastest growing towns.

We've undertaken initiatives to bring people together, from Youth Awards to 'placemaking' projects that will help revitalise the public spaces in our towns. We've also adopted new methods for engaging with our communities from the introduction of new online services and searchable databases on our website to meeting with you on local market days.

We consult regularly with local iwi on management of our two major rivers and on changes to our District Plan.

We also supported nearly 200 community groups throughout the district to enable our communities to come together to meet some of their own needs.



CARING FOR OUR ENVIRONMENT

In the past year we've engaged with 4,500 property owners to identify Significant Natural Areas (SNAs) in our district that need protecting, including wetlands and peat lakes, lowland forest and kahikatea stands, and coastal ecosystems.

About 1,000 SNAs have now been identified for inclusion in the District Plan – some on public land, but many on privately held blocks.

In May we approved the first Council grants from a conservation fund we've set aside to assist private landowners undertake work to protect ecologically significant sites.

Restoring biodiversity

In other initiatives we secured nearly \$400,000 from the Waikato River Authority to support a four-year planting and capital works restoration programme for Lake Rotokauri. Plans include constructing a pest fish barrier and creating a floating wetland to soak up nutrients.

We also secured \$14,000 from Waikato Regional Council for a planting and restoration programme at Lake Puketirini in Huntly.

Our coastline

We released a report on erosion at Port Waikato's Sunset Beach and consulted with the community on options for dealing with the retreat of public assets if erosion continues to impact the car park and hall.

Other coastal work included the redesign and renewal of the Manu Bay seawall on the Raglan coast.

Minimising waste

Waikato communities send more than 35,000 tonnes of refuse to landfill, but 64 per cent of it (23,000 tonnes) could be recycled in some way. We embarked on a major waste minimisation campaign

and community consultation before introducing new refuse and recycling services throughout our district starting in the new financial year.

Water and wastewater

To help manage our water supplies we continued our water metering programme by installing meters in Raglan, Huntly and Ngaruawahia. This allows residents to monitor their water usage for at least a year prior to a switch to charging by meter from July 2017.

We're disappointed that we suffered two wastewater spills into Raglan Harbour in 2015/16. The Council has approved funding for some short term actions to improve the situation whilst we develop a longer term plan to minimise future incidences.

\$1.2M FOR LOCAL GROUPS

We committed more than \$1.2m of Council-owned funds for distribution to 167 organisations and charities throughout the district that otherwise might not have access to funding for their work, and nearly \$1m has been spent to good effect so far.

Another 21 local groups benefited from \$46,715 we distributed on behalf of the Creative Communities Scheme Fund, and four more groups benefited from \$51,048 we distributed on behalf of the Waikato District Community Wellbeing Trust, an independent trust we administer.

The largest single amount was \$600,000 set aside to help complete the Ngaruawahia and Horotiu sections of Te Awa – Great New Zealand River Ride, which will include a cycle bridge across the Waikato River.

Another group we supported is the Bush Tramway Club. This volunteer group was awarded \$6,000 from Council funds and \$31,096 from the Wellbeing Trust for an initiative that will benefit the whole district. Every first Sunday between April and December the club operates the Glen Afton Line Heritage Railway from Pukemiro Junction, about 20kms west of Huntly. With support from the Council, club volunteers are clearing and rebuilding the final 500 metres of track to complete the line to Glen Afton so that the railway has a real destination.



IN THE LAST 12 MONTHS WE HAVE....

Committed more than \$1.2m in grants to 167 organisations and charities throughout the district

Engaged with more than 4,500 property owners to identify about 1,000 'Significant Natural Areas' in our district that need protecting

Re-surfaced 142kms of sealed roads and strengthened another 16kms

Secured water supplies for our growing population

Launched our inaugural Waikato District Youth Awards

Expanded our online services and gained a 29% rise in online (website) visits and a 27% rise in users (to nearly 150,000 unique visitors)

Handled a 54% increase (to 791) in new dwellings consents

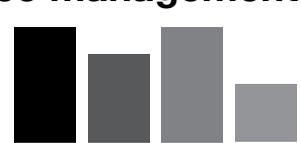
Registered and inspected/audited 260 food premises and handled 341 alcohol licensing applications

