

Functional and presentation currency

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

Changes in accounting policies

In January 2017 the XRB issued new standards for interest in other entities (PBE-IPSAS 34 – 38). These new standards replace existing standards for interests in other entities (PBE-IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. Council plans to adopt the new standards in preparing the 30 June 2020 financial statements. This decision has no effect on the preparation of these prospective financial statements as Council's subsidiaries are not included (see the section below headed Basis of consolidation).

The accounting policies used in this annual plan and set out below are consistent with those those applied in prior financial statements.

~~Standards issued and not yet effective which have been early adopted~~

~~Standards and amendments issued but not yet effective which have been early adopted are:~~

Significant Accounting Policies

Basis of consolidation

Council has not consolidated the prospective financial statements to include its subsidiaries Strada and the Waikato District Community Wellbeing Trust as a group because Council believes that consolidation would not enhance an understanding of Council's core activities and services.

Revenue

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable. Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised. An asset acquired through a non-exchange transaction is initially measured at its fair value at the date of acquisition.

Specific revenue items are recognised as follows:

- General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the year to which the rates resolution relates. They are recognised at the amounts due. Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.
- Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, because there are unread meters at year-end, is accrued on an average usage basis.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.
- Council receives Government grants from the New Zealand Transport Agency (NZTA), which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.
- Revenue from the sale or provision of goods is recognised when a product is sold to the customer.
- Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- Fees and charges revenue is recognised when the service is provided.
- Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.
- Traffic and parking infringement income is recognised when the infringement notice is issued.