



Les Munro Centre

Waitomo District Council

Annual Plan

2016-2017

***Creating a better future with vibrant
communities and thriving business.***

www.waitomo.govt.nz

**Waitomo**
District Council

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Message from the Mayor and Chief Executive

This year we have some exciting initiatives planned that support the focus set out in the 2015-25 LTP.

Work in the economic growth space is well underway and influences a number of key initiatives in the 2016/17 year.

Tourism continues to be a key driver of our economy and with tourist numbers on the increase, one of the economic development initiatives we will be exploring in the coming year is a new camp ground for Te Kuiti. A new camp ground has the potential to enhance visitor experience in our District and capture the tourist dollar for the benefit of the local economy and community.

Council will continue to maintain and renew the Districts infrastructure assets and manage these in a sustainable manner. Our forecast rates increase of 2.85% for all properties in the District is lower than the original LTP forecast of 3.99% for the 2016/17 year. We continue to work hard to reduce debt and are on target to achieve the forecast reduction of \$21 million over the life of the LTP.

While this year we didn't have a formal consultation we gave you the chance to provide us with your feedback on our plans which several of you did. We would like to thank you for taking the time to do so.

It is important we continue to make the right decisions for our District and we hope that this Plan like the 2015-25 Long Term Plan continues to strike the right balance between managing debt and continuing to prudently manage our infrastructure while keeping rates increases to a minimum.

We are looking forward to the year ahead.



Brian Hanna
Mayor



Chris Ryan
Chief Executive

A handwritten signature in black ink that reads "AB Hanna".

A handwritten signature in black ink that reads "Chris Ryan".

Introduction

The Annual Plan focuses on Council’s work programme for the years between the three-yearly Long Term Plan with the intent of highlighting any exceptions. The plans, projects, costs of the proposals, rates and debt levels over the next 10 years contained within the current LTP 2015-2025 (LTP) were consulted with our District community through a comprehensive and robust process in April last year and the LTP was adopted in June 2015.

The EAP 2016/17 has no significant differences from Year 2 of Council’s LTP 2015-25. The planned levels of service are unchanged, while proposed rates to be collected and forecast debt are both lower than expected.

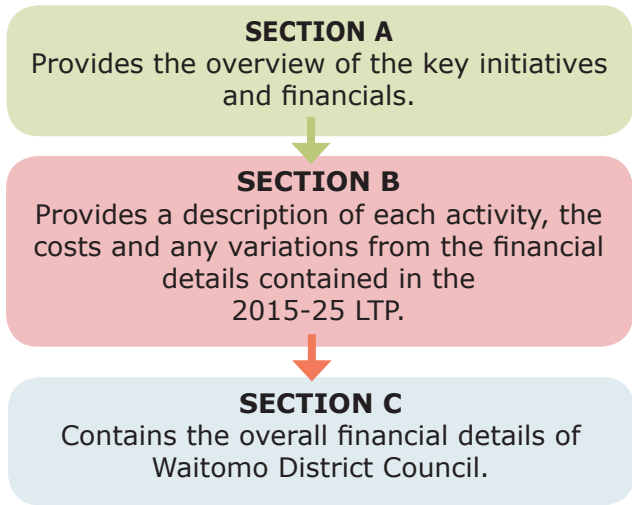
As there are no material changes or consultation issues, Council did not have a formal submissions process for the EAP 2016/17. This is the first time for such a move, made possible because of changes to the Local Government Act which provides Council with the option of adopting an Annual Plan

without further consultation where it is consistent with the LTP. This avoids duplication of process thereby saving time and increasing efficiency.

Although, no formal consultation was undertaken, Council gave the community an opportunity to engage and provide any feedback on our plans and financials for 2016/17.

Structure of the Annual Plan

This Plan contains three main sections:



Key Initiatives for 2016/17 year

Council's areas of focus, as contained in the LTP 2015-25 are:

Economic Development
Community Connectivity and Development
Good Asset Stewardship and Management

The intention is to enhance the livability of our District, facilitate our communities to be vibrant and thriving and to do this in a financially prudent and sustainable manner. We have been working towards these focus areas and plan to continue this direction in the 2016/17 year. Some of the key initiatives include:

Economic Development

2016/17 year will see the adoption of an **Economic Development Strategy** to guide economic development activities in our District. The strategy will be informed by the data collected over the current year.

Data collection and plans to collate a comprehensive overview of the state of different components of our local economy and to identify key issues and opportunities for the District are well underway.



Tourism in the country and in our District is on the increase and the provision of a well maintained and serviced campground in Te Kuiti could increase the visitor numbers over-nighting in our District.

As part of our focus on economic and community development Council intends to undertake a feasibility study in the 2016/17 year, to investigate a new campground for Te Kuiti at Brook Park. If the results of the feasibility study are positive, we will consult with the community on the details.

Visitor numbers to one of our newer attractions, the Timber Trail, are increasing markedly each year. Council is supporting a **Concept Development Plan** for Timber Trail Marketing, which is to be run in conjunction with Ruapehu District Council. We look forward to this initiative bringing increased visitor numbers and business activity to the Timber Trail in the 2016/17 year.



The **Te Kuiti Railway Station Buildings 2 and 3** were opened in October 2015 after an extensive restoration and strengthening project. The aim of the project is to re-invigorate and showcase the railway heritage of the town, as well as creating a vibrant central hub for the community of Te Kuiti. This project will be completed in the 2016/17 year.



Community Connectivity and Development

Council intends to facilitate a **Retirement Housing Project** in order to meet the needs of the changing demographics within our community. This project will be progressed by a community group and Council will provide any support required for this community initiative.

Tourism is a significant industry in our District with total tourism expenditure for the year ending March 2015 of \$68 million. Council recognises the significance of Waitomo Caves Village as the hub of this activity with an estimated 500,000 + visitors per year and intends to provide facilitation support to the Tere Waitomo Community Trust in implementing the **Waitomo Village Structure Plan**.



Gaining access to **high-speed broadband services** continues to be a significant issue in our District. While we wait for further announcements from Central Government on the Registration of Interest we submitted to the Broadband and Mobile Black Spot Initiative we will continue to lobby for enhanced service delivery in our community and keep you informed on Digital activity, events and infrastructure.

Community Connectivity and Development

2016/17 year will see us continue to provide (with no changes to service levels) **Community Services** that ensure safety and quality of life in our communities like animal control, aquatic centre, maintenance of our parks and gardens and proactive monitoring and enforcement for the service areas of building control and alcohol licencing.



Good Asset Stewardship and Management

The popularity of the Timber Trail as a destination is growing. Visitors to the Timber Trail turn off State Highway 30 onto Maraeroa Road, which is a metal road also used by logging trucks.

This road experiences slippery conditions in winter and dust in summer. The road is travelled by people who potentially have less experience in driving in such conditions. These contributing factors have raised road user safety concerns.

Although Council does not carry out new sealing, Council has planned to **seal Maraeroa Road**, in the interest of good asset stewardship and also providing safe access to a developing tourist destination. The majority of this work (63%) will be funded by NZTA subsidy.

The major upgrade of the **Te Kuiti Water Treatment Plant**, to ensure we meet the water quality requirements set out under the Drinking Water Standards for New Zealand 2005 (Revised 2008), will continue in the 2016/17 year with the expected completion to be in 2017-18 financial year instead of next year as originally planned in the LTP.



We will continue to maintain and renew the **sewerage assets** at various schemes in order to improve their condition and performance, with a focus on pump stations, reticulation network and treatment plant components.

Financial Summary

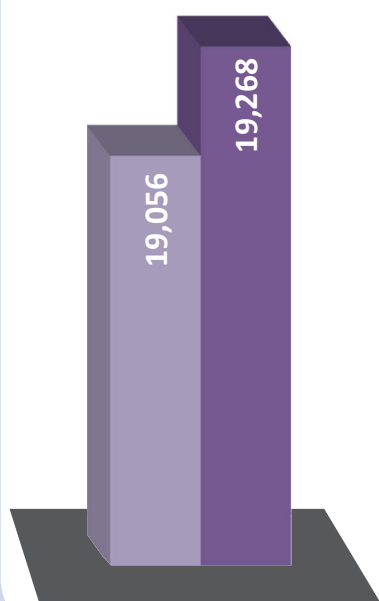
LTP 2015/16 \$000's	Cost of Service Statement Council	LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
11,166	Total Operating Income	10,600	11,451	851
26,793	Total Operating Expenditure	27,642	27,592	50
15,627	Net Operating Cost/(Surplus)	17,042	16,141	901
13,901	Total Capital Expenditure	10,034	12,341	2,307
29,528	Total Net Expenditure	27,076	28,482	1,406
	Funded By			
5,591	Internal Loans Drawn	2,587	4,220	1,633
5,409	Reserves	5,221	5,206	(15)
18,528	General Rates, UAGC and Service Charges	19,268	19,056	(212)
29,528	Total Funding	27,076	28,482	1,406
5,641	Depreciation and Amortisation Expense	5,913	5,780	133

The Cost of Service Statement illustrates that Council's planned Operating Expenditure for the 2016/17 financial year is lower than the forecast contained in the LTP for the 2016/17 year and the forecast Operating revenue for 2016/17 is 8.0% higher than the LTP forecast resulting in the Net Operating Expenditure for the EAP 2016/17 (\$16.14 million) being 5.3% less than the forecast contained in the LTP 2015-25 for the corresponding year (of \$17.04 million).

