

Waitaki District Council

Memorandum

From Accounting Manager

Date 4 October 2017

Pre-Audit Draft Annual Report for the Year Ended 30 June 2017

Recommendation

That the Finance, Audit and Risk Committee receive the information.

Purpose

To inform the Finance, Audit and Risk Committee of the likely financial performance of Council for the year ended 30 June 2017.

Background

Council must produce an Annual Report that meets the requirements of s98 of the Local Government Act 2002. The annual report must be audited and adopted by 31 October 2017.

In view of the fact that this 4 October 2017 Finance, Audit and Risk (FAR) Committee meeting is the only meeting of either this Committee or Council prior to the full Council meeting on 25 October at which the Annual Report will need to be adopted, it has been decided to present the Draft Annual Report "as is" to inform Councillors of the likely result for the year.

Discussion

Result to Date

The unaudited Draft Annual Report indicates a financial result which does not vary significantly from the projections provided to the FAR Committee meeting on 16 August 2017. Those projections and the current draft operating result for Council are detailed below.

| | 16 August 2017 FAR Committee \$000 | Draft Annual Report \$000 | Variance \$000 |
|--------------------------|--|---------------------------------|-------------------|
| Operating Revenue | 46,831 | 47,485 | 654 |
| Operating Expenses | 44,574 | 45,746 | (1,172) |
| Operating Surplus | 2,257 | 1,739 | (518) |

The main changes to the projected results arose from the recognition of a greater value of vested assets than was expected, and increased depreciation charges following the three-yearly revaluation of Parks and Property assets. Issues and requests for clarification and correction arising from the revaluation, as well as difficulties experienced in entering the water contract into the Hanson system during the year, resulted in a considerable delay in finalising the annual depreciation charge.

Despite the variance in the operating result from previous projections, the balance sheet shows that Council is in a sound position financially; key asset values are being maintained; there is no external debt; and the reported cash position is very strong.

The Annual Report will also include reporting of actual achievement against the non-financial performance measures included in the 2015-25 Long Term Plan.

Outstanding Matters

Some aspects of the Annual Report remain to be completed. These include:

- Statement of Cash Flows has still to be produced, and the reconciliation of operating Cash Flows cannot be completed until that is available.
- Funding Impact Statements by Group of Activity have still to be prepared, so Notes 31 and 32, which summarise and reconcile the information contained in those reports, await completion.

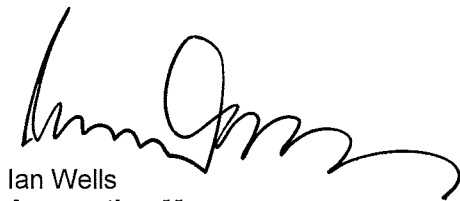
The most significant piece of work still to be completed is the audit of the financial statements by Audit New Zealand. Auditors commenced this work on 2 October, and expect to be completed and have their opinion available in time for the Council meeting on 25 October when the Annual Report is to be adopted. Any changes required to the Annual Report arising from the audit process will be reported to Council at that time.

Accompanying this memorandum are key pieces of financial detail taken from the Draft Annual Report; namely:

- Statement of Comprehensive Revenue and Expenditure
- Statement of Changes in Equity
- Statement of Financial Position
- Note 1 – Operating Revenue – Rates
- Note 2 – Operating Revenue – Government Grants and Subsidies
- Note 3 – Operating Revenue – Other Grants and Donations
- Note 4 – Finance Revenue and Finance Expense
- Note 5 – Operating Revenue – Non-trading Gains / (Losses)
- Note 6 – Personnel Costs
- Note 7 – Operating Expenses – Other Operating Costs

Conclusion

Although not complete, the unaudited Draft Annual Report shows a position that is not expected to change materially. It shows that Council is in a strong financial position to start the new financial year.



