

Te Kauwhata Irrigation Association (Inc)

Performance Report For year ended 30th June 2021

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Directory as at Balance Date:	
Chairman:	Mike Peters
Committee:	Gerald Jackson Grant Clune Keith Dawson David Hardwick Brett Wheeler Patrick English
Executive Officer:	Andrew Cornwall
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 2021

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 36km 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 2021

TKWA's Outcomes:

Each year, TKWA endeavours to achieve a financial surplus sufficient to meet its depreciation provision after ensuring its infrastructure is appropriately maintained. In this financial year, a wetter summer resulted in reduced usage. The new Supply Agreement with Waikato District Council resulted in a refunded retrospective price adjustment. However, from 1 July 2021 the agreed price increased by 28%. Deferred maintenance from the previous year was completed this financial year resulting in a material increase in maintenance costs. This resulted in a Net Deficit of \$84,000. It is expected the 2022 financial year will result in a material surplus.

Description and Quantification of Outputs:

Water Revenues: Volumes 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 and new connections by Members sees volumes continue to increase. The price charged to WDC reflects the new Supply Agreement which now includes annual pricing formula. 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 to the infrastructure 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 investment policy is reviewed by the Committee.

	Actuals		Change
	This Year	Last Year	
Water Revenues	469,763	585,323	-19.7%
Sundry Income	34,682	33,312	4.1%
Investment Income	28,731	15,960	80.0%

Statement of Financial Performance "How was it funded?" and "What did it cost?" For the year ended 30th June 2021

	Note	Actuals		Change
		This Year \$	Last Year \$	
Revenues:				
Subscriptions from Members	1	7,170	6,750	
Revenues from Sale of Water	1	469,763	585,323	
Interest	1	28,731	15,960	
Other Revenue	1	34,682	33,312	
Additional DSE Allocated to Members		-	-	
Total Revenues		540,346	641,345	(15.7%)
Less Expenses:				
Costs of Operations and Maintenance	2	290,879	213,849	36.0%
Donations made to local organisations	2	22,500	-	
Depreciation & Write-offs	4	321,339	336,618	
Total Expenses		634,718	550,467	15.3%
Surplus/(Deficit) for the Year		(94,372)	90,878	

Statement of Financial Position "What the entity owns?" and "What the entity owes?" For the year ended 30th June 2021

	Note	Actuals	
		This Year \$	Last Year \$
Assets			
Current Assets:			
Bank Accounts	3	1,416,811	1,300,567
Accounts Receivable and Prepayments	3	216,239	232,700
Inventory	3	96,435	87,656
Total Current Assets		1,729,485	1,620,923
Non-Current Assets:			
Property, Buildings, Plant and Reticulation	4	14,706,420	14,930,367
Intangible Assets	3	699,481	696,975
Total Non-Current Assets		15,405,901	15,627,342
Total Assets		17,135,386	17,248,265
Liabilities			
Current Liabilities:			
Accounts Payable and Accruals	3	105,628	129,930
Total Current Liabilities		105,628	129,930
Non-Current Liabilities:			
Total Non-Current liabilities		-	-
Total Liabilities		105,628	129,930
Net Assets		17,029,758	17,118,335
Accumulated Funds			
Capital Contributed by Members	5	432,010	426,215
Accumulated Surpluses or (Deficits)	5	954,395	1,048,767
Reserves	5	15,643,353	15,643,353
Total Accumulated Funds		17,029,758	17,118,335

Te Kauwhata Irrigation Association (Inc)

Statement of Cash Flows

"How the entity has received and used cash"

For the year ended 30th June 2021

	Actuals	
	This Year \$	Last Year \$
Cash Flows from Operating Activities		
Cash was received from:		
Subscriptions from Members	7,170	6,750
Receipts from Sales of Water	497,663	470,250
Receipts from Other Activities	34,682	55,824
Interest	24,174	28,959
Net GST	5,419	24,375
Cash was applied to:		
Payments to Contractors & Suppliers	330,549	154,667
Donations paid	22,500	-
GST Paid		
Net Cash Flows from Operating Activities	216,059	431,491
Cash flows from Investing and Financing Activities		
Cash was received from:		
Receipts from the Sale of Old Infrastructure	-	-
Deferred Contribution Repaid	1,823	3,191
Capital Contributed by Members	5,795	-
Cash was applied to:		
Payments to acquire New Infrastructure (Inc Prepayments)*	97,392	233,583
Renewal of Water Rights	4,329	-
Additional Inventory	5,712	(3,067)
Net Cash Flows from Investing and Financing Activities*	(99,815)	(227,325)
Net Increase / (Decrease) in Cash*	116,244	204,166
Opening Cash*	1,300,567	1,096,401
Closing Cash*	1,416,811	1,300,567
This is represented by:		
Bank Accounts and Cash*	1,416,811	1,300,567

Statement of Accounting Policies

"How did we do our accounting?"