WHAT YOU GOT FOR \$1

We deliver a broad range of services to our diverse district of residents, business owners and visitors. Here's how we spent every \$1 we received from general rates.*

 **Animal control**
2 CENTS

Environmental health
2 CENTS 

Resource management
9.3 CENTS 

Area offices and other properties
10.1 CENTS 

 **Grants and donations**
2 CENTS

Roading **38.7 CENTS**


Community and safety
0.3 CENTS 

Libraries
3.8 CENTS 

Solid waste **0.8 CENTS**

Corporate and Council leadership
11.1 CENTS

Parks and reserves
19.1 CENTS 

Storm water **0.1 CENTS**


Waste water **0.4 CENTS**




Water supply **0.4 CENTS** 

*This does not include targeted rates. A targeted rate funds a specific council activity or group of activities rather than general council services. For example, those who receive a refuse collection pay for it through a targeted rate. Those who don't receive it don't pay for it.



LEARNING TO BE 'DOGSMART'

Our focus on educating owners about responsible dog ownership and compliance with registration and fencing requirements is helping lead to fewer call-outs and higher dog registration numbers in the district.

As part of this effort we increased the number of school visits we made (to 36 schools) as part of our 'Dogsmart Education Programme' to introduce children to dogs, to teach them about responsible ownership and how to stay safe around them.

Complementing our education programme, we aim to increase numbers on our

'selected dog owner' list which grants reduced registration fees for responsible owners with properties that meet fencing requirements.

We promoted this option by offering free property inspections last summer and we now have nearly 3,000 owners on the list who meet the same stringent criteria as farm dog owners.

Dog registrations number 13,901(13,654 last year), representing about 98 per cent of all known dogs in the district.

Impounded dogs numbered 1,190 (1,241 last year) and more were returned home or re-homed so fewer had to be destroyed.

We re-homed 253 dogs, up from 175 the year previous.

ROADING IMPROVEMENTS



This past year heralded the start of a new five-year roading 'Alliance' contract signed with Downer, through which the Council and contractor work together to identify and deliver the work.

One year later and our performance measures show the new arrangement has resulted in major improvements in the way we deliver our roading and footpath maintenance services, achieving greater efficiencies and improved levels of service.

We surpassed a series of new targets for the quality of the roading and footpath network, and for our responsiveness to customers' maintenance requests.

We met strict timeframes for responding to customer enquiries about footpaths and road maintenance for 94 per cent of all enquiries, well in excess of our targets.

During the past year, through the Waikato District Alliance, we've re-surfaced 142km of sealed roads, and completed 16km of road strengthening work. We've also undertaken work to improve road safety by increasing road widths and improving visibility, and by installing guard rails, new and upgraded signs and lane markings. Despite this work, the local road toll did not fall.

As a result of residents' requests we completed a number of new footpaths district-wide at a cost of \$200,000. A district-wide survey showed 99.7 per cent of all footpaths rated three (fair) or better on a scale of one-five.

Major projects included completing the Ngaruawahia section of Te Awa cycleway, and replacing a badly corroded steel culvert under Rotowaro road for \$500,000 – a project named as joint winner of the small site award for erosion and sediment control by Waikato Regional Council.

WATER FOR A GROWING POPULATION

We began working with other Councils to investigate joint options for future water management.

We adopted a draft Record of Agreement (RoA) to form a water and wastewater CCO (council controlled organisation) with Hamilton City and Waipa District Councils to manage water supply and waste water across the sub-region. Provided all three councils confirm their commitment to this initiative after the October local body elections, a formal proposal will be

subject to public consultation in 2017. Independent reports suggest a CCO would provide financial savings, as well as a number of other benefits.

Meanwhile we've addressed the need for an adequate water supply in the rapidly growing central and northern areas of our district.

We connected the Hopuhopu/Taupiri system to the Ngaruawahia water supply network, and we also completed a significant project to connect our Tuakau system with water supplied from Watercare. We've identified land on which to develop new reservoirs in Pokeno, Ngaruawahia, Huntly and Hopuhopu, and have issued a tender for their construction.