The capital expenditure planned for 2016/17 is higher than the forecast contained in the LTP for the 2016/17 year mainly due to the re-sequencing of the Te Kuiti Water Treatment Plant project, sealing of Maraeroa Road and work to be carried out at our quarries to meet Health and Safety requirements.

Forecast Total Rates Requirement

(\$000's)



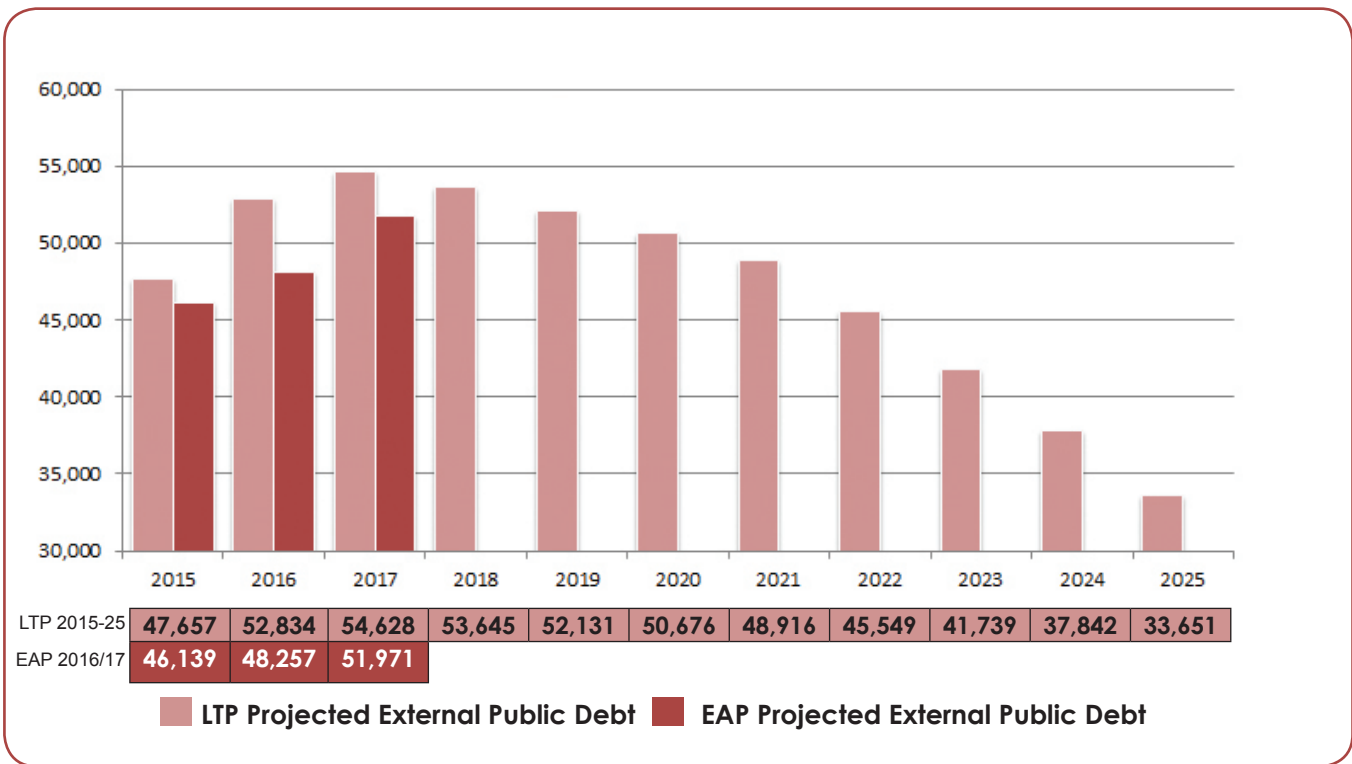
The total rate revenue required for the 2016/17 financial year is \$19,056,000 (excluding GST) which is an average overall **2.85% increase** over the current year's (2015-16) total rate requirement.

It is substantially lower than the 3.99% increase forecast in the LTP 2015-25 for the 2016/17 year.

The decrease is a result of prioritising needs and re-sequencing works where appropriate. More favourable interest rates and lower than forecast public debt have also been contributors to the reduction in rates requirement.

- EAP 2016/17 Projected Total Rates
- LTP 2015-2025 Projected Total Rates (for the 2016/17 year)

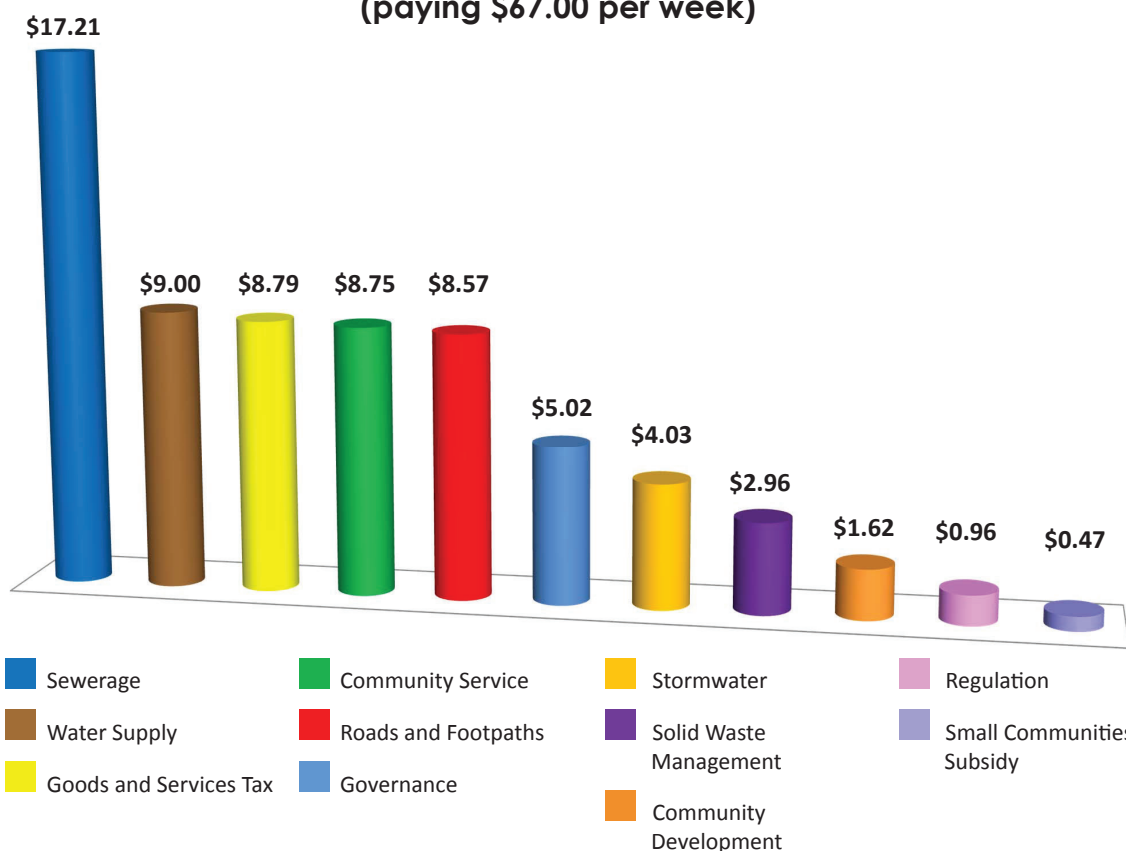
Overall Public Debt is tracking well and is below forecasts set in the 2015-25 LTP. Debt is forecast in the EAP 2016/17 to be **\$52 million at 30 June 2017** compared to \$55 million in the LTP. This is despite the capital expenditure forecast.



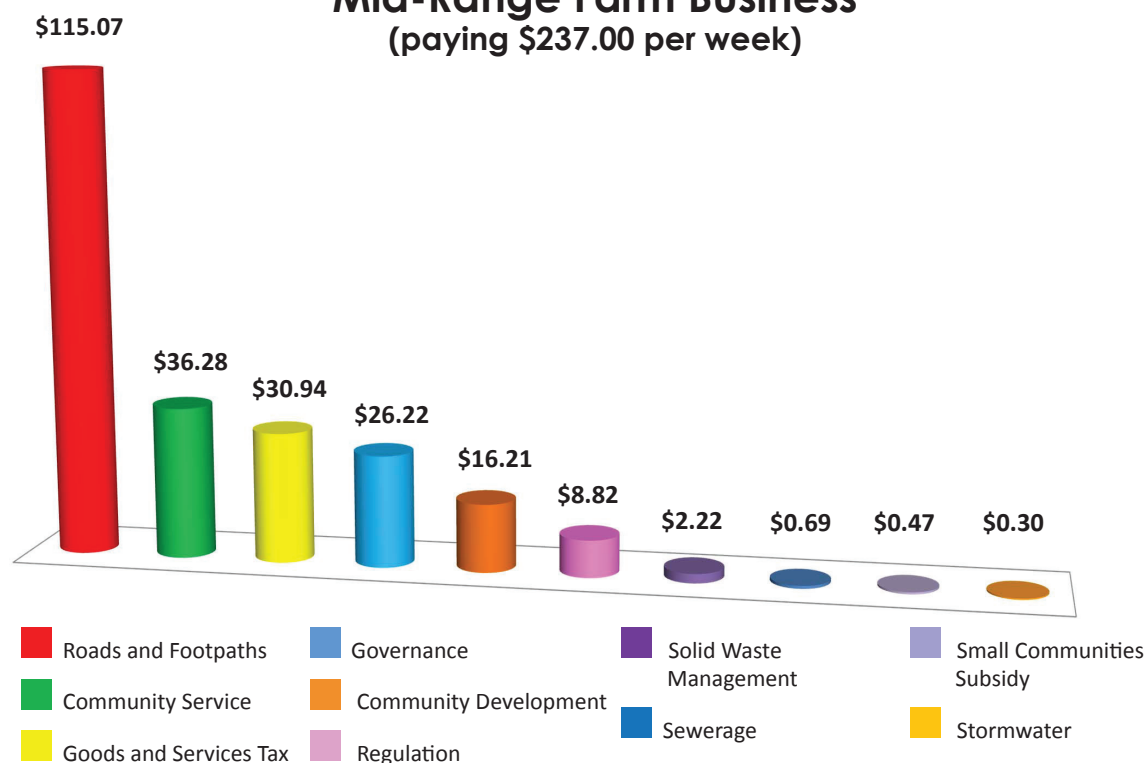
Where Your Rates are Spent

The following provides a summary of where rates are spent on a weekly basis using indicative residential and rural properties.