Ian Wells
Accounting Manager



Paul Hope
Chief Financial Officer

Attachment

Appendix A – Information outlined in the memorandum, extracted from the Draft Annual Report

Statement of Comprehensive Revenue and Expenditure

For the year ended 30 June 2017

| | | Consolidated | | Council Only | | |
|--|-----------|-----------------|----------------|-----------------|----------------|----------------|
| | | 2017 | 2016 | 2017 | 2017 | 2016 |
| | | Actual | Actual | Actual | Budget | Actual |
| | | \$000 | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | | | |
| Rates Revenue | 1 | 30,266 | 30,340 | 30,303 | 30,385 | 30,375 |
| User Charges | | 28,329 | 27,387 | 5,909 | 4,059 | 6,410 |
| Regulatory Charges | | 1,508 | 1,289 | 1,508 | 1,354 | 1,289 |
| Development and RMA Contributions | | 738 | 545 | 738 | 595 | 545 |
| Government Grants and Subsidies | 2 | 16,148 | 17,095 | 6,339 | 8,009 | 6,574 |
| Other Grants and Donations | 3 | 964 | 796 | 906 | 1,105 | 677 |
| Finance Revenue | 4 | 1,318 | 1,577 | 1,184 | 1,137 | 1,264 |
| Petrol Tax | | 193 | 192 | 193 | 190 | 192 |
| Infringements and Fines | | 86 | 38 | 86 | 54 | 38 |
| Dividend and Subvention Payments | | - | - | 790 | 120 | 562 |
| Assets vested in Council | 5 | 526 | 158 | 526 | - | 63 |
| Other gains and Losses | 5 | (1,587) | (4,249) | (997) | - | (2,672) |
| Total Revenue | 32 | 78,489 | 75,168 | 47,485 | 47,008 | 45,317 |
| Expenses | | | | | | |
| Personnel costs | 6 | 29,282 | 28,513 | 10,652 | 10,665 | 9,914 |
| Depreciation and amortisation | 10 | 13,941 | 13,554 | 11,888 | 11,380 | 11,463 |
| Finance Costs | 4 | 12 | 1 | 1 | - | - |
| Other expenses | 7 | 34,592 | 32,863 | 23,205 | 22,307 | 22,620 |
| Total Expenses | 32 | 77,827 | 74,931 | 45,746 | 44,352 | 43,997 |
| Surplus / (Deficit) before Tax | | 662 | 237 | 1,739 | 2,656 | 1,320 |
| Income Tax Expense / (Refund) | 8 | 98 | 297 | - | - | - |
| Surplus / (Deficit) after tax | | 564 | (60) | 1,739 | 2,656 | 1,320 |
| Other Comprehensive Revenue and Expense | | | | | | |
| Gain/(Loss) on revaluation of Infrastructural Assets | 10 | 922 | 5,824 | 922 | - | 5,824 |
| Gain/(Loss) on revaluation of Properties | 10 | 9,162 | - | 8,819 | 5,250 | - |
| Other Comprehensive Revenue | | - | - | - | - | - |
| Total Other Comprehensive Revenue and Expense | | 10,084 | 5,824 | 9,741 | 5,250 | 5,824 |
| Total Comprehensive Revenue and Expense | | \$10,648 | \$5,764 | \$11,480 | \$7,906 | \$7,144 |

The accompanying Notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2017

| | Consolidated | | Council Only | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2017 Actual \$000 | 2016 Actual \$000 | 2017 Actual \$000 | 2017 Budget \$000 | 2016 Actual \$000 |
| Public Equity at 1 July | 775,876 | 770,112 | 750,897 | 757,781 | 743,753 |
| Total Comprehensive Revenue and Expense | 10,648 | 5,764 | 11,480 | 7,906 | 7,144 |
| Public Equity at 30 June | <u>\$ 786,524</u> | <u>\$ 775,876</u> | <u>\$ 762,377</u> | <u>\$ 765,687</u> | <u>\$ 750,897</u> |