Wastewater

We have undertaken a number of key projects to develop and maintain our wastewater infrastructure across the district.

We progressed designs for an upgrade of the Huntly wastewater treatment plant.

We consulted with residential property owners in Pokeno over phase two of the proposed new Pokeno wastewater system to service the existing Pokeno village and future developments.

Contracts were let to upgrade wastewater pump stations in Ngaruawahia and Raglan and new storage tanks were installed in both systems to hold six hours of average flow in dry weather.

In March 2016, while construction of the new Raglan storage tanks was underway, a major sewage pipe broke spilling about 10 cubic metres of raw wastewater into the harbour. In May about two cubic metres overflowed from a manhole next to the Whitley Ave pump station during a period of high rainfall.

The Council has approved funding for some short term actions to improve the situation whilst we develop a longer term plan to minimise future incidences.

Meanwhile we began designing the works required for a 10-year project to extend and upgrade the Raglan stormwater network.



THIS IS WAIKATO DISTRICT

WAIKATO IS HOME TO...

69,900
PEOPLE

(24.3% IDENTIFY
AS MAAORI)



162 NEW
NZ

CITIZENS IN 2015/16

14,254 DOGS



WE PROVIDE...

12,568,040

LITRES OF
DRINKING WATER A DAY

**53 PUBLIC
TOILETS**
USED BY 3,500
PEOPLE EVERY DAY

12 
SKATEPARKS

**REGULAR
COLLECTIONS
FOR 10,300
TONNES OF
REFUSE EACH YEAR**

43   
SPORTS PARKS

3 SWIMMING
POOLS

WAIKATO SPANS...

OVER

452,000

HECTARES
OF LAND

IN 2015/16 WE SUPPORTED...

167

COMMUNITY
GROUPS



AND

253

DOGS WERE
RE-HOMED



WE MAINTAIN...

1,830KMS

OF SEALED ROADS

221KMS
OF FOOTPATHS

604KMS
OF UNSEALED
ROADS

51 NEIGHBOURHOOD
RESERVES  

34      
COMMUNITY HALLS

WE OPERATE...

