

Te Kauwhata Irrigation Association (Inc)

Performance Report

For the year ended

30 June 2019

Contents

	Page
Non-Financial Information:	
Entity Information	2
Statement of Service Performance	3
Financial Information:	
Statement of Financial Performance	4
Statement of Financial Position	5
Statement of Cash Flows	6
Statement of Accounting Policies	7
Notes to the Performance Report	8 - 13
Directory as at Balance Date:	
Chairman:	Mike Peters
Committee:	Gerald Jackson Grant Clune Keith Dawson David Hardwick Mike Olphert Brett Wheeler
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

Te Kauwhata Irrigation Association (Inc)

Entity Information

"Who are we?", "Why do we exist?"

For the year ended

30 June 2019

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 mission is to efficiently supply "outdoor" water to its Members and bulk water to the Waikato District Council for potable treatment. This is distributed along over 32km of reticulation from its pumphouse on Churchill East Road. It 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 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 receive revenue from donations.

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 long-term investments.

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?", When did we do it?"

For the year ended

30 June 2019

TKWA's Outcomes:

Each year, TKWA endeavours to achieve a surplus sufficient to meet its depreciation provision after ensuring the infrastructure is appropriately maintained. In this financial year an outcome of the replacement revaluation of all assets, was that the depreciation charge increased from \$150,000 to \$340,000. In spite of a operational surplus of more than \$250,000, this new depreciation calculation resulted in an accounting loss.

Description and Quantification of Outputs:	Actuals	
	This Year	Last Year
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 Council has increased to reflect the new value of the assets. Water is also supplied on a temporary basis to contractors.	445,031	409,359
Sundry Income: This arises from connections in new rural life-style subdivisions, leasing of DSE to thirty parties, recoveries from damage caused by other contractors, subscriptions from Members, etc.	45,393	26,706
Investment Income: In spite of the increase in invested funds, there is little change because of the current low interest rates.	34,248	31,992

Te Kauwhata Irrigation Association (Inc)

Statement of Financial Performance

"How was it funded?" and "What did it cost?"

For the year ended

30 June 2019

	Note	Actuals	
		This Year	Last Year
		\$	\$
Revenues:			
Subscriptions from Members	1	6,420	5,710
Revenues from Sale of Water	1	445,031	409,359
Interest	1	34,248	31,992
Other Revenue	1	38,973	20,996
Additional DSE Allocated to Members		11,970	4,750
Total Revenues		536,642	472,807
Less Expenses:			
Costs of Operations and Maintenance	2	278,197	192,212
Donations made to local organisations	2	63,297	38,425
Depreciation & Write-offs		332,066	150,033
Total Expenses		673,560	380,670
Surplus/(Deficit) for the Year		(136,918)	92,137

Te Kauwhata Irrigation Association (Inc)

Statement of Financial Position

"What the entity owns?" and "What the entity owes?"

As at

30 June 2019

	Note	Actuals	
		This Year \$	Last Year \$
Assets			
Current Assets:			
Bank Accounts	3	1,096,401	1,075,670
Accounts Receivable and Prepayments	3	261,944	173,960
Inventory	3	90,723	103,219
Total Current Assets		1,449,068	1,352,849
Non-Current Assets:			
Property, Buildings, Plant and Reticulation	4	15,147,667	5,435,010
Water Rights		625,000	625,000
Digital Database of Reticulation		56,934	-
Deferred Contribution		16,865	-
Total Non-Current Assets		15,846,466	6,060,010
Total Assets		17,295,534	7,412,859
Liabilities			
Current Liabilities:			
Accounts Payable and Accruals	3	84,946	75,822
Total Current Liabilities		84,946	75,822
Non-Current Liabilities:			
Total Non-Current liabilities		-	-
Total Liabilities		84,946	75,822
Net Assets		17,210,588	7,337,037
Accumulated Funds			
Capital contributed by members	5	426,215	414,245
Accumulated surpluses or (deficits)	5	649,752	944,873
Reserves	5	16,134,621	5,977,919
Total Accumulated Funds		17,210,588	7,337,037

Te Kauwhata Irrigation Association (Inc)

Statement of Cash Flows

"How the entity has received and used cash"