The accompanying Notes form part of these financial statements

Statement of Financial Position

As at 30 June 2017

| | Notes | Consolidated | | Council Only | | |
|----------------------------------|-------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2017 Actual \$000 | 2016 Actual \$000 | 2017 Actual \$000 | 2017 Budget \$000 | 2016 Actual \$000 |
| Public Equity | | | | | | |
| Ratepayers' Equity | 9 | 310,208 | 310,208 | 310,208 | 310,208 | 310,208 |
| Revaluation Reserve | 9 | 425,888 | 416,724 | 416,001 | 414,526 | 407,181 |
| Operating Reserve | 9 | 35,586 | 34,707 | 21,326 | 26,378 | 19,271 |
| Other Reserves | 9 | 14,842 | 14,237 | 14,842 | 14,575 | 14,237 |
| Total Public Equity | | \$786,524 | \$775,876 | \$762,377 | \$765,687 | \$750,897 |
| Non-Current Assets | | | | | | |
| Property Plant and Equipment | 10 | 741,525 | 730,502 | 719,237 | 726,558 | 709,232 |
| Intangible Assets | 11 | 1,311 | 1,358 | 892 | 839 | 895 |
| Forestry | 12 | 226 | 253 | 226 | 72 | 253 |
| Assets held for Sale | 16 | 1,150 | 2,519 | 1,150 | 1,735 | 2,519 |
| Other Financial Assets | | | | | | |
| - Investments in CCO's | 13 | - | - | 4,912 | 4,912 | 4,912 |
| - Investments in other entities | 13 | 145 | 145 | 145 | 145 | 145 |
| - Loans to other entities | 13 | 27,435 | 19,526 | 25,060 | 25,650 | 17,663 |
| | | 771,792 | 754,303 | 751,622 | 759,911 | 735,619 |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 14 | 5,540 | 7,202 | 4,483 | 1,775 | 2,463 |
| Receivables | 15 | 7,408 | 7,668 | 3,470 | 4,125 | 3,947 |
| Prepayments | | 387 | 491 | 233 | 340 | 356 |
| Inventory | 17 | 1,082 | 950 | 26 | 15 | 29 |
| Work in Progress | | 155 | 90 | - | - | - |
| Other Financial Assets | | | | | | |
| - Term deposits | 13 | 12,876 | 17,310 | 9,425 | 6,500 | 14,750 |
| - Loans to other entities | 13 | 16 | 1 | 16 | 1 | 1 |
| Assets held for Sale | 16 | 369 | 441 | 369 | - | 441 |
| | | 27,833 | 34,153 | 18,022 | 12,756 | 21,987 |
| Total Assets | | 799,625 | 788,456 | 769,644 | 772,667 | 757,606 |
| Non-Current Liabilities | | | | | | |
| Provisions | 18 | 788 | 387 | 788 | 285 | 387 |
| Employee Entitlement Liabilities | 19 | 102 | 94 | - | - | - |
| Borrowings | 20 | 10 | 11 | - | - | - |
| Deferred Tax Liability | 8 | 623 | 545 | - | - | - |
| | | 1,523 | 1,037 | 788 | 285 | 387 |
| Current Liabilities | | | | | | |
| Trade and Other Payables | 21 | 7,458 | 6,902 | 5,272 | 5,545 | 4,958 |
| Short Term Borrowings | 21 | 1 | 1 | - | - | - |
| Employee Entitlement Liabilities | 19 | 4,040 | 4,109 | 1,074 | 975 | 1,015 |
| Provisions | 18 | 144 | 368 | 133 | 175 | 349 |
| Provision for Taxation | | (65) | 163 | - | - | - |
| | | 11,578 | 11,543 | 6,479 | 6,695 | 6,322 |
| Total Liabilities | | 13,101 | 12,580 | 7,267 | 6,980 | 6,709 |
| Net Assets | | \$786,524 | \$775,876 | \$762,377 | \$765,687 | \$750,897 |