6

LIBRARIES THAT SERVICE
18,264 LIBRARY MEMBERS



31

WATER
RESERVOIRS
WITH A TOTAL
CAPACITY OF **18,690m³**



10 WATER TREATMENT
PLANTS WITH A TOTAL CAPACITY
OF **19,000m³**
PER DAY



22
CEMETERIES



2 ANIMAL
SHELTERS

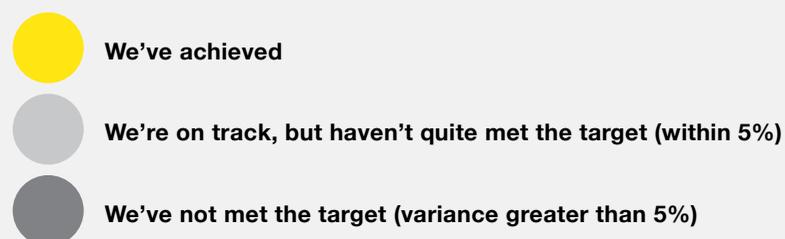
23 DOG
EXERCISE AREAS



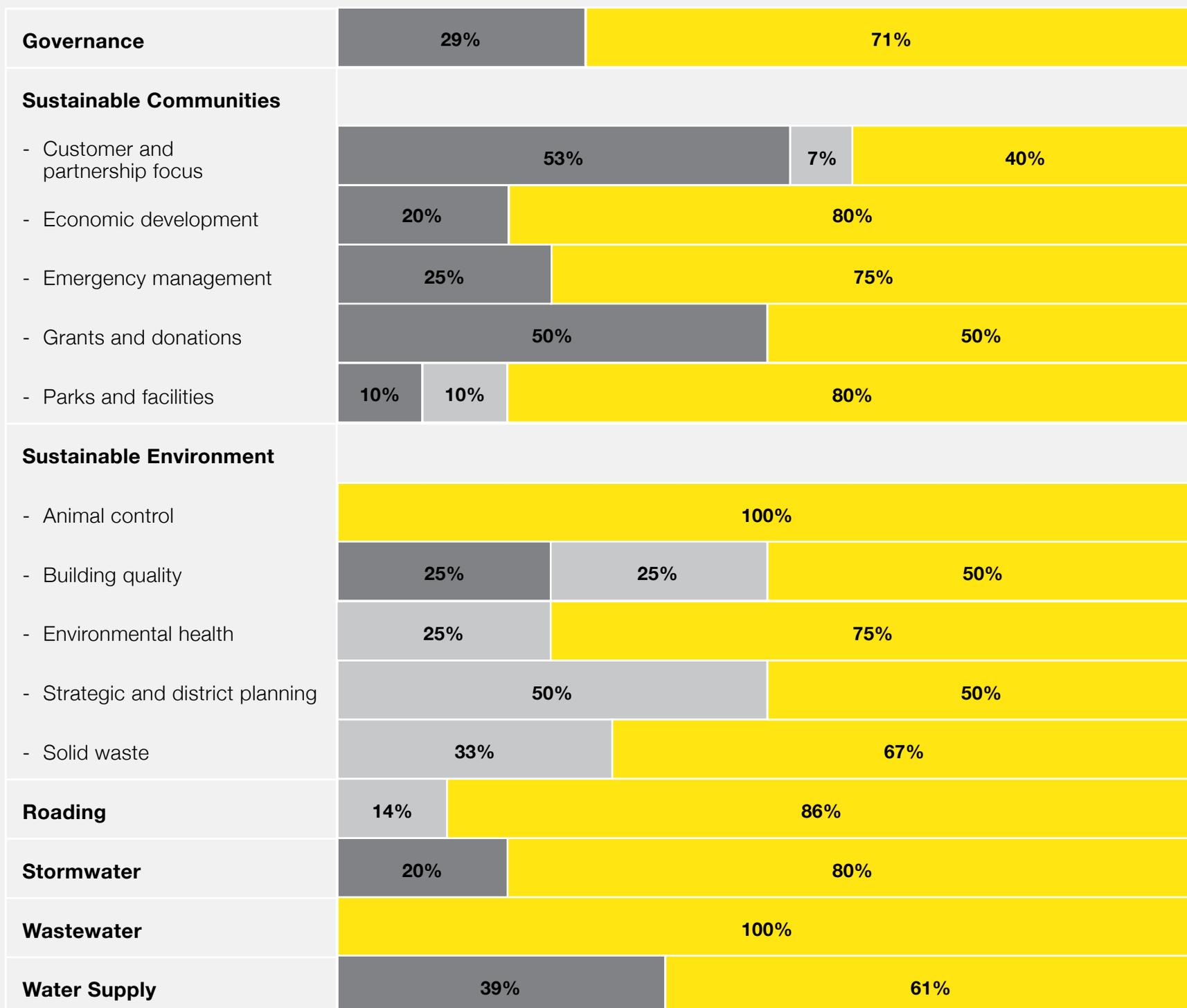
HOW WE DID

Our projects and work programmes range across several groups of activities. For each group of activities we have performance measures that provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. This graph summarises how we did, where we met expectations and where we need to improve. Please see the full Annual Report on the Waikato District Council website to find out more about the targets and how we performed against them.

See the colour coding system below to indicate how well we've done.



PERFORMANCE TARGET RESULTS



SUMMARY FINANCIAL STATEMENTS

Statement of comprehensive revenue and expense For the year ended 30 June 2016

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Total revenue	141,057	111,835	142,881	145,664	148,806
Finance costs	(4,259)	(3,008)	(2,705)	(4,416)	(2,915)
Operating expenditure excluding finance costs	(107,902)	(93,226)	(97,729)	(113,606)	(103,613)
Share of joint venture's surplus (deficit)	-	-	-	(2,438)	228
Surplus (deficit) before tax	28,896	15,601	42,447	25,204	42,506
Income tax expense	-	-	-	(26)	168
Surplus (deficit) after tax wholly attributable to Waikato District Council	28,896	15,601	42,447	25,230	42,674
Other comprehensive income					
Gain (loss) on property revaluations	12,072	25,391	16,280	12,000	16,691
Revaluation reserve – landfill	(104)	-	(592)	(104)	(592)
Financial assets at fair value through other comprehensive income	9	-	-	9	-
Total other comprehensive income	11,977	25,391	15,688	11,905	16,099
Total comprehensive income wholly attributable to Waikato District Council	40,873	40,992	58,135	37,135	58,773