For the year ended 30th June 2021

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 2021**

Note 1 : Analysis of Revenue

Revenue Item	Analysis	This Year \$	Last Year \$	Change
Revenues from Providing Water:	Users	120,399	148,500	
	Bulk Water Contracts	348,896	435,447	
	Casual Supply	468	1,376	
	Total	469,763	585,323	(19.7%)
Interest:		This Year \$	Last Year \$	
	BNZ	25,477	13,825	
	Other	3,254	2,135	
Total	28,731	15,960	80.0%	
Subscriptions from Members	Analysis A \$15 subscription is added to each quarterly invoice sent to Users.	This Year \$	Last Year \$	
		7,170	6,750	
Total	7,170	6,750	6.2%	
Other Revenues:		This Year \$	Last Year \$	
	Connection Fees	24,100	2,865	
	Damage Recoveries	150	325	
	Lease of DSE	9,257	9,307	
	Contribution Received	-	-	
	Reimbursement from Waikato District Council	-	20,000	
	Other	1,175	815	
Total	34,682	33,312	4.1%	

Note 2 : Analysis of Expenses

Expense Item	Analysis	This Year \$	Last Year \$	Change
Operating Expenses: Headworks	Electricity	75,833	88,061	
	Repairs to Infrastructure	18,231	2,803	
	Total	94,064	90,864	3.5%
Operating Expenses: Reticulation		This Year \$	Last Year \$	
	Repairs to Infrastructure	54,065	24,644	
	Operations & Maintenance	4,668	2,656	
Total	58,733	27,300	115.1%	
Administration & Overheads		This Year \$	Last Year \$	
	Administration	24,435	21,980	
	WRC Water Rights	8,321	2,225	
	Chairman's Honoraria & Expenses	8,000	8,000	
	Professional Indemnity Insurance	2,309	2,327	
	Professional Fees	95,017	61,153	
Total	138,082	95,685	44.3%	
Donations Made		This Year \$	Last Year \$	
		22,500	-	
Total	22,500	-		

Note 3 : Analysis of Assets and Liabilities

Asset Item	Analysis	This Year \$	Last Year \$	Change
BNZ Bank accounts	Operating Accounts	396,704	300,567	
	Term Deposits	1,020,107	1,000,000	
	Total	1,416,811	1,300,567	8.9%
Accounts Receivable & Prepayments		This Year \$	Last Year \$	
	Accounts Receivable	189,150	221,235	
	Interest Accrual	13,795	9,238	
	Prepayments	2,062	2,227	
Total	205,007	232,700	(11.9%)	
Inventory		This Year \$	Last Year \$	
		96,435	87,656	
Total	96,435	87,656	10.0%	
Accounts Payable & Accruals		This Year \$	Last Year \$	
	Accounts Payable	63,194	108,814	
	GST	42,434	21,116	
Total	105,628	129,930	(18.7%)	
Intangible Assets		This Year \$	Last Year \$	
	Water Rights	625,000	625,000	
	Renewal of Water Rights	4,329	-	
	Digital GPS Database	56,934	56,934	
	Deferred Contributions	13,218	15,041	
Total	699,481	696,975		

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report
For the year ended 30th June 2021

Note 4 : Property, Plant and Equipment

This Year 2021

Asset Class	Opening Carrying Amount	Additions	Sales & Disposals	Revaluation	Current Year Depreciation	Closing Carrying Amount
Land & Easements	274,599	-	-	-	-	274,599
Headworks	4,740,786	7,011	-	-	155,239	4,592,558
Reticulation Network	9,900,379	90,381	-	-	164,890	9,825,870
Administration Assets	14,603	-	-	-	1,210	13,393
Total	14,930,367	97,392	-	-	321,339	14,706,420

Last Year 2020

Asset Class	Opening Carrying Amount	Additions	Sales & Disposals	Revaluation 1 July 2018	Last 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

Note 5: Accumulated Funds

This Year 2021

Description	Capital Contributed by Members	Accumulated Surpluses or Deficits	Reserves	Total
Opening Balance	426,215	1,048,767	15,643,353	17,118,335
Capital contributed by Mem	5,795	-	-	5,795
Surplus/(Deficit)	-	(94,372)	-	(94,372)
Revaluation of Assets	-	-	-	-
Historic Adjustment	-	-	-	-
Closing Balance	432,010	954,395	15,643,353	17,029,758

Last Year 2020

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

Actuals

Breakdown of Reserves		This Year \$	Last Year \$
Name	Nature and Purpose		
Retained Earnings		15,929,758	16,118,335
Adverse Event Reserve	Accumulates surplus cash reserves in the event of major damage to horizontal infrastructure.	1,100,000	1,000,000
Total		17,029,758	17,118,335

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	This project is completed	-	20,000
Commitment to Renew Water Rights.	In June 2024 the current water rights issued by the Waikato Regional Council will be renewed. The Renewal process requires a formal application to be submitted to justify the requested amount. The Association has started this process by engaging experienced consultants to act on its behalf. It is being assisted by WDC.	250,000	-
Commitment to complete connections in subdivisions.	TKWA is contracted to a developer to complete the installation of new connections at a subdivision. These works will be completed in Summer 2021. There will be a revenue contribution which will materially offset the total 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).

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	-

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report For the year ended 30th June 2021

Note 8: Assets Held on Behalf of Others

Description of the Assets Held:
None

Name of Entity of Whose Behalf Assets are Held

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	8,000	-	-
Earthcare Systems Ltd (K Dawson - Member)	Expenses	1,240	225	-	-
Jackson Engineering Ltd (G Jackson - Member)	Maintenance and installation of new services.	47,681	26,227	-	-
Andrews Electrical Ltd (A Andrews - Member)	Maintenance and installation of new services.	24,961	32,464	-	-
ENA 2000 Ltd (E Adams - Administration Manager & Member)	Electrical maintenance	2,734	43,073	-	-
Jacer Ltd (A Cornwall - Executive Officer)	Administration Services	28,527	26,241	-	-
Devine Consultancy Services Ltd (Associated to Jacer Ltd)	Administration Services	49,878	27,691	-	-
Wheeler -Te Kauwhata Rd - Member	Consultancy Services relating to negotiations, design and Accounting services	42,470	37,940	-	-
		720	1,140	-	-
	Deferred settlement of reticulation upgrade on commercial terms.	-	-	-	-

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)