The accompanying Notes form part of these financial statements

Notes to the Financial Statements

| | Consolidated | | 2017 | Council Only | |
|--|--------------|-------|-------|---------------------|-------|
| | 2017 | 2016 | | 2017 Annual Plan | 2016 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |

Note 1: Operating Revenue - Rates

Rates revenue - Policy

- General rates, targeted rates (excluding water by meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates at the amounts due.
- Late payment penalties applied to unpaid rates are recognised as revenue when rates become overdue
- Revenue from rates for water supplied by meter is recognised based on usage
- Rate remissions are recognised as a reduction in rates revenue at the start of the financial year

Analysis of revenue from Rates:

| | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Rates | 1,800 | 1,863 | 1,837 | 1,834 | 1,898 |
| District Services Rates | 1,505 | 1,301 | 1,505 | 1,495 | 1,301 |
| Uniform Annual General Charge | 5,059 | 4,656 | 5,059 | 5,068 | 4,656 |
| Ward Rates | 6,578 | 6,436 | 6,578 | 6,574 | 6,436 |
| Separate Rates | 9,559 | 9,748 | 9,559 | 9,514 | 9,748 |
| Targeted Rates for water supply | 5,236 | 5,610 | 5,236 | 5,236 | 5,610 |
| User charges for water supply by meter | 416 | 495 | 416 | 481 | 495 |
| Rates Penalties charged | 385 | 552 | 385 | 425 | 552 |
| Less Rates Remitted | (272) | (321) | (272) | (242) | (321) |
| Total Rates Revenue | \$30,266 | \$30,340 | \$30,303 | \$30,385 | \$30,375 |

Note 2: Operating Revenue – Government Grants and Subsidies

Government grants and subsidies - Policy

- New Zealand Transport Agency provides funding assistance towards the costs of roading maintenance and capital expenditure. These subsidies are recognised as revenue upon entitlement when conditions pertaining to eligible expenditure have been met
- New Zealand Cycletrails has approved funding for the construction of the Alps2Ocean Cycletrail. This revenue is recognised as work is completed towards meeting funding milestones set as part of that contractual arrangement.
- In general, revenue from other Government Grants and Subsidies is recognised when eligibility has been established, unless there is an obligation in substance to return the funds should conditions of the grant not be met, in which case the grants are initially recorded as revenue in advance, and only recognised as revenue when all conditions are satisfied

Analysis of revenue from Government Grants:

| | | | | | |
|---|-----------------|-----------------|----------------|----------------|----------------|
| New Zealand Transport Agency subsidies | 6,047 | 7,000 | 6,047 | 6,673 | 6,296 |
| Ministry of Business, Innovation & Employment | 138 | 129 | 138 | 1,200 | 129 |
| Ministry for the Environment | 84 | 82 | 84 | 75 | 82 |
| Ministry for Youth Development | 18 | - | 18 | - | - |
| Southern DHB operational contract funding | 9,809 | 9,793 | - | - | - |
| Other Government grants and subsidies | 52 | 91 | 52 | 61 | 67 |
| Total Government Grants | \$16,148 | \$17,095 | \$6,339 | \$8,009 | \$6,574 |

The Ministry of Business, Innovation and Employment administers the New Zealand Cycletrails Fund, which supports the construction and maintenance of the country's cycletrail network.
In 2016, the New Zealand Transport Agency provided funding of \$250,000 for the Alps2Ocean Cycletrail.

Notes to the Financial Statements

| | Consolidated | | 2017 | Council Only | |
|--|--------------|-------|-------|---------------------|-------|
| | 2017 | 2016 | | 2017 Annual Plan | 2016 |
| | \$000 | \$000 | \$000 | \$000 | \$000 |

Note 3: Operating Revenue – Other Grants and Donations

Other Grants and donations - Policy

- Revenue is recognised when eligibility has been established, unless there is an obligation in substance to return the funds should conditions of the grant not be met, in which case the grants are initially recorded as revenue in advance, and only recognised as revenue when all conditions are satisfied.

