

Te Kauwhata Irrigation Association (Inc)

Performance Report For the year ended 30th June 2020 Contents

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Directory as at Balance Date:	
Chairman:	Mike Peters
Committee:	Gerald Jackson Grant Clune Keith Dawson David Hardwick Brett Wheeler Andrew Cornwall Emma Adams
Executive Officer:	Emma Adams
Administration Manager:	Emma Adams
Bankers:	Bank of New Zealand, Huntly 02 0328 0060189 00
Lawyers:	Norris Ward & MacKinnon, Hamilton
IRD Number:	052 062 373

Entity Information

"Who are we?" and "Why do we exist?" For the year ended 30th June 2020

Legal Name:	Te Kauwhata Irrigation Association (Inc)
Operational Name:	Te Kauwhata Water Association (TKWA)
Legal Basis:	Incorporated Society
Registration Number:	TEK57664

TKWA's Mission:

TKWA's mission is to efficiently supply "outdoor" water to its Members (Users) and bulk water to the Waikato District Council (WDC) for potable treatment. This is distributed along over 34km of reticulation from its pumphouse on Churchill East Road. TKWA ensures the supply is available at all times without restriction to meet the needs of Users. The reticulation area extends from Rangiriri in the south to Hampton Downs, from the Waikato River in the west to the railway. To ensure ongoing viability, TKWA maintains its infrastructure to a high standard and extends its reticulation to meet changing demand and new water uses. The water supplied is not potable requiring additional treatment by the user to make it fit for consumption. The Association is committed to distribute the annual investment surpluses to local charities for the betterment of the community.

TKWA's Structure:

TKWA is governed by a committee of Members elected each year at the Annual General Meeting. The Committee has appointed an Executive Officer and Administration Manager to manage the day to day affairs of the Association. The Executive Officer reports directly to the Chairman. TKWA does not have any employees with all functions being undertaken by contractors.

Main Sources of TKWA's Cash and Resources:

TKWA obtains most of its revenues from the sale of untreated water. Additional sundry income is received from Members subscriptions, new connections, additional water entitlements and interest from investments. It does not seek to receive donations or apply for charitable grants.

Main Methods Used by TKWA to Raise Funds:

N/a

TKWA's Reliance on Volunteers and Donated Goods or Services:

N/a

Additional Information:

TKWA is unable to insure its horizontal assets against damage. The Committee has resolved to create an "Adverse Events Reserve" to ensure the Association is able to meet any costs associated with such an event. This reserve is funded by bank investments. The investment policy is reviewed annually.

TKWA Contact Details

Physical Address:	14 Main Road, Te Kauwhata
Postal Address:	PO Box 15, Te Kauwhata 3741
Phone:	0800 859 283 (0800 tkwater)
Email/Website:	water@tkwa.co.nz www.tkwa.co.nz

Te Kauwhata Irrigation Association (Inc)

Statement of Service Performance "What did we do?" and "When did we do it?" For the year ended 30th June 2020

TKWA's Outcomes:

Each year, TKWA endeavours to achieve a financial surplus sufficient to meet its depreciation provision after ensuring the infrastructure is appropriately maintained. In this financial year, increased revenue from new pricing has resulted in a Net Surplus of \$107,000. It is expected this will continue in the future.

Description and Quantification of Outputs:

Water Revenues: These vary with the summer weather and changes to land use. Continued population growth with the area serviced by the Waikato District Council potable reticulation network sees volumes continue to increase. The price charged to WDC has increased to reflect the new value of the assets. Water is also supplied on a temporary basis to contractors.

Sundry Income: This arises from connections in new rural life-style subdivisions, leasing of DSE to third parties, recoveries from damage caused by other contractors, etc.

Investment Income: In spite of the increase in invested funds, there is little change because of the current low interest rates. Each year, the Committee reviews its investment policy.