Average Te Kuiti Residential Property (paying \$67.00 per week)



Mid-Range Farm Business (paying \$237.00 per week)





Section B

This section provides details on Council's Groups of Activities:

- Governance: Leadership and Investments
- Community Service
- Community Development
- Regulation
- Resource Management
- Solid Waste Management
- Stormwater
- Sewerage and the Treatment and Disposal of Sewerage
- Water Supply
- Roads and Footpaths

Further details-
such as our
levels of service are
contained in the
Long Term Plan
2015-25.

Key to Community Outcomes Symbols



Vibrant
Communities



Effective
Leadership



Sustainable
Infrastructure



Thriving
Business

Governance - Leadership and Investments

Leadership

This activity includes the preparation of policies guiding strategic direction and strategic financial decisions. There are three main functions under the Leadership activity. These are Representation, Planning and Policy and Monitoring, and District and Urban Development.



Investments

This Activity includes:

- Investment in Local Authority Shared Services (LASS)
- Investment in Inframax Construction Ltd (ICL)
- Council Owned Quarries
- Forestry Holdings
- Parkside Subdivisions
- Investment in Civic Assurance Ltd

Main Focus Areas for 2016/17

Draft, consult and adopt Annual Plans in interim years of LTP development

Prepare Annual Reports for each year demonstrating performance against the plans set in each Annual Plan

Conduct the Triennial Local Government elections every three years beginning October 2016

Prepare Triennial Agreements with Waikato and Manawatu – Wanganui Regional Councils no later than 1 March following each triennial election

Undertake a review and update of Council's Governance Statement by February following each triennial election, and publish the revised document

Undertake a review of Council's Code of Conduct by the end of November following each triennial election

Actively participate in the Waikato Mayoral Forum (involving the Mayors and Chief Executives of Local Authorities within the Waikato Region) to review/consider opportunities to collaborate in planning, purchasing and service delivery options

Review of Council's District Plan

Assessment and upgrade of Council owned quarries to meet higher health and safety standards



Official opening of Railway Station Building 2

Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
467	Representation	479	510	31
92	Investments	93	201	108
10	Treasury Management and Overhead Accounts	10	10	0
569	Total Operating Income	582	721	139
	Operating Expenditure			
778	Representation	817	781	(36)
875	Planning & Policy & Monitoring	942	935	(7)
300	District and Urban Development	313	304	(9)
841	Investments	854	975	121
10	Treasury Management and Overhead Accounts	9	10	1
2,804	Total Operating Expenditure	2,935	3,005	70
2,235	Net Operating Cost/(Surplus)	2,353	2,284	(69)
	Capital Expenditure			
0	Investments	0	115	115
461	Corporate Support	503	562	59
461	Total Capital Expenditure	503	677	174
2,696	Net Expenditure	2,856	2,961	105
	Funded By			
546	Reserves	557	578	21
130	Internal Loans	133	188	55
1,018	General Rates	1,092	1,121	29
1,002	UAGC	1,074	1,074	0
2,696	Total Funding	2,856	2,961	105
388	Depreciation and Amortisation Expense	405	438	33

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not considered material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Operating Income

- The increase in income in Representation is due to an increase in the forecast rates penalties revenue based on historic trends.
- The increase in Investments income is due to the 50% contribution from the lessee which is budgeted for safety work required on WDC owned quarries and a forecast increase in royalty revenue.

Operating Expenditure

- The key variance is in Investments where expenditure now includes budget for the assessment and upgrade of Council owned quarries to meet higher health and safety standards. Half of this cost will be met by ICL as the increase in operating revenue illustrates.
- Expenditure on land parcel reconfiguration at Parkside in relation to the Retirement Housing complex proposal, and for entity set up has been included.
- The budgeted amount for asset valuations has been increased as Roding, Refuse, Investment Properties and Assets Held for Sale asset classes and Council's Investment Shareholding are due to be revalued as at 30 June 2017.
- These costs have been offset by a decrease in budgeted interest costs and some minor decreases in other areas to align with the information of actuals.

Capital Expenditure

- The increase in capital expenditure forecast for Investment activity is due to safety improvement capital works required at WDC owned Quarries due to new Health and Safety requirements (50% of which is budgeted to be contributed by the lessee). This was not included in the LTP forecasts.

Funding Changes

- Reserves: Reserves will be used to fund part of the investigation expenditure for reconfiguring the investment in Parkside.
- Internal Loans: An internal loan will be raised to fund Council's share of the safety improvements capital works to be carried out at the quarries.
- There is a minor increase in the overall general rates requirement for this activity.

Community Service

The Community Service Group consists of the following activities:

- Parks and Reserves, Public Amenities and Safety
- Recreation and Culture and Housing and Other Property



Main Focus Areas for 2016/17

Playground Upgrades

Develop a Walking Track Strategy and Maintenance Contract

Support Community Group development of an Elderly Persons Housing complex for Te Kuiti

Feasibility study to investigate a new camp ground for Te Kuiti at Brook Park

Continue to upgrade and modernise the Les Munro Centre

Continue to develop promotional material for Councils facilities

Development of accurate maps of Council cemeteries to assist with development, record keeping and compliance and include cemetery signage for visitors

Ongoing upgrades to access ways to all cemeteries

Public Toilet replacements in Benneydale and Marokopa

Commence Te Kuiti Pedestrian Over bridge Renewals



Community House and Library



Kitchen refurbishment - Les Munro Centre



Waitomo District Aquatic Centre



Mangaokewa Reserve

Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
27	Parks and Reserves	2	2	(0)
288	Housing and Other Property	278	266	(12)
112	Recreation and Culture	119	126	7
82	Public Amenities	53	55	2
509	Total Operating Income	452	449	(3)
	Operating Expenditure			
714	Parks and Reserves	644	628	(16)
1,212	Housing and Other Property	1,241	1,273	32
1,116	Recreation and Culture	1,124	1,184	60
773	Public Amenities	825	827	2
173	Safety	181	209	28
3,988	Total Operating Expenditure	4,015	4,121	106
3,479	Net Operating Cost/(Surplus)	3,563	3,672	109
	Capital Expenditure			
207	Parks and Reserves	132	132	0
237	Housing and Other Property	257	372	115
295	Recreation and Culture	228	226	(2)
445	Public Amenities	410	410	0
0	Safety	0	10	10
1,184	Total Capital Expenditure	1,027	1,150	123
4,663	Net Expenditure	4,590	4,822	232
	Funded By			
592	Reserves	518	656	138
692	Internal Loans	620	819	199
1,477	General Rates	1,510	1,464	(46)
1,640	UAGC	1,662	1,619	(43)
4	Targeted Rate - Marokopa Hall	4	4	(0)
78	Targeted Services Rate - Rural	83	78	(5)
180	Targeted Services Rate - Urban	193	182	(11)
4,663	Total Funding	4,590	4,822	232
759	Depreciation and Amortisation Expense	804	881	77

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not considered material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Operating Expenditure

- The operating expenditure for Housing and Other Property includes the costs for investigation and establishment of a business case for developing a new Camping Ground in Te Kuiti.
- Internal interest costs are budgeted to be lower.
- Depreciation charges for recreational assets are expected to be more than forecast in the LTP.
- In the Safety portfolio, the increase primarily relates to increased Council's share of Civil Defence work and some increased capacity for Rural Fire.

Capital Expenditure

- Additional expenditure has been included for completion of the Plaza area at the Te Kuiti Railway Station Buildings.

Funding Changes

- Internal Loans: Are expected to increase for part funding the planned additional capital expenditure.
- Reserves funding will be increased for initiatives planned.

Community Development

Waitomo District Council's Community Development group involves Community Support, Tourism Development and District Promotion, District Development, Te Kuiti i-SITE Visitor Information Centre, Library Services and Customer Services.