Analysis of revenue from Other Grants and Donations:

Alps2Ocean Cycletrail construction

| | | | | | |
|--------------------------------------|-----|-----|-----|-----|-----|
| Friends of the Alps2Ocean Cycletrail | 437 | 382 | 437 | 125 | 382 |
| Otago Community Trust | 100 | 2 | 100 | - | 2 |
| McKenzie District Council | 50 | 100 | - | - | - |
| Challenge Farm Trusts Partnership | - | 19 | - | - | 19 |

Cultural Facility upgrade

| | | | | | |
|---|----|---|----|-----|---|
| Local residents, businesses and organisations | 15 | 1 | 15 | 788 | 1 |
|---|----|---|----|-----|---|

General purposes and other projects

| | | | | | |
|---------------------------|-----|-----|-----|-----|-----|
| North Otago Rugby | 32 | 32 | 32 | 21 | 32 |
| Bequest - Est B Jamieson | 12 | - | 12 | - | - |
| Bequest - Est E Fleetwood | 11 | - | 11 | - | - |
| Sundry other revenue | 307 | 260 | 299 | 171 | 241 |

| | | | | | |
|-----------------------------------|--------------|--------------|--------------|----------------|--------------|
| Total Grants and Donations | \$964 | \$796 | \$906 | \$1,105 | \$677 |
|-----------------------------------|--------------|--------------|--------------|----------------|--------------|

Funds donated by Friends of the Alps2Ocean include grants secured from NZ Lotteries, Trust Aoraki and the Lion Foundation and, in 2016, from The Otago Community Trust and Trust Aoraki

Note 4: Finance Revenue and Finance Expense

Finance Revenue & Expense - Policy

- Interest revenue is recognised when earned
- Borrowing costs are recognised as an expense in the year in which they are incurred

Analysis of Finance revenue and Finance expense

Finance Income

| | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Bank deposits | 607 | 834 | 473 | 412 | 521 |
| North Otago Irrigation Co Ltd | 609 | 727 | 609 | 592 | 727 |
| Observatory Village Charitable Trust | 87 | - | 87 | 121 | - |
| Other community loans | 15 | 16 | 15 | 12 | 16 |
| Total Finance income | 1,318 | 1,577 | 1,184 | 1,137 | 1,264 |

Finance costs

| | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Interest on bank overdraft | 12 | - | 1 | - | - |
| Interest on other external borrowings | - | 11 | - | - | - |
| Total Finance costs | 12 | 11 | 1 | - | - |
| Net Finance revenue/(cost) | \$1,306 | \$1,566 | \$1,183 | \$1,137 | \$1,264 |

Notes to the Financial Statements

| Consolidated | | Council Only | |
|--------------|-------|--------------|-------------|
| 2017 | 2016 | 2017 | 2016 |
| | | | Annual Plan |
| \$000 | \$000 | \$000 | \$000 |

Note 5: Operating Revenue – Non-trading Gains / (Losses)

Non-trading Gains / (Losses) - Policy

- Vested Infrastructural Assets – assets that are received for no or nominal consideration are recognised at their fair value when Council obtains control of the asset. Fair value is usually determined by reference to the cost of constructing the asset which may be, in turn, based either on information provided by the property developer, or on certified engineers' certificates

Analysis of revenue from Non-trading Gains / (Losses):

Assets vested in Council

| | | | | | |
|---------------------------------------|--------------|--------------|--------------|-------------|-------------|
| Land & Improvements | 511 | 21 | 511 | - | 21 |
| Buildings Assets | - | 95 | - | - | - |
| Roading & Bridges | - | 14 | - | - | 14 |
| Plant Assets | 8 | - | 8 | - | - |
| Other Assets | 7 | 28 | 7 | - | 28 |
| Total Assets Vested in Council | \$526 | \$158 | \$526 | \$ - | \$63 |