For the year ended

30 June 2019

	Actuals	
	This Year	Last Year
	\$	\$
Cash Flows from Operating Activities		
Cash was received from:		
Subscriptions from Members	6,420	5,710
Receipts from Sales of Water	454,867	379,387
Receipts from Other Activities	55,944	10,959
Interest	34,248	31,992
Net GST	11,721	1,652
Cash was applied to:		
Payments to Contractors & Suppliers	347,420	219,127
Donations paid	63,297	38,425
Net Cash Flows from Operating Activities	152,483	172,148
Cash flows from Investing and Financing Activities		
Cash was received from:		
Receipts from the sale of Old Infrastructure	-	-
NZTA	-	205,000
Capital contributed by Members	11,970	2,375
Cash was applied to:		
Payments to acquire New Infrastructure (Inc Prepayments)*	156,218	262,619
Additional Inventory	(12,496)	9,945
Net Cash Flows from Investing and Financing Activities*	(131,752)	(65,189)
Net Increase / (Decrease) in Cash*	20,731	106,959
Opening Cash*	1,075,670	968,711
Closing Cash*	1,096,401	1,075,670
This is represented by:		
Bank Accounts and Cash*	1,096,401	1,075,670

Te Kauwhata Irrigation Association (Inc)

Statement of Accounting Policies

"How did we do our accounting?"

For the year ended

30 June 2019

Basis of Preparation

#REF!

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

#REF!

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

30 June 2019

Note 1 : Analysis of Revenue

Revenue Item	Analysis	This Year \$	Last Year \$
Subscriptions from Members	A \$15 subscription is added to each quarterly invoice sent to Users.	6,420	5,710
	Total	6,420	5,710
Revenue Item	Analysis	This Year \$	Last Year \$
Revenue from Providing Water	Users	84,856	99,377
	Bulk Water Contracts	340,855	301,766
	Casual Supply	19,319	8,215
	Total	445,030	409,358
Revenue Item	Analysis	This Year \$	Last Year \$
Interest	BNZ	31,963	29,285
	Other	2,285	2,707
	Total	34,248	31,992
Revenue Item	Analysis	This Year \$	Last Year \$
Other Revenues	Connection Fees	4,134	28,422
	Damage Recoveries	335	2,451
	Lease of DSE	15,774	580
	Contribution Received	18,232	
	Other	499	(10,457)
	Total	38,974	20,996

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report

For the year ended

30 June 2019

Note 2 : Analysis of Expenses

		This Year	Last Year
Expense Item	Analysis	\$	\$
Operating Expenses - Headworks	Electricity	73,377	67,744
	Repairs to Infrastructure	39,955	21,100
	Total	113,332	88,844
		This Year	Last Year
Expense Item	Analysis	\$	\$
Operating Expenses - Reticulation	Repairs to Infrastructure	33,222	23,210
	Operations & Maintenance	3,548	2,310
	Total	36,770	25,520
		This Year	Last Year
Expense Item	Analysis	\$	\$
Administration & Overheads	Administration	52,346	53,961
	WRC Water Rights	10,177	11,828
	Chairman's Honoraria & Expenses	10,335	10,000
	Professional Indemnity Insurance	1,869	0
	Professional Fees	53,368	2,059
Total	128,095	77,848	77,848
		This Year	Last Year
Expense Item	Analysis	\$	\$
Donations Made		63,297	38,425
Total	Total	63,297	38,425

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report

For the year ended

30 June 2019

Note 3 : Analysis of Assets and Liabilities

		This Year	Last Year
Asset Item	Analysis	\$	\$
BNZ Bank accounts	Operating Accounts	46,401	75,670
	Term Deposits	1,050,000	1,000,000
	Total	1,096,401	1,075,670
		This Year	Last Year
Asset Item	Analysis	\$	\$
Accounts Receivable & Prepayments	Accounts Receivable	130,950	159,818
	Prepayments	130,994	14,142
	Total	261,944	173,960
		This Year	Last Year
Asset Item	Analysis	\$	\$
Inventory		90,723	103,219
	Total	90,723	103,219
		This Year	Last Year
Liability Item	Analysis	\$	\$
Accounts Payable & Accruals	Accounts Payable	84,946	75,822
	Total	84,946	75,822