	Actuals		Change
	This Year	Last Year	
Water Revenues	585,323	445,030	31.5%
Sundry Income	33,312	38,974	(14.5%)
Investment Income	15,960	34,248	(53.4%)

Statement of Financial Performance "How was it funded?" and "What did it cost?" For the year ended 30th June 2020

	Note	Actuals		Change
		This Year \$	Last Year \$	
Revenues:				
Subscriptions from Members	1	6,750	6,420	
Revenues from Sale of Water	1	585,323	445,030	
Interest	1	15,960	34,248	
Other Revenue	1	33,312	38,974	
Additional DSE Allocated to Members		0	11,970	
Total Revenues		641,345	536,642	19.5%
Less Expenses:				
Costs of Operations and Maintenance	2	213,849	278,197	(23.1%)
Donations made to local organisations	2	0	63,297	
Depreciation & Write-offs		336,618	326,640	
Total Expenses		550,467	668,134	(17.6%)
Surplus/(Deficit) for the Year		90,878	(131,492)	

Statement of Financial Position "What the entity owns?" and "What the entity owes?" For the year ended 30th June 2020

	Note	Actuals	
		This Year \$	Last Year \$
Assets			
Current Assets:			
Bank Accounts	3	1,300,567	1,096,401
Accounts Receivable and Prepayments	3	232,700	260,577
Inventory	3	87,656	90,723
Total Current Assets		1,620,923	1,447,701
Non-Current Assets:			
Property, Buildings, Plant and Reticulation	4	14,930,367	14,964,534
Intangible Assets		696,975	700,166
Total Non-Current Assets		15,627,342	15,664,700
Total Assets		17,248,265	17,112,401
Liabilities			
Current Liabilities:			
Accounts Payable and Accruals	3	129,930	84,946
Total Current Liabilities		129,930	84,946
Non-Current Liabilities:			
Total Non-Current liabilities		0	-
Total Liabilities		129,930	84,946
Net Assets		17,118,335	17,027,455
Accumulated Funds			
Capital contributed by members	5	426,215	426,215
Accumulated surpluses or (deficits)	5	1,048,767	957,887
Reserves	5	15,643,353	15,643,353
Total Accumulated Funds		17,118,335	17,027,455

Te Kauwhata Irrigation Association (Inc)

Statement of Cash Flows "How the entity has received and used cash" For the year ended 30th June 2020

	Actuals	
	This Year \$	Last Year \$
Cash Flows from Operating Activities		
Cash was received from:		
Subscriptions from Members	6,750	6,420
Receipts from Sales of Water	470,250	452,803
Receipts from Other Activities	55,824	58,007
Interest	28,959	34,248
Net GST	24,375	11,721
Cash was applied to:		
Payments to Contractors & Suppliers	154,667	347,419
Donations paid	-	63,297
Net Cash Flows from Operating Activities	431,491	152,483
Cash flows from Investing and Financing Activities		
Cash was received from:		
Receipts from the sale of Old Infrastructure	-	-
Deferred Contribution Repaid	3,191	
Capital contributed by Members	-	11,970
Cash was applied to:		
Payments to acquire New Infrastructure (Inc Prepayments)*	233,583	156,218
Additional Inventory	(3,067)	(12,496)
Net Cash Flows from Investing and Financing Activities*	(227,325)	(131,752)
Net Increase / (Decrease) in Cash*	204,166	20,731
Opening Cash*	1,096,401	1,075,670
Closing Cash*	1,300,567	1,096,401
This is represented by:		
Bank Accounts and Cash*	1,300,567	1,096,401

Statement of Accounting Policies "How did we do our accounting?" For the year ended 30th June 2020

Basis of Preparation

Te Kauwhata Irrigation Association (Inc) has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit). It does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST. Prepayments are exclusive of GST.

Income Tax

Te Kauwhata Irrigation Association (Inc) is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions.