Main Focus Areas for 2016/17

Promote and support sustainable Economic Development in the Waitomo District

Support of Waitomo District Youth Council and Youth Liaison

Involvement in Hamilton and Waikato Regional Tourism Operations

Commitment to a high standard of Customer Service consistently across WDC sites

Provision of i-SITE and Events Services

Funding/grant support to the not for profit sector

Staged provisions to support a Motor Home Friendly District

Adoption of an Economic Development Strategy

Support Concept Development Plan for Timber Trail Marketing and Strategy

Facilitation support to the Tere Waitomo Community Trust in implementing Waitomo Village Structure Plan



Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
4	Community Support	4	4	(0)
34	District Development	35	34	(1)
19	Agencies	23	22	(1)
57	Total Operating Income	62	60	(2)
	Operating Expenditure			
636	Community Support	641	693	52
581	District Development	647	728	81
30	Agencies	30	31	1
1,247	Total Operating Expenditure	1,318	1,452	134
1,190	Net Operating Cost/(Surplus)	1,256	1,392	136
	Capital Expenditure			
47	District Development	41	40	(1)
47	Total Capital Expenditure	41	40	(1)
1,237	Net Expenditure	1,297	1,432	135
	Funded By			
175	Reserves	174	295	121
40	Internal Loans	41	40	(1)
531	General Rates	581	590	9
285	UAGC	280	278	(2)
15	Targeted Rate - Piopio Retirement	15	15	(0)
191	Targeted Rate - District Development	206	214	8
1,237	Total Funding	1,297	1,432	135
5	Depreciation and Amortisation Expense	6	6	0

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not considered material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Operating Expenditure

- The Community Support function includes Rate Remission budget which has been increased based on prior year actual remission amounts (adjusted for known factors).
- In the District Development portfolio, the Concept Development Plan for Timber Trail Marketing has been included as well as capacity to support community initiatives from the Waitomo Caves Village Structure Plan.

Funding Changes

- Reserves: Reserve funding will be increased for the initiatives planned.

Regulation

The Regulation Group aims to ensure a healthy and safe environment for the community by providing the following services:

- Building Control
- Alcohol Licensing
- Environmental Health
- Bylaw Administration
- Animal and Dog Control



Main Focus Areas for 2016/17

- Back Scanning of Building Consent Records
- Review of Compliance Schedules
- Implement Mobile Applications for Field Staff



Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
431	Regulation	422	420	(2)
431	Total Operating Income	422	420	(2)
	Operating Expenditure			
867	Regulation	854	841	(13)
867	Total Operating Expenditure	854	841	(13)
436	Net Operating Cost/(Surplus)	432	421	(11)
436	Net Expenditure	432	421	(11)
	Funded By			
16	Reserves	(19)	(20)	(1)
340	General Rates	368	352	(16)
80	UAGC	83	89	6
436	Total Funding	432	421	(11)
2	Depreciation and Amortisation Expense	2	4	2

Variations from LTP 2015-25

There are minimal variations from the forecasts contained in the LTP for 2016/17 for this activity.

Solid Waste Management

There are four activities under this Group:

- Waste Minimisation
- Kerbside Recyclables Collection
- Kerbside Refuse Collection
- Waste Disposal



Main Focus Areas for 2016/17

Development of the next cell for the Landfill in 2019 and 2020

Investigation on feasibility of moving Mokau transfer station

Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
126	Collection	129	134	5
869	Management	873	810	(63)
995	Total Operating Income	1,002	944	(58)
	Operating Expenditure			
321	Collection	329	338	9
1,635	Management	1,658	1,555	(103)
1,956	Total Operating Expenditure	1,987	1,893	(94)
961	Net Operating Cost/(Surplus)	985	949	(36)
	Capital Expenditure			
0	Management	30	146	116
0	Total Capital Expenditure	30	146	116
961	Net Expenditure	1,015	1,095	80
	Funded By			
207	Reserves	175	253	78
(0)	Internal Loans	26	67	41
11	General Rates	11	12	1
11	UAGC	11	12	1
537	Targeted Rate - Solid Waste Management	592	547	(45)
38	Targeted Rate Collection - Mokau	39	40	1
25	Targeted Rate Collection - Piopio	25	26	1
95	Targeted Rate Collection - Te Kuiti	98	100	2
37	Targeted Rate Collection - Waitomo	38	38	(0)
961	Total Funding	1,015	1,095	80
114	Depreciation and Amortisation Expense	113	73	40

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not considered material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Operating Income

- Reduction in forecast income is budgeted due to decreased volumes of refuse at the landfill being projected.

Operating Expenditure

- The depreciation and interest costs are lower than the forecast contained in the LTP 2015-25 for the 2016/17 year.

Capital Expenditure

- Expense for re-remediation works on the liner at the District Landfill will need to be paid once the defects liability period is over which is included in the expenditure.
- Government has started a review of New Zealand's carbon footprint and preliminary advice received from Central Government suggests that holding sufficient carbon credit units to fulfil future obligations for the Landfill capacity would be advisable. Addition to capital budgets has been made which is reflected in the increase.

Funding Changes

- Reserves: Reserves will be used to fund the purchase of carbon credits.
- Internal Loans: Will be used to meet the remedial expense.
- Targeted Rate – Solid Waste Management District: There will be a decrease in Targeted rate requirement from the LTP forecast.



Stormwater Drainage

The Stormwater Drainage Group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall.

Main Focus Areas for 2016/17

Continue with the collection of asset management data
A number of minor capital works have been identified as required on the basis of known asset conditions and those identified during network cleaning and inspections



Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Expenditure			
375	Urban	392	397	5
47	Rural	49	49	0
422	Total Operating Expenditure	441	446	5
422	Net Operating Cost/(Surplus)	441	446	5
	Capital Expenditure			
345	Urban	245	272	27
5	Rural	5	5	0
350	Total Capital Expenditure	250	277	27
772	Net Expenditure	691	723	32
	Funded By			
334	Reserves	222	258	36
25	Internal Loans	42	42	(0)
360	Targeted Rate - Stormwater (Urban)	372	369	(3)
53	Targeted Rate - Stormwater (Rural)	55	54	(1)
772	Total Funding	691	723	32
181	Depreciation and Amortisation Expense	185	183	2

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not considered material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Capital Expenditure

- The increase is to enable further renewals work piping open drains and stormwater asset data.

Funding Changes

- Reserves: These will be used for the additional renewal expenditure.

Resource Management

The Resource Management Activity involves the administration, application and enforcement of the Waitomo District Plan provisions including:

- Issuing of resource consents for land use and subdivisions.
- Monitoring consents for compliance with conditions.
- Making amendments to the District Plan.



Main Focus Areas for 2016/17

The main focus in this planning cycle is to commence a staged review of the Waitomo District Plan in order to bring the plan into line with the current legislative environment

Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
80	District Plan Administration	82	76	(6)
80	Total Operating Income	82	76	(6)
	Operating Expenditure			
239	District Plan Administration	188	190	2
239	Total Operating Expenditure	188	190	2
159	Net Operating Cost/(Surplus)	106	114	8
159	Net Expenditure	106	114	8
	Funded By			
45	Reserves	(18)	(0)	18
57	General Rates	62	57	(5)
57	UAGC	62	57	(5)
159	Total Funding	106	114	8
0	Depreciation and Amortisation Expense	0	0	0

Variations from LTP 2015-25

There are minimal variations from the forecasts contained in the LTP for 2016/17 for this activity.

Sewerage and Treatment and Disposal of Sewerage

The Sewerage Group provides for the environmentally safe collection, treatment and disposal of the District's sewage wastes. Sewerage (or waste water) schemes are provided by Council at Te Kuiti, Piopio, Benneydale, and Te Waitere.



Main Focus Areas for 2016/17

Further improvements to the performance and safety operation of the Te Kuiti Waste Water Treatment Plant. This includes the installation of bunded chemical tanks, work area improvements and minor pipe renewals

Replacement of two sewer lines across the railway corridor and state highway

Reticulation renewal - Benneydale sewerage

Rehabilitating or upgrading the Te Waitere soakage field



Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
826	Te Kuiti	862	1,160	298
1	Benneydale	1	1	(0)
1	Piopio	1	5	4
828	Total Operating Income	864	1,166	302
	Operating Expenditure			
2,769	Te Kuiti	2,799	2,890	91
43	Te Waitere	43	45	2
163	Benneydale	167	204	37
269	Piopio	279	306	27
3,244	Total Operating Expenditure	3,288	3,445	157
2,416	Net Operating Cost/(Surplus)	2,424	2,279	(145)
	Capital Expenditure			
428	Te Kuiti	537	769	232
14	Te Waitere	16	32	16
35	Benneydale	38	54	16
53	Piopio	3	37	34
530	Total Capital Expenditure	594	892	298
2,946	Net Expenditure	3,018	3,171	153
	Funded By			
704	Reserves	723	526	(197)
14	Internal Loans	16	360	344
1,644	Targeted Rate - Te Kuiti	1,663	1,693	30
166	Targeted Rate - Trade Waste Contribution	168	166	(2)
43	Targeted Rate - Te Waitere	43	43	(0)
149	Targeted Rate - Benneydale	166	152	(14)
226	Targeted Rate - Piopio	239	231	(8)
2,946	Total Funding	3,018	3,171	153
764	Depreciation and Amortisation Expense	779	781	2

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not considered material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Operating Income

- The income forecast has been increased based on the 'actuals' trend over the last two financial years.

Operating Expenditure

- The increase in operating expenditure at Te Kuiti, Benneydale and Piopio is related to an increase in planned maintenance of mechanical equipment, sampling costs and chemical costs.
- Depreciation expense is higher which is balanced by the reduction in interest costs from the forecasts contained in the LTP 2015-25.