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report

For the year ended

30 June 2019

Note 4 : Property, Plant and Equipment

This Year						
Asset Class	Opening Carrying Amount	Additions	Sales & Disposals	Revaluation 1 July 2018	Current Year Depreciation & Impairment	Closing Carrying Amount
Land & Easements	68,043	5,420	-	207,280	-	280,743
Headworks	1,137,711	14,557	-	3,831,988	163,585	4,820,671
Reticulation Network	4,358,016	34,011	-	5,814,960	166,853	10,040,134
Administration Assets	2,144	3,129	-	2,474	1,628	6,119
Total	5,565,914	57,117	-	9,856,702	332,066	15,147,667
Last Year 2018						
Asset Class	Opening Carrying Amount	Additions	Sales & Disposals		Current Year Depreciation & Impairment	Closing Carrying Amount
Land & Easements	61,367	6,676	-	-	-	68,043
Headworks	1,143,604	62,345	2,729	-	65,509	1,137,711
Reticulation Network	4,309,303	132,541	-	-	83,828	4,358,016
Administration Assets	2,644	-	-	-	500	2,144
Total	5,516,918	201,562	2,729		149,837	5,565,914

Te Kauwhata Irrigation Association (Inc)

Notes to the Performance Report

For the year ended

30 June 2019

Note 5: Accumulated Funds

This Year				
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)		(136,918)		(136,918)
Revaluation			9,856,702	9,856,702
Historic Adjustment		141,797		141,797
Transfer to Reserves		(300,000)	300,000	-
Closing Balance	426,215	649,752	16,134,621	17,210,588
Last Year				
Description	Capital Contributed by Members	Accumulated Surpluses or Deficits	Reserves	Total
Opening Balance	409,495	1,004,012	5,843,353	7,256,860
Capital contributed by members	4,750			4,750
Surplus/(Deficit)		92,137		92,137
Historic Adjustment		98,724	(115,434)	(16,710)
Transfer to Reserves		(250,000)		(250,000)
Transfer from Reserves			250,000	250,000
Closing Balance	414,245	944,873	5,977,919	7,337,037

		Actuals		
		This Year	Last Year	
Breakdown of Reserves	Name	Nature and Purpose	\$	\$
	Asset Revaluation Reserve	Accumulates periodic revaluations of assets	14,784,402	4,927,700
	Adverse Event Reserve	Accumulates surplus cash reserves in the event of major damage to horizontal infrastructure.	1,000,000	900,000
	General Reserve	Donations are made from this reserve	316,545	116,545
Total			16,100,947	5,944,245

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.	TKWA is contracted to NZTA to complete the reinstatement of reticulation along SH1. A residual amount of work remains but cannot be completed until final works are completed by the principal contractor. This is expected to be done in the 2019/20 summer.	20,000	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.	30,000	60,000
Commitment to replace infrastructure.	TKWA is aware the pressure tank at the headworks needs replacing. This work was undertaken in July 2019.	180,000	150,000

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

30 June 2019

Notes 7-12

Note 7: Other

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

Description	Original Amt	Not Fulfilled Amt	Purpose and Nature of the Condition(s)
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

All amounts are only paid upon the receipt of a tax invoice.

Description of Related Party Relationship	Description of the Transaction	This Year	Last Year	This	Last
		\$	\$	\$	\$
		Value of Transactions		Amounts Outstanding	
M & L Peters Ltd - Chairman (M Peters - Member)	Honorarium	10,000	10,000		
	Expenses	335	-		
Earthcare Systems Ltd (K Dawson - Member)	Maintenance and installation of new services.	10,914	26,965		
Jackson Engineering Ltd (G Jackson - Member)	Maintenance and installation of new services.	42,168	29,898		
Andrews Electrical Ltd (A Andrews - Member)	Electrical maintenance	9,754	4,012		
ENA 2000 Ltd (E Adams)	Administration Services	23,775	-		
Jacer Ltd (A Cornwall - Executive Officer)	Administration Services	44,025	35,301		
	Consultancy Services relating to design and project management of projects.	55,945	31,514		
Devine Consultancy Services Ltd (Associated to Jacer Ltd)	Accounting services	760	991		
Wheeler	Deferred settlement of reticulation upgrade on commercial terms.	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)