Other Gains and Losses

| | | | | | |
|---|------------------|------------------|----------------|-------------|------------------|
| Gain/(loss) on Property Plant & Equipment | (1,561) | (3,672) | (1,759) | - | (3,665) |
| Depreciation recovered on disposal | 724 | 1,167 | 565 | - | 459 |
| Gain on forestry harvesting | 112 | 432 | 112 | - | 432 |
| Gain/(loss) on revaluation of Forestry Assets | 85 | 102 | 85 | - | 102 |
| Impairment of non-current financial asset | (947) | (2,278) | - | - | - |
| Total Other Gains / Losses | (\$1,587) | (\$4,249) | (\$997) | \$ - | (\$2,672) |

Notes to the Financial Statements

| | Consolidated | | 2017 | Council Only | |
|--|--------------|-------|-------|--------------|-------|
| | 2017 | 2016 | | 2017 | 2016 |
| | | | | Annual Plan | |
| | \$000 | \$000 | \$000 | \$000 | \$000 |

Note 6: Personnel Costs

Personnel costs - Policy

- Defined contribution plan employer contributions – contributions to Kiwisaver and other similar schemes are accounted for as defined benefit superannuation schemes and expensed as incurred

Analysis of Personnel Costs:

| | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|----------------|
| Salaries and wages | 28,324 | 27,554 | 10,364 | 10,398 | 9,588 |
| Redundancy and severance payments | 98 | 90 | - | - | 36 |
| Defined contribution plan employer contributions | 658 | 776 | 249 | 229 | 248 |
| Fringe Benefit Taxes | 202 | 93 | 39 | 38 | 42 |
| Total personnel costs | \$29,282 | \$28,513 | \$10,652 | \$10,665 | \$9,914 |

Remuneration of the Chief Executive Officer (Clause 32(iii))

Total remuneration of the Chief Executive Officer, Michael Ross, for the year ended 30 June 2017 was \$253,913 (2016: \$256,275). Note that Council ceased employer contributions for the Chief Executive's superannuation and Kiwisaver during the year.

Michael Ross is a Director of North Otago Irrigation Company Limited (Council appointee) receiving Director's Fees of \$12,000 (2016: \$12,000).

Mayor's and Elected Members' Remuneration

| | Council only | |
|---|--------------|--------------|
| | 2017 | 2016 |
| | \$000 | \$000 |
| Mayor: | | |
| Gary Kircher | 93 | 91 |
| Elected Members: | | |
| Peter Garvan | 25 | 24 |
| Jim Hopkins | 25 | 24 |
| William Kingan | 28 | 27 |
| Guy Percival | 25 | 24 |
| Hugh Perkins | 29 | 31 |
| Melanie Tavendale | 30 | 24 |
| Colin Wollstein | 28 | 27 |
| Craig Dawson (from 8 October 2016) | 17 | - |
| Jeremy Holding (from 8 October 2016) | 17 | - |
| Janice Wheeler (from 8 October 2016) | 17 | - |
| Kathy Dennison (to 8 October 2016) | 10 | 27 |
| Sally Hope (to 8 October 2016) | 8 | 22 |
| June Slee (to 8 October 2016) | 9 | 24 |
| Total Remuneration – Mayor and Elected Members | \$361 | \$345 |

Notes to the Financial Statements

Note 6: Operating Expenses – Personnel Costs (continued)

Key Management Personnel

Employees considered key personnel for Council are the Mayor and Councillors, the Chief Executive, the Chief Financial Officer and the three Group Managers.