Capital Expenditure

- Some further improvements to the performance and safety at the Te Kuiti Wastewater Treatment Plant are contributors to the variance. This has been somewhat offset by a reduction in expenditure for development of the wetland and sludge removal as forecast in the LTP for 2016/17.
- An increase has been made to the forecast for replacement of two sections of sewer lines found to be in very poor condition, that cross under the Railway corridor and State Highway; due to the approvals process being more involved and expensive.
- Some additional separator tanks and pump replacements are projected to be required along with some minor treatment plant improvements that were not forecast in the 2016/17 year of the LTP 2015-25.

Funding Changes

- Internal loans will be raised for capital expenditure for Te Kuiti, Benneydale and Te Waitere. Less than previously forecast Reserves are planned to be used for Te Kuiti.
- Targeted Rates: Te Kuiti: The variance in rates funding is due to the increase in net expenditure.

Water Supply

The Water Supply activity provides for the environmentally safe collection, treatment and reticulation of Council's public water supplies. Water supply schemes are provided by Council at Te Kuiti, Benneydale, Piopio and Mokau.



Main Focus Areas for 2016/17

Major upgrade of the Te Kuiti Water Treatment Plant will continue in 2016/17. This includes completion of the intake structure and UV plant and carbon dosing plant upgrades, system monitoring and mechanical and electrical upgrades

Installation of a new pumping line to the reservoir is proposed for Piopio

A number of minor capital works have been identified as being required on the basis of known asset conditions and those identified during network cleaning and inspections



Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
784	Te Kuiti	7	(0)	(7)
784	Total Operating Income	7	(0)	(7)
	Operating Expenditure			
1,538	Te Kuiti	2,029	1,976	(53)
355	Mokau	367	365	(2)
356	Piopio	364	381	17
174	Benneydale	179	185	6
2,423	Total Operating Expenditure	2,939	2,907	(32)
1,639	Net Operating Cost/(Surplus)	2,932	2,907	(25)
	Capital Expenditure			
5,306	Te Kuiti	1,508	2,205	697
171	Mokau	48	48	0
34	Piopio	128	76	(52)
3	Benneydale	8	0	(8)
5,514	Total Capital Expenditure	1,692	2,329	637
7,153	Net Expenditure	4,624	5,236	612
	Funded By			
359	Reserves	819	533	(286)
4,502	Internal Loans	1,352	2,328	976
939	Targeted Rate - Te Kuiti	991	968	(23)
282	Targeted Rate - Mokau	331	288	(43)
276	Targeted Rate - Piopio	297	281	(16)
161	Targeted Rate - Benneydale	173	163	(10)
634	Metered Water Rates	661	675	14
7,153	Total Funding	4,624	5,236	612
477	Depreciation and Amortisation Expense	708	572	136

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not considered material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Operational Expenditure

- The decrease in expenditure budgeted for Te Kuiti is due to depreciation and interest being less than forecast in the LTP 2015-25, partly due to re-sequencing of works on the Te Kuiti Water Treatment Plant upgrade and the interest rates forecast for 16/17 being lower than the LTP forecasts.
- Maintenance costs for the treatment plant, reticulation and pump stations budgeted for 16/17 year are more than the forecast contained in the LTP 2015-25 due to greater health and safety requirements and supervision costs.

Capital Expenditure

- The increase in capital expenditure for Te Kuiti is due to re-sequencing of certain parts of the Te Kuiti Water Treatment Plant project. The project is now expected to be completed during the 2017/18 financial year instead of the 2016/17 financial year as forecast in the LTP.
- Reduction in capital expenditure for Piopio is due to the water pipe link project between Moa and Tui Streets planned to be completed during 2016/17 in the LTP being brought forward to the current year.

Funding Changes

- Internal Loans: Due to the re-sequencing of the capital works at the treatment plant in Te Kuiti the internal loan raised for 2016/17 will be higher than the forecasts contained in the LTP.
- Reserves: The use of reserves has been decreased so as not to overdraw on low reserve balances.
- Targeted Rates: The requirement is less in the 2016/17 year than the forecasts contained in the LTP 2015-25 due to lower net operating costs.

Roads and Footpaths

Council manages and maintains the District's road network, identifies the need for and undertakes maintenance, operations and renewals of the roading network and footpaths and ancillary systems such as signs and road markings.

The scope of the activities covered by the Roads and Footpaths Group relates to the roading assets (excluding state highways) and:

- Footpaths,
- Bridges,
- Traffic services,
- Carparking and
- Traffic safety programmes.



Main Focus Areas for 2016/17

Maraeroa Road seal extension

Replacement of the failing retaining wall on Oparure Road

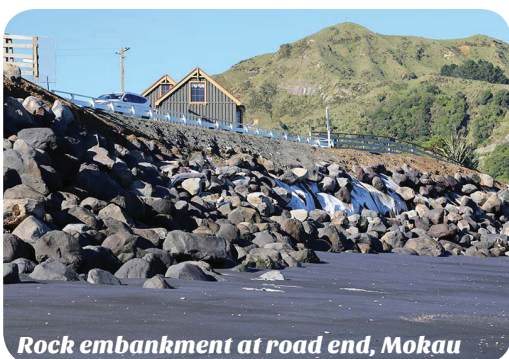
Provision for erosion protection work at bridge over Mangaokewa on Te Kumi Station Road



Weather event August 2015



Culvert Mangarino Road



Rock embankment at road end, Mokau



Awakau Road Mokau

Estimated Cost of Service Statement

LTP 2015/16 \$000's		LTP 2016/17 \$000's	EAP 2016/17 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
6,839	Subsidised Roads	7,052	7,537	485
74	Unsubsidised Roads	75	78	3
6,913	Total Operating Income	7,127	7,615	488
	Operating Expenditure			
9,273	Subsidised Roads	9,334	8,915	(419)
330	Unsubsidised Roads	343	377	34
9,603	Total Operating Expenditure	9,677	9,292	(385)
2,690	Net Operating Cost/(Surplus)	2,550	1,677	(873)
	Capital Expenditure			
5,500	Subsidised Roads	5,577	6,500	923
315	Unsubsidised Roads	320	330	10
5,815	Total Capital Expenditure	5,897	6,830	933
8,505	Net Expenditure	8,447	8,507	60
	Funded By			
2,431	Reserves	2,070	2,127	57
188	Internal Loans	357	376	19
83	UAGC	85	84	(1)
5,547	Targeted Rate - Roads and Footpaths	5,666	5,659	(7)
27	Targeted Services Rate - Rural	29	28	(1)
229	Targeted Services Rate - Urban	240	233	(7)
8,505	Total Funding	8,447	8,507	60
2,951	Depreciation and Amortisation Expense	2,911	2,842	69

Variations from LTP 2015-25

The key variations in 2016/17 financial year compared to the corresponding year in the LTP 2015-25 are noted below. The variations are not material to the overall financial forecasts for the 2016/17 year presented in the LTP 2015-25.

Operational Income

- The forecast increase reflects increase in subsidy income for projected capital and operational expenditure and includes subsidy income expected on the Maraeroa Road seal extension.

Operational Expenditure

- The decrease in operating expenditure for 2016/17 year from the forecast contained in the LTP 2015-25 is mainly due to reduced depreciation and internal interest.
- Environmental Maintenance and Structures Services are also forecast to decrease however this is offset by an increase in Traffic Services Maintenance.

Capital Expenditure

- The increase in capital expenditure for the 2016/17 year is mainly due to the planned seal extension for Maraeroa Road, replacing a failing retaining wall on Oparure Road and provision for erosion protection work at a bridge over the Mangaokewa River on Te Kumi Station Road.

Funding Changes

- Internal Loans: Some internal loans will be raised to fund the local share of the additional capital works being undertaken.
- Reserves: Additional depreciation reserves are planned to be used to avail of the capacity available.
- Targeted Rate: The rates revenue requirement for 2016/17 is less than the forecast contained in the LTP 2015-25.



Te Kuiti Cemetery

Section C

This section provides details on the financial implications of the Plan, including:

- Estimated Expenditure
- Revenue and Public Debt
- Funding Impact Statement
- Reserve Funds
- Accounting Policies
- Rating Base Information
- Annual Plan Disclosure Statement
- Benchmarking Graphs

Introduction

This section outlines Council's financial position for the 2016/17 financial year. The information that follows shows the impact of the measures Council has taken as it moves to a sustainable financial plan.