Statement of financial position As at 30 June 2016

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Current assets	18,193	18,494	32,444	26,909	37,525
Non-current assets	1,640,893	1,637,061	1,584,918	1,637,018	1,592,185
Total assets	1,659,086	1,655,555	1,617,362	1,663,927	1,629,710
Current liabilities	28,650	33,305	41,070	29,033	45,156
Non-current liabilities	67,397	65,764	54,126	67,397	54,192
Total liabilities	96,047	99,069	95,196	96,430	99,348
Net assets	1,563,039	1,556,486	1,522,166	1,567,497	1,530,362
Total equity	1,563,039	1,556,486	1,522,166	1,567,497	1,530,362

Statement of changes in net assets/equity For the year ended 30 June 2016

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Balance at start of year					
Accumulated funds including share of joint venture	964,246	976,906	909,588	968,085	913,308
Other reserves	557,920	538,588	554,443	562,277	558,281
Balance at 1 July as previously reported	1,522,166	1,515,494	1,464,031	1,530,362	1,471,589
Total comprehensive income for the year wholly attributable to Waikato District Council	40,873	40,992	58,135	37,135	58,773
Other equity movements	-	-	-	-	-
Balance at 30 June wholly attributable to Waikato District Council	1,563,039	1,556,486	1,522,166	1,567,497	1,530,362
Represented by equity at the end of the year					
Accumulated funds	1,004,834	998,502	964,246	1,006,334	968,085
Other reserves	558,205	557,984	557,920	561,163	562,277
Balance at 30 June wholly attributable to Waikato District Council	1,563,039	1,556,486	1,522,166	1,567,497	1,530,362

Statement of cash flows For the year ended 30 June 2016

	Council			Group	
	2015/16 Actual \$'000	2015/16 Budget \$'000	2014/15 Actual \$'000	2015/16 Actual \$'000	2014/15 Actual \$'000
Net cash from operating activities	45,051	37,728	39,058	44,145	38,537
Net cash from investing activities	(58,430)	(55,802)	(45,187)	(52,238)	(45,625)
Net cash from financing activities	7,050	18,129	15,492	3,800	15,492
Net (decrease) increase in cash and cash equivalents	(6,329)	55	9,363	(4,293)	8,404

SUMMARY ACCOUNTING POLICIES

Waikato District Council is a territorial local authority governed by the Local Government Act 2002 (LGA 2002) and is domiciled and operates in New Zealand.

The Group consists of the ultimate parent Waikato District Council (Council), its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust. Strada is a 50% party to a Joint Venture Agreement, Waikato Quarries Limited. All the entities in which Council has an interest, directly or through Strada, are incorporated and

domiciled in New Zealand. The principal activity of Council is the provision of local infrastructure, local public services and the performance of regulatory functions to the community. Council does not operate to make a financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes. The financial statements of Council and the Group have been prepared in accordance with and are fully compliant with Tier 1 PBE accounting standards.

Council's summary annual report complies with PBE IFRS 43 Summary Financial Statements.

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

The summary financial statements of Council are for the year ended 30 June 2016. The full annual report and summary financial statements were authorised for issue by Council on 3 October 2016.

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Waikato District Council and group's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of Waikato District Council (the District Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 6 to 8:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 3 October 2016.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Reporting (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out the audit of the debenture trust deed and other assurance services which are compatible with those independence requirements. Other than this reporting and these assignments, we have no relationship with or interests in the District Council or any of its subsidiaries.



Leon Pieterse
Audit New Zealand
On behalf of the
Auditor-General
Auckland, New Zealand
3 October 2016

SUMMARY ADDITIONAL DISCLOSURES

Contingencies

Contingent liabilities for Council at balance date are \$nil (2015: \$1,500,000) The Group's contingent liabilities at balance date are: \$2,843,000 (2015: \$2,079,000). They include guarantees, outstanding insurance and other claims.