Total remuneration of key management personnel is as follows:

| | Council only | |
|---|---------------------|----------------|
| | 2017 | 2016 |
| | \$000 | \$000 |
| Senior management team, including Chief Executive | 942 | 930 |
| <i>Full-time equivalent members (number)</i> | 5 | 5 |
| Councillors | 345 | 309 |
| <i>Full-time equivalent members (number)</i> | 11 | 11 |
| Total remuneration | \$1,287 | \$1,239 |
| Total Full-time equivalent members | 16 | 16 |

Employee Staffing Levels and Remuneration

At 30 June 2017, Council had 96 full-time employees (2016: 99), and casual and part-time employees amounting to 39 full-time equivalent (FTE) staff (2016: 29 FTE).

128 employees received annual remuneration of less than \$60,000 (2016: 132), and 64 staff (2016: 63) received annual remuneration greater than \$60,000. In the table below, these are expressed in bands of \$20,000 or in bands adjusted as appropriate to ensure compliance with the Act:

| | Employees | |
|--------------------------|------------------|---------------|
| | 2017 | 2016 |
| | Number | Number |
| Remuneration band | | |
| \$120,000 – \$259,999 | 9 | 8 |
| \$100,000 – \$119,999 | 10 | 10 |
| \$80,000 – \$99,999 | 15 | 14 |
| \$60,000 – \$79,999 | 30 | 31 |
| Total staff | 64 | 63 |

The Group, comprising Council and four CCOs, has a total of 40 employees receiving annual remuneration in excess of \$100,000 (2016: 33).

Severance Payments (Clause 33)

Council made no severance payments during the financial year (2016: one, \$36,100).

Other members of Council's group made severance payments totaling \$98,418 (2016: \$53,582).

Notes to the Financial Statements

| | Consolidated | | 2017 | Council Only | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2017 | 2016 | | 2017 | 2016 |
| | | | | Annual Plan | |
| | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> | <u>\$000</u> |

Note 7: Operating Expenses – Other operating costs

Operating costs - Policy

• Grant Expenditure

- Non-discretionary grants are awarded when grant applications meet specified criteria, and are recognised as expenditure when such applications are approved and payment is made.
- Discretionary grants are those which Council has no obligation to award, and are recognised as expenditure when approved by Council and when that approval is communicated to the applicant.
- In all cases, grants, or portions of grants, which are not applied to the purpose for which they were provided, must be returned, thus reducing grants expense for the period in which the funds are received.

• Leases

Operating Leases

Operating leases do not transfer substantially all the risks and rewards of ownership of an asset. These are charged on a straight-line basis over the term of the lease.

Analysis of Other Operating Costs

Audit Fees - Audit New Zealand

| | | | | | |
|----------------------------------|-----|-----|-----|-----|-----|
| Audit Current Year Annual Report | 172 | 164 | 117 | 127 | 112 |
|----------------------------------|-----|-----|-----|-----|-----|

Audit Fees - Other audit providers

| | | | | | |
|----------------------------------|----|----|---|---|---|
| Audit Current Year Annual Report | 23 | 23 | - | - | - |
|----------------------------------|----|----|---|---|---|

| | | | | | |
|-------------------------|---|----|---|---|---|
| Other Services provided | 8 | 12 | - | - | - |
|-------------------------|---|----|---|---|---|

| | | | | | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Community grants and donations | 1,281 | 1,100 | 1,212 | 1,415 | 1,034 |
| Directors' Fees | 352 | 327 | - | - | - |
| Impairment of Receivables (Note 15) | 448 | 32 | 342 | 150 | (58) |
| Insurance premiums | 608 | 646 | 318 | 362 | 340 |
| Operating lease expense | 481 | 448 | 105 | 111 | 109 |
| Provision for closed landfill | 186 | 120 | 186 | (12) | 120 |
| Other Expenditure | 31,033 | 29,991 | 20,925 | 20,154 | 20,963 |
| Total Other Operating Expenses | \$34,592 | \$32,863 | \$23,205 | \$22,307 | \$22,620 |