Summary of Estimated Revenue and Expenses Statement for All Council Activities

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)	VARIANCE TO LTP (\$000's)
	Operating Income			
1,566	Community and Cultural Sustainability	1,518	1,650	132
1,903	Environmental Sustainability	1,948	2,186	238
7,697	Economic Sustainability	7,134	7,615	481
11,166	Total Operating Income	10,600	11,451	851
	Operating Expenditure			
8,906	Community and Cultural Sustainability	9,122	9,419	297
5,861	Environmental Sustainability	5,904	5,974	70
12,026	Economic Sustainability	12,616	12,199	(417)
26,793	Total Operating Expenditure	27,642	27,592	(50)
15,627	Net Operating Cost/(Surplus)	17,042	16,141	(901)
	Capital Expenditure			
1,692	Community and Cultural Sustainability	1,571	1,867	296
880	Environmental Sustainability	874	1,315	441
11,329	Economic Sustainability	7,589	9,159	1,570
13,901	Total Capital Expenditure	10,034	12,341	2,307
29,528	Net Expenditure	27,076	28,482	1,406
	Funded By			
5,409	Reserves	5,221	5,206	(15)
5,591	Internal Loans	2,587	4,220	1,633
3,434	General Rates	3,624	3,596	(28)
3,158	UAGC	3,257	3,213	(44)
11,936	Targeted Rates	12,387	12,247	(140)
29,528	Total Funding	27,076	28,482	1,406
5,641	Depreciation and Amortisation Expense	5,913	5,780	133

Summary of Estimated Revenue and Expenses Statement for Community and Cultural Sustainability

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)	VARIANCE TO LTP (\$000's)
	Operating Income			
569	Leadership	582	721	139
509	Community Service	452	449	(3)
57	Community Development	62	60	(2)
431	Regulation	422	420	(2)
1,566	Total Operating Income	1,518	1,650	132
	Operating Expenditure			
2,804	Leadership	2,935	3,005	70
3,988	Community Service	4,015	4,121	106
1,247	Community Development	1,318	1,452	134
867	Regulation	854	841	(13)
8,906	Total Operating Expenditure	9,122	9,419	297
7,340	Net Operating Cost/(Surplus)	7,604	7,769	165
	Capital Expenditure			
461	Leadership	503	677	174
1,184	Community Service	1,027	1,150	123
47	Community Development	41	40	(1)
1,692	Total Capital Expenditure	1,571	1,867	296
9,032	Net Expenditure	9,175	9,636	461
	Funded By			
1,329	Reserves	1,230	1,509	279
862	Internal Loans	794	1,047	253
3,366	General Rates	3,551	3,527	(24)
3,007	UAGC	3,099	3,060	(39)
468	Targeted Rates	501	493	(8)
9,032	Total Funding	9,175	9,636	461
1,154	Depreciation and Amortisation Expense	1,217	1,330	113

Summary of Estimated Revenue and Expenses Statement for Environmental Sustainability

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)	VARIANCE TO LTP (\$000's)
	Operating Income			
995	Solid Waste Management	1,002	944	(58)
80	Resource Management	82	76	(6)
828	Sewerage	864	1,166	302
1,903	Total Operating Income	1,948	2,186	238
	Operating Expenditure			
1,956	Solid Waste Management	1,987	1,893	(94)
422	Stormwater Drainage	441	446	5
239	Resource Management	188	190	2
3,244	Sewerage	3,288	3,445	157
5,861	Total Operating Expenditure	5,904	5,974	70
3,958	Net Operating Cost/(Surplus)	3,956	3,788	(168)
	Capital Expenditure			
0	Solid Waste Management	30	146	116
350	Stormwater Drainage	250	277	27
530	Sewerage	594	892	298
880	Total Capital Expenditure	874	1,315	441
4,838	Net Expenditure	4,830	5,103	273
	Funded By			
1,290	Reserves	1,102	1,037	(65)
39	Internal Loans	84	469	385
68	General Rates	73	69	(4)
68	UAGC	73	69	(4)
3,373	Targeted Rates	3,498	3,459	(39)
4,838	Total Funding	4,830	5,103	273
1,059	Depreciation and Amortisation Expense	1,077	1,037	40

Summary of Estimated Revenue and Expenses Statement for Economic Sustainability

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)	VARIANCE TO LTP (\$000's)
	Operating Income			
784	Water Supply	7	(0)	(7)
6,913	Roads and Footpaths	7,127	7,615	488
7,697	Total Operating Income	7,134	7,615	481
	Operating Expenditure			
2,423	Water Supply	2,939	2,907	(32)
9,603	Roads and Footpaths	9,677	9,292	(385)
12,026	Total Operating Expenditure	12,616	12,199	(417)
4,329	Net Operating Cost/(Surplus)	5,482	4,584	(898)
	Capital Expenditure			
5,514	Water Supply	1,692	2,329	637
5,815	Roads and Footpaths	5,897	6,830	933
11,329	Total Capital Expenditure	7,589	9,159	1,570
15,658	Net Expenditure	13,071	13,743	672
	Funded By			
2,790	Reserves	2,889	2,660	(229)
4,690	Internal Loans	1,709	2,704	995
83	UAGC	85	84	(1)
8,095	Targeted Rates	8,388	8,295	(93)
15,658	Total Funding	13,071	13,743	672
3,428	Depreciation and Amortisation Expense	3,619	3,414	205

Prospective Statement of Financial Position as at 30 June

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
	Equity		
207,531	Accumulated Funds	210,783	213,356
4,290	Council Created Reserves	3,264	4,703
2,604	Available for Sale Reserves	2,604	2,604
233	Hedging Reserves	233	(856)
70,465	Revaluation Reserve	73,776	78,787
285,123	Total Equity	290,660	298,594
	Current Assets		
100	Cash and Cash Equivalents	100	100
2	Other Financial Assets	2	2
34	Inventory	35	71
280	Receivables Under Exchange Transactions	287	372
4,978	Receivables Under Non Exchange Transactions	5,102	4,815
67	Assets Held for Sale	67	67
5,461	Total Current Assets	5,593	5,427
	Current Liabilities		
3,490	Payables and Deferred Revenue Under Exchange Transactions	3,575	3,338
0	Payables and Deferred Revenue Under Non Exchange Transactions	0	702
5,200	Current Portion of Borrowings	5,200	5,200
17	Provisions	17	17
505	Employee Entitlements	518	422
171	Derivative Financial Instruments	171	317
9,383	Total Current Liabilities	9,481	9,996
(3,922)	Net Working Capital	(3,888)	(4,569)
	Non Current Assets		
332,628	Property, Plant and Equipment	339,898	346,130
88	Intangible Assets	88	416
44	Forestry Assets	44	0
635	Investment Property	635	1,295
753	Assets Held for Sale	685	278
765	Other Financial Assets	763	758
2,620	Other Financial Assets - Shares in CCO's and NZLGIC	2,620	2,620
409	Derivative Financial Instruments	409	153
337,942	Total Non Current Assets	345,142	351,650
	Non Current Liabilities		
371	Payables and Deferred Revenue Under Non Exchange Transactions	247	141
47,634	Borrowings	49,428	46,771
61	Employee Entitlements	63	0
831	Provisions	856	879
0	Derivative Financial Instruments	0	696
48,897	Total Non Current Liabilities	50,594	48,487
285,123	Net Assets	290,660	298,594

Prospective Statement of Comprehensive Revenue and Expense for the year ending 30 June

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
	Revenue		
7,484	Subsidies	6,890	7,390
60	Investment Revenue	60	58
18,305	Rates & Rates Penalties	19,026	18,871
634	Metered Water Rates	661	675
3,203	Fees & Charges	3,223	3,513
8	Gains/(Losses) on Investment Properties	8	0
29,694	Total Revenue	29,868	30,507
	Expenditure		
4,575	Employee Benefits	4,671	4,889
5,641	Depreciation & Amortisation	5,913	5,780
3,009	Finance Costs	3,301	2,695
13,568	Other Expenditure	13,757	14,228
26,793	Total Expenditure	27,642	27,592
2,901	Surplus/(Deficit) before Tax	2,226	2,915
	Other Comprehensive Revenue and Expense		
0	Gains/(Losses) on Revaluation of Property, plant and equipment	3,311	4,620
2,901	Total Comprehensive Revenue and Expense for the year	5,537	7,535

Prospective Statement of Changes in Net Assets/ Equity for the year ending 30 June

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
282,222	Opening Balance	285,123	291,059
0	Revaluation of Property, plant and equipment	3,311	4,620
0	Net Income recognised directly in equity	3,311	4,620
2,901	Net Surplus/(Deficit) for the year	2,226	2,915
2,901	Total Recognised Income for the years ended 30 June	5,537	7,535
285,123	Closing Balance	290,660	298,594

Prospective Cashflow Statement for the year ending 30 June

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
	Operating Activities		
21,718	Rates & Rates Penalties	22,453	22,404
8,607	Subsidies & Grants	7,923	8,499
467	Property Rentals	486	506
120	Petroleum Tax	122	120
60	Interest Revenue	60	58
3,081	Other Revenue	3,072	3,480
34,053		34,116	35,067
19,747	Payments to Suppliers & Employees	19,999	21,025
252	Elected Members	266	267
3,009	Interest on Borrowings	3,301	2,695
325	GST Received/(Paid) (net)	895	684
23,333		24,461	24,671
10,720	Net Operating Cash Flows	9,655	10,396
	Investing Activities		
15,986	Purchase of Property, Plant and Equipment	11,539	13,932
0	Purchase of Intangible Assets	0	260
15,986		11,539	14,192
87	Proceeds from Sale of Assets Held for Sale	88	78
2	Repayment of Advance to Community Groups	2	4
89		90	82
15,897	Net Investing Cash Flows	11,449	14,110
	Financing Activities		
10,377	Proceeds from Borrowings	6,994	8,914
10,377		6,994	8,914
5,200	Repayment of Borrowings	5,200	5,200
5,200		5,200	5,200
5,177	Net Financing Activities	1,794	3,714
0	Net Change in Cash	0	0
100	Cash at Start of Period	100	100
100	Cash at End of Period	100	100

Prospective Statement of Reserve Fund Movements for the year ending 30 June

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
5,625	Opening Balance	4,290	6,329
(1,335)	Transfer to/(from) Reserves	(1,026)	(1,626)
4,290	Closing Balance	3,264	4,703

Note: Reserves are not necessarily matched by available cash. Reserves form part of Council's total equity which is matched by net assets (i.e. assets less liabilities, both current and non-current).

The use of reserves as a funding tool will therefore result in either a decrease in available cash, or, where cash is not available, an increase in the Council's total debt facilities.