Bank Accounts and Cash

Bank accounts in the Statement of Cash Flows comprise of bank balances (including short term deposits) with original maturities of 365 days or less. The Association does not receive cash receipts or make any cash payments.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year (last year - nil)

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report

For the year ended 30th June 2020

Note 1 : Analysis of Revenue

Revenue Item	Analysis	This Year \$	Last Year \$	Change
Revenues from Providing Water:	Users	148,500	84,856	
	Bulk Water Contracts	435,447	340,855	
	Casual Supply	1,376	19,319	
	Total	585,323	445,030	31.5%
Interest:		This Year \$	Last Year \$	
	BNZ	13,825	31,963	
	Other	2,135	2,285	
Total	15,960	34,248	(53.4%)	
Subscriptions from Members		This Year \$	Last Year \$	
	A \$15 subscription is added to each quarterly invoice sent to Users.	6,750	6,420	
Total	6,750	6,420	5.1%	
Other Revenues:		This Year \$	Last Year \$	
	Connection Fees	2,865	4,134	
	Damage Recoveries	325	335	
	Lease of DSE	9,307	15,774	
	Contribution Received	0	18,232	
	Reimbursement from Waikato District Council	20,000	-	
	Other	815	499	
Total	33,312	38,974	(14.5%)	

Note 2 : Analysis of Expenses

Expense Item	Analysis	This Year \$	Last Year \$	Change
Operating Expenses - Headworks	Electricity	88,061	73,377	
	Repairs to Infrastructure	2,803	39,955	
	Total	90,864	113,332	(19.8%)
Operating Expenses - Reticulation		This Year \$	Last Year \$	
	Repairs to Infrastructure	24,644	33,222	
	Operations & Maintenance	2,656	3,548	
Total	27,300	36,770	(25.8%)	
Administration & Overheads		This Year \$	Last Year \$	
	Administration	21,980	52,346	
	WRC Water Rights	2,225	10,177	
	Chairman's Honoraria & Expenses	8,000	10,335	
	Professional Indemnity Insurance	2,327	1,869	
	Professional Fees	61,153	53,368	
Total	95,685	128,095	(25.3%)	
Donations Made		This Year \$	Last Year \$	
		0	63,297	
Total	0	63,297		

Note 3 : Analysis of Assets and Liabilities

Asset Item	Analysis	This Year \$	Last Year \$	Change
BNZ Bank accounts	Operating Accounts	300,567	46,401	
	Term Deposits	1,000,000	1,050,000	
	Total	1,300,567	1,096,401	18.6%
Accounts Receivable & Prepayments		This Year \$	Last Year \$	
	Accounts Receivable	221,235	131,646	
	Interest Accrual	9,238	22,237	
	Prepayments	2,227	106,694	
Total	232,700	260,577	(10.7%)	
Inventory		This Year \$	Last Year \$	
		87,656	90,723	
Total	87,656	90,723	(3.4%)	
Accounts Payable & Accruals		This Year \$	Last Year \$	
	Accounts Payable	108,814	76,421	
	GST	21,116	8,525	
Total	129,930	84,946	53.0%	
Intangible Assets		This Year \$	Last Year \$	
	Water Rights	625,000	625,000	
	Digital Database	56,934	56,934	
	Deferred Contributions	15,041	18,232	
Total	696,975	700,166		

Te Kauwhata Irrigation Association (Inc)

**Notes to the Performance Report
For the year ended 30th June 2020**

**Note 4 : Property, Plant and Equipment
This Year 2020**

Asset Class	Opening Carrying Amount	Additions	Sales & Disposals	Revaluation	Current Year Depreciation	Closing Carrying Amount
Land & Easements	272,920	1,679	-	-	-	274,599
Headworks	4,635,367	272,905	-	-	167,486	4,740,786
Reticulation Network	10,040,134	27,867	-	-	167,622	9,900,379
Administration Assets	16,113	-	-	-	1,510	14,603
Total	14,964,534	302,451	-	-	336,618	14,930,367

Last Year 2019

Asset Class	Opening Carrying Amount	Additions	Sales & Disposals	Revaluation 1 July 2018	Last Year Depreciation	Closing Carrying Amount
Land & Easements	68,043	5,420	-	199,457	-	272,920
Headworks	1,137,711	17,384	-	3,638,549	158,277	4,635,367
Reticulation Network	4,358,016	34,011	-	5,814,960	166,853	10,040,134
Administration Assets	2,026	3,129	-	12,468	1,510	16,113
Total	5,565,796	59,944	-	9,665,434	326,640	14,964,534