Council is a 35 per cent capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainty surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of the 35 per cent share.

Commitments

Council has \$80,590,000 (2015: \$86,476,000) of capital commitments. Strada had no capital commitments at balance date (2015: \$nil).

Events after balance date

No events which provide evidence of conditions existing for Council at balance date have occurred between then and the date these financial statements were authorised for issue.

For Strada, the following material events are expected to occur subsequent to 30 June 2016:

- The Company has entered into an unconditional agreement for the sale of the property located at 27 Glasgow Street Huntly with settlement in August 2016.
- In addition to the specific property mentioned above, Strada's Board has resolved to sell the remainder of the Company's operational assets and extinguish all of the Company's liabilities during the year ended 30 June 2017.

Adjustments to the comparative year financial statements

The Council and group have adjusted their comparative year financial statements for the year ended 30 June 2015 due to a change in Local Government (Financial Reporting and Prudence) Regulations 2014 and the reclassification of some items.

The adjustments are detailed in note 38 of the full annual financial statements.

Explanation of major variances

The major variance explanations are set out below and explain the significant differences

between actual results for 2015/16 compared to the budget for 2015/16.

Rates revenue was lower than budgeted, specifically in relation to water-by-meter charging. This variance relates to a difference in the level of assumed water-by-meter consumption and actual consumption. Total actual revenue exceeded budgeted revenue mainly due to the vestment of assets, contributions and subsidy revenue.

Other revenue encompasses Council's fees and charges including infringements, consent applications, dog registrations, service connections and other regulatory function revenue. This category also covers cost sharing arrangements for capital work programmes and vested assets. Vested asset revenue relates to infrastructure that is transferred to council to maintain upon completion of development works. Vested asset revenue is not budgeted and accounts for the majority of this variance (\$19.8 million). The other major variance relates to the work that has been ongoing in terms of condition assessment of our assets under the ground. This process has enabled council to capture assets that had not previously been identified, and are known as found assets. These are also unbudgeted and explain another \$5.4 million of the variance.

Contribution revenue was significantly higher than budgeted due to staging of development and related timing of uplift of consents. During the 2015/16 year residential and industrial development in the district contributed \$1.4 million more in contribution income than budgeted levels. A large proportion of this income relates to consent applications lodged prior to July 2015 (approximately 92% of consents uplifted).

Subsidies and grant income is sourced mainly from the New Zealand Transport Agency in relation to the roading work programmes. Subsidy is approved on a three yearly programme basis where timing variances between years are redistributed or adjusted by the agency for subsequent years. This year's subsidy was \$389,000 above budget. During 2015/16 council received Ministry of Health subsidy that had been budgeted for in 2014/15, this transaction alone provided additional revenue of \$1.3 million.

Asset write-offs were not budgeted for and arise as assets are disposed because they have reached the end of their useful lives, been replaced or transferred. Asset write-offs account for the majority of the variance against budget for operating expenses (\$7.5 million). Development timing in Pokeno also led to an increase in both interest income and interest cost during the year (\$4.8 million of additional cost). Roading maintenance works exceeded expected spend by \$1.4 million and an unbudgeted provision for weather tight building claims accounted for another \$562,000 of the overall variance.

The gain on property, plant and equipment revaluations was significantly lower than expected mainly due to differences in predictive cost indices compared to actual cost escalations. In the case of roading and bridges the index was negative reducing the asset value by 1% compared to the previous year whereas it was budgeted to be an increase.

At balance date, cash and cash equivalents on hand were higher than budgeted due to the timing of the final rates and water-by-meter instalments and normal working capital fluctuations. Debtors (accounts receivable) balances were lower than expected reflected in the high cash on hand balances compared to budget. Borrowings saw actual loans \$4 million lower than anticipated because funds on hand from the prior year were used to reduce the amount borrowed.

Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report which was authorised for issue on 3 October 2016.

The summary cannot be expected to provide a complete understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Waikato District Council.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Auditor General. The full annual report and summary received an unmodified audit opinion on 3 October 2016.

The full annual report can be obtained from any of the Council's offices or can be accessed online at www.waikatodc.govt.nz.