Prospective Statement of Public Debt for the year ending 30 June

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
47,657	Opening Balance	52,834	48,257
10,377	Loans Raised	6,994	8,914
(5,200)	Loans Repaid	(5,200)	(5,200)
52,834	Closing Balance	54,628	51,971

Note: Loans raised or repaid in the Public Debt, Cashflow and Statement of Financial Position Prospective Statements are based on budgeted cashflow requirements, which includes working capital considerations, and do not equate to either the internal loans drawn or the external loan repayments shown in the Funding Impact Statement or the Summary of Cost of Service Statements.

Reconciliation of Summary of Estimated Revenue and Expenses Statement for All Council Activities to Prospective Statement of Comprehensive Revenue and Expense

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
2,901	Surplus/(Deficit) from Comprehensive Revenue and Expenses	2,226	2,915
15,627	Net Operating Cost from Estimated Revenue and Expense Statement	17,042	16,141
	Plus Rates Revenue		
3,434	General Rates	3,624	3,596
3,158	UAGC	3,257	3,213
11,936	Targeted Rate	12,387	12,247
2,901	Net Surplus/(Deficit)	2,226	2,915
0	Variance	0	0

Prospective Statement of Capital Expenditure for the year ending 30 June

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
	Governance: Leadership & Investments		
0	Investments	0	115
461	Overhead	503	562
461		503	677
	Community Service		
207	Parks and Reserves	132	132
237	Housing and Other Property	257	372
295	Recreation and Culture	228	226
445	Public Amenities	410	410
0	Safety	0	10
1,184		1,027	1,150
	Community Development		
47	District Development	41	40
47		41	40
	Solid Waste Management		
0	Landfill Management	30	146
0		30	146
	Stormwater Drainage		
345	Urban	245	272
5	Rural	5	5
350		250	277
	Sewerage		
428	Te Kuiti	537	769
14	Te Waitere	16	32
35	Benneydale	38	54
53	Piopio	3	37
530		594	892
	Water Supply		
5,306	Te Kuiti	1,508	2,205
171	Mokau	48	48
34	Piopio	128	76
3	Benneydale	8	0
5,514		1,692	2,329
	Roads and Footpaths		
5,500	Subsidised Roads	5,577	6,500
315	Unsubsidised Roads	320	330
5,815		5,897	6,830
13,901	Total Capital and Renewal Expenditure	10,034	12,341

Funding Impact Statement

Introduction

Council is required under clause 20 of Schedule 10 of the Local Government Act 2002 (LGA) to adopt a Funding Impact Statement.

The Funding Impact Statement provides a summary of Council's funding sources and how the funds are to be applied, as well as the detailed rate requirement for the 2016/17 financial year.

The Funding Impact Statement represents the fiscal outcome from the Revenue and Financing Policy. The Revenue and Financing Policy is available on Council's website - www.waitomo.govt.nz.

Rates Remissions and Postponements

Remissions

Council has developed a rates remissions policy as per LGA (section 102 (3)(a) and 109) and Local Government (Rating) Act 2002 (Section 85). Remissions categories include Properties Used Jointly as a Single Unit, Community Organisations, Penalties, Financial Hardship, Organisations Providing Care for the Elderly, Clubs and Societies, New Subdivisions, Council Properties and Maori Freehold Land. The value of these rates remissions is \$285,000 for the 2016/17 year.

Postponements

Under the Policy on Remission of Rates, Council will not offer any permanent postponements of rates.

Separately Used or Inhabited Part of a Rating Unit (SUIP)

The Council has resolved that the basis of calculating liability for the Uniform Annual General Charge (UAGC) and for certain targeted fixed rates (TFRs), will be the number of 'separately used or inhabited parts' (SUIPs) of rating units.

Council sets TFRs in all rating areas of the District on a SUIP basis for provision of:

- Water Supplies
- Sewerage Systems
- Solid Waste Management
- Solid Waste Collection
- Unsubsidised Rooding
- Aquatic Centre
- Marokopa Community Centre
- Rural Stormwater

Definition of SUIP

For these purposes a SUIP is defined as including any part of a rating unit used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of tenancy, lease or other agreement. At a minimum, the land or premises forming

the SUIP must be capable of actual habitation, or actual separate use. For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one SUIP.

1. Statement of Funding Sources

The following table provides a summary of the funding sources for the 2016/17 year. Council's Revenue and Financing Policy and work programmes form the basis for the funding forecasts. The table is produced on a GST exclusive basis.

The Statement of Funding Sources and the associated Funding Impact Statement provide for an overall funding adjustment. That adjustment is made in the interests of Community Well-being (as provided for by section 101 (3) (b) of the Local Government Act 2002) and applies only to the 2016/17 financial year. This adjustment results in the transfer of \$19,086* from the Uniform Annual General Charge to the General Rate in an effort to maintain a funding equity between urban and rural ratepayers within the Waitomo District and their respective contribution to those services with a high element of public good. The above adjustment is reflected in the Estimated Cost of Service Statements.

Explanation of Rates adjustment between General Rate and UAGC

	Year 2016/17	
	General Rate	UAGC
	\$000's	\$000's
Rate requirement before application of Section 101(3)(b) adjustment.	3,577	3,232
* Section 101(3)(b) Adjustment	19	(19)
Subtotal	3,596	3,213
Add - GST @ 15%	539	482
Total Requirement (incl GST) <i>(as per Sections 3 and 4 - Funding Impact Statement)</i>	4,135	3,695

2. Funding Cap for Uniform Charges

Section 21 of the Local Government (Rating) Act 2002 requires that revenue from certain rates must not exceed 30% of total rates revenue. Those rates include Uniform Annual General Charges and Targeted Rates that are set on a uniform basis.

Council is not in breach of the Funding Cap for this Annual Plan. The uniform charges for 2016/17 are 22.1% of the total rates revenue (22.2% before Section 101 (3)(b) adjustment).

Statement of Funding Sources

LTP 2015/16 (\$000's)		LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)	VARIANCE TO LTP (\$000's)
	Targeted Rates and Service Charges			
2,228	Sewerage	2,279	2,285	6
1,658	Water	1,792	1,700	(92)
634	Metered Water Rates	661	675	14
514	Targeted Services	545	521	(24)
191	District Development Rate	206	214	8
15	Piopio Retirement Village Contribution	15	15	0
5,547	Roads and Footpaths	5,666	5,659	(7)
537	Solid Waste Management	592	547	(45)
195	Solid Waste Collection	200	204	4
413	Stormwater	427	423	(4)
4	Marokopa Community Centre	4	4	0
11,936	Total Targeted Rates and Service Charges	12,387	12,247	(140)
3,158	UAGC	3,257	3,213	(44)
3,434	General Rates	3,624	3,596	(28)
18,528	Total Rates	19,268	19,056	(212)
2.72%	Percentage Rate Increase	3.99%	2.85%	
	Other Revenue Sources			
7,484	Subsidies	6,890	7,390	500
60	Interest Revenue	60	58	(2)
410	Rates Penalties Revenue	421	490	69
3,212	Fees and Charges	3,229	3,513	284
11,166	Total Other Revenue	10,600	11,451	851
	Other Funding Sources			
5,591	Internal Loans Raised	2,587	4,220	1,633
5,591	Total Other Funding	2,587	4,220	1,633
35,285	Total Funding Sources	32,455	34,727	2,272
26,793	Operating Expenditure	27,642	27,592	(50)
13,901	Capital Expenditure	10,034	12,341	2,307
1,567	Loan Repayments	1,718	2,197	479
(6,976)	Reserve Transfers	(6,939)	(7,403)	(464)
35,285	Total Funding Used	32,455	34,727	2,272

3.0 GENERAL RATE

Description and Use

The General Rate set on every rating unit across the District is assessed as a rate per \$100 of capital value. The General Rate is not set differentially. The rationale for assessing the General Rate using Capital Value is contained in the Revenue and Financing Policy.

The General Rate will contribute to the funding of:

- Governance: Leadership and Investments
- Leased Reserves
- Other Land and Buildings
- District Libraries
- Aquatic Centre
- Arts, Culture and Heritage
- Aerodrome
- Public Amenities
- Parks & Reserves
- Elderly Persons Housing
- Community Halls
- Cemeteries
- Community Support
- District Development
- Emergency Management
- Rural Fire
- Regulation
- Waste Minimisation
- Resource Management

Requirement in 2016/17 (incl. GST)

	Rate per \$100 capital value	Total Revenue Requirement (\$000)
All rating units in the District	0.14188	4,135

4.0 UNIFORM ANNUAL GENERAL CHARGE

Description and Use

Council will set a Uniform Annual General Charge (UAGC) per separately used or inhabited part of a rating unit across the District under Section 15(1) (b) of the LGRA. The rationale for use of the UAGC is contained in the Revenue and Financing Policy.

The UAGC will contribute to the funding of:

- Governance: Leadership and Investments
- Parks and Reserves
- District Libraries
- Aquatic Centre
- Arts, Culture and Heritage
- Other Land and Buildings
- Public Amenities
- Leased Reserves
- Elderly Persons Housing
- Community Halls
- Cemeteries
- Aerodrome
- Community Support
- Automobile Association
- Emergency Management
- Regulation
- Resource Management
- Waste Minimisation
- Subsidised Roothing

Requirement in 2016/17 (incl. GST)

Uniform Annual General Charge	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the district.	\$668	3,695

5.0 TARGETED RATES

Description and Use

Targeted Rates are set on categories of land defined by some factor, such as geographic location or provision of service. The titles of 'Targeted Rate' ('TR') and Targeted Fixed Rate (TFR) are used by this Council. Targeted Fixed Rates are based on a uniform amount set per separately used or inhabited part of a rating unit (SUIP) or set per rating unit. Targeted Rates are assessed based on capital value or water consumption.

5.1 Targeted Rates Differentiated on Location

Council will use location (Schedule 2(6) LGRA) to define the land liable for the Targeted Services TFR, Piopio Sewerage TFR - Piopio Wider Benefit Rating Area, Piopio Retirement Village Contribution TFR, Rural Stormwater TFR, Te Kuiti Urban Stormwater TFR and targeted rate, and the Marokopa Community Centre TFR.

The following location definitions for the respective rating areas will apply:

Te Kuiti Urban Rating Area	<i>All rating units situated within the Te Kuiti Urban Ward as defined by the Basis of Election for the 2010 Triennial Elections. (Refer to Revenue and Financing Policy for further details)</i>
Te Kuiti Urban and Periphery Rating Area	<i>All rating units situated within a 5km radius, all around, from the Information Centre (deemed to be the centre of town), in Te Kuiti. (Refer to Revenue and Financing Policy for further details)</i>
Rural Rating Area	<i>All rating units situated within the Rural Ward as defined by the Basis of Election for the 2010 Triennial Elections. (Refer to Revenue and Financing Policy for further details)</i>
Piopio Township	<i>All rating units connected to the Piopio Sewerage System</i>
Piopio Wider Benefit Rating Area	<i>All rating units situated in the rural areas around Piopio Township (excluding Rating units/SUIP's connected to the Piopio Sewerage System) that are deemed to indirectly benefit from the Piopio Sewerage reticulation network. (Refer to Revenue and Financing Policy for further details)</i>
Marokopa Community Centre Rating Area	<i>Any separately used or inhabited part of a rating unit within the defined Marokopa Community Centre area (as contained in the Revenue & Financing Policy)</i>

(a) Targeted Services TFR

Description and Use

Council will set a Targeted Services TFR per separately used or inhabited part of a rating unit in the District, differentiated by rating areas, to part fund the Unsubsidised Roothing Activity and part fund the Aquatic Centre Activity. The rating areas for the purpose of assessing the Targeted Services TFR will be the Te Kuiti Urban and Periphery Rating Area and Rating Units in the District not in the Te Kuiti Urban and Periphery Rating area.

Requirement in 2016/17 (incl. GST)

Targeted Services TFR	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti Urban and Periphery Rating Area	\$205	477
Rating Units in the District not in the Te Kuiti Urban and Periphery Rating Area	\$38	122

(b) Piopio Sewerage TFR - Piopio Wider Benefit Rating Area

Description and Use

Council will set a TFR on every rating unit situated within the Piopio Wider Benefit Rating Area to assist the funding of the sewerage reticulation networks in Piopio. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

Piopio Sewerage TFR	Charge Per Rating Unit	Total Revenue Requirement (\$000)
Piopio Wider Benefit Rating Area	\$46	26

(c) Piopio Retirement Village Contribution - TFR

Description and Use

Council will set a TFR per rating unit situated within the Piopio Township and the Piopio Wider Benefit Rating Area to fund the support of the continued delivery of elderly housing accommodation services provided by the Piopio Retirement Trust Inc. through the remission of service charges. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

Piopio Retirement Village Contribution - TFR	Charge Per Rating Unit	Total Revenue Requirement (\$000)
Piopio Wider Benefit Rating Area and Piopio Township	\$23	17

(d) Rural Stormwater TFR

Description and Use

Council will set a TFR per separately used or inhabited

part of a rating unit in the Rural Rating Area of the District to fund the Rural Stormwater Activity.

Requirement in 2016/17 (incl. GST)

Rural Stormwater TFR	Charge per SUIP	Total Revenue Requirement (\$000)
Rural Rating Area	\$18	62

(e) Te Kuiti Urban Stormwater TFR and Targeted Rate.

Description and Use

- Council will set a TFR per rating unit in the Te Kuiti Urban Rating Area to partly fund the Urban Stormwater Activity.
- Council will set a Targeted Rate to partly fund the Urban Stormwater Activity, to be assessed as a rate per \$100 of Capital value on every rating unit in the Te Kuiti Urban Rating Area excluding those in respect of which there is a current resource consent to discharge stormwater into the Mangaokewa Stream, and so are not using any part of the urban reticulated stormwater or drainage network.

Requirement in 2016/17 (incl. GST)

Urban Stormwater TFR	Charge per rating unit	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area	\$153	272

Urban Stormwater Targeted Rate	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area (excluding rating units not using network)	0.05150	152

5.2 Marokopa Community Centre TFR

Description and Use

Council will set a TFR assessed per separately used or inhabited part of a rating unit within the defined Marokopa Community Centre Rating Area. (As contained in the Revenue and Financing Policy)

Requirement in 2016/17 (incl. GST)

Marokopa Community Centre TFR	Charge Per SUIP	Total Revenue Requirement (\$000)
Marokopa Community Centre Rating Area	\$22	5

5.3 Water Rates

Description and Use

Council will set a TFR for Water Supply differentiated on the basis of supply area.

The TFR is set per separately used or inhabited part of a rating unit within the relevant community, with liability calculated based on whether the SUIP is connected, or merely serviceable (Serviceable means the rating unit is within 100m of water main and practicably serviceable in the opinion of Council).

Requirement in 2016/17 (incl. GST)

Water Supply (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Te Kuiti	\$538	\$269	1,112
Piopio	\$1,307	\$654	323
Benneydale	\$1,427	\$714	165
Mokau	\$1,427	\$714	312

Council will set a TFR per cubic metre of water consumed over and above an annual consumption of 292m³ per SUIP, differentiated by supply area, for any rating unit situated in Te Kuiti, Piopio, Benneydale or Mokau that has been fitted with a water meter and / or is defined as having an extraordinary supply (in accordance with Council's Water Services Bylaw).

Requirement in 2016/17 (incl. GST)

Water Supply Rate	2016/17 Charge per cubic metre (including GST) above 292m ³
Te Kuiti	\$1.90
Piopio	\$4.20
Benneydale	\$8.30
Mokau	\$10.80

5.4 Subsidy rate for Benneydale Water Supply

Description and Use

Council will set a TFR on every rating unit within the District. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

Subsidy for Benneydale Water Supply	Charge per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$5	23

5.5 Subsidy rate for Mokau Water Supply

Description and Use

Council will set a TFR on every rating unit within the District. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

Subsidy for Mokau Water Supply	Charge per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$4	20

5.6 Sewerage Rates

Description and Use

Council will set a TFR to provide for the collection and disposal of sewage, differentiated on the basis of supply area. The TFR is set per separately used or inhabited part of a rating unit within the community, with liability calculated based on whether the SUIP is connected to the sewerage network, or merely serviceable (Serviceable means the rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Council).

Requirement in 2016/17 (incl. GST)

Sewerage TFR	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Benneydale	\$1,100	\$550	119
Te Waitere	\$1,100	\$550	17
Te Kuiti	\$988	\$494	1,675
Piopio	\$1,100	\$550	240

Sewerage rates for non-residential properties in Te Kuiti

Description and Use

For all non-residential properties in Te Kuiti, Council will assess a Targeted Fixed Rate per SUIP set on a differential basis based on the following Categories

- **Category 1** - All Businesses
- **Category 2** - Education & Community Childcare, Places of Worship, Marae, Clubs and Societies and Emergency Services. This category consists of organisations that are generally deemed 'not for profit'. For avoidance of doubt, Category 2 only covers properties with uses listed within this category and no others.
- **Category 3** - Government Department use, Rest Homes and Hospitals.

All non-residential SUIPs will be charged one base charge for up to four pans and per pan (Pan Charge) for every pan over and above this threshold on the following basis:

Requirement in 2016/17 (incl. GST)

Base Charge:

Non-Residential Targeted Rate	Base Charge per SUIP (up to 4 pans)	Total Revenue Requirement (\$000)
Category 1	\$494	93
Category 2	\$494	17
Category 3	\$988	18

Pan Charge:

Non-Residential Targeted Rate	Number of pans	Charge per pan (pan charge)	Total Revenue Requirement (\$000)
Category 1	5th pan and over	\$692	74
Category 2	5-10 Pans	\$296	2
	Over 10 Pans	\$198	25
Category 3	5th pan and over	\$692	42

The rationale for the use of this rate is contained in the Revenue and Financing Policy.

5.7 Trade Waste Contribution - TFR

Description and Use

A Trade Waste Contribution TFR will be set per rating unit in the District in recognition of the contribution made to the social and economic well-being of the District by the large industrial users of the Te Kuiti Wastewater Network. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

Trade Waste Contribution - TFR	Charge Per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$41	191

5.8 Subsidy Rate for Te Waitere Sewerage

Description and Use

Council will set a TFR on every rating unit within the District. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

Subsidy for Te Waitere Sewerage	Charge Per Rating Unit	Total Revenue Requirement (\$000)
All rating units in the District	\$7	33

5.9 Subsidy Rate for Benneydale Sewerage

Description and Use

Council will set a TFR on every rating unit within the District. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

Subsidy for Benneydale Sewerage	Charge Per Rating Unit	Total Revenue Requirement (\$000)
All rating units in the District	\$12	56

5.10 Roads and Footpaths Rate

Description and Use

Council will set a Roads and Footpaths Rate as a rate per \$100 of capital value on every rating unit across the District to part fund Subsidised