Note 5: Accumulated Funds

This Year 2020

Description	Capital Contributed by Members	Accumulated Surpluses or Deficits	Reserves	Total
Opening Balance	426,215	957,887	15,643,353	17,027,455
Capital contributed by members	-	-	-	-
Surplus/(Deficit)	-	90,878	-	90,878
Revaluation	-	-	-	-
Historic Adjustment	-	2	-	2
Closing Balance	426,215	1,048,767	15,643,353	17,118,335

Last Year 2019

Description	Capital Contributed by Members	Accumulated Surpluses or Deficits	Reserves	Total
Opening Balance	414,245	944,873	5,977,919	7,337,037
Capital contributed by members	11,970	-	-	11,970
Surplus/(Deficit)	-	(131,492)	-	(131,492)
Revaluation	-	-	9,665,434	9,665,434
Historic Adjustment	-	144,506	-	144,506
Closing Balance	426,215	957,887	15,643,353	17,027,455

Breakdown of Reserves Name	Nature and Purpose	Actuals	
		This Year \$	Last Year \$
Retained Earnings		16,118,335	16,027,455
Adverse Event Reserve	Accumulates surplus cash reserves in the event of major	1,000,000	1,000,000
Total		17,118,335	17,027,455

Note 6 : Commitments and Contingencies

Commitment	Explanation and Timing	As At Balance Date	
		This Year \$	Last Year \$
Commitments to lease assets	TKWA does not lease any assets	-	-
Commitment to complete SH1 reinstatement of reticulation.	This project is completed	-	20,000
Commitment to complete connections in subdivisions.	TKWA is contracted to 2 developers to complete the installation of new connections at their subdivisions. These works will be undertaken as the subdivisions are developed. There will be revenue contributions that will materially offset the expenditure.	15,000	30,000
Commitment to replace infrastructure.	This project is completed	-	180,000

Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at balance date (Last Year - nil)

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report

For the year ended 30th June 2020

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Note 7: Other

Significant Grants and Donations with Conditions which have not been Recorded as a Liability

Description	Original Amt	Not Fulfilled Amt
None	-	-

Goods or Services Provided to TKWA in Kind

Description	Amount
None	-

Assets Used as Security for Liabilities:

Nature and Amount of Borrowing	Nature and Amount of Asset Used as Security
None	

Note 8: Assets Held on Behalf of Others

Description of the Assets Held	Name of Entity of Whose Behalf Assets are Held
None	

Note 9: Related Party Transactions

Amounts are only paid upon the receipt of a tax invoice. The value of transactions includes the reimbursement of expenses.

Description of Related Party Relationship	Description of the Transaction	Value of Transactions		Amounts Outstanding	
		This Year	Last Year	This Year	Last Year
		\$	\$	\$	\$
M & L Peters Ltd - Chairman (M Peters - Member)	Honorarium	8,000	10,000	-	-
	Expenses	225	335	-	-
Earthcare Systems Ltd (K Dawson - Member)	Maintenance and installation of new services.	26,227	10,914	-	-
Jackson Engineering Ltd (G Jackson - Member)	Maintenance and installation of new services.	32,464	42,168	-	-
Andrews Electrical Ltd (A Andrews - Member)	Electrical maintenance	43,073	9,754	-	-
ENA 2000 Ltd (E Adams - Administration Manager - Member)	Administration Services	26,241	23,775	-	-
Jacer Ltd (A Cornwall - Executive Officer)	Administration Services	27,691	44,025	-	-
	Consultancy Services relating to design and project management of projects.	37,940	55,945	-	-
Devine Consultancy Services Ltd (Associated to Jacer Ltd)	Accounting services	1,140	760	-	-
Wheeler -Te Kauwhata Rd - Member	Deferred settlement of reticulation upgrade on commercial terms.	0	18,232	-	-

Note 10: Events After the Balance Date

Events After the Balance Date:

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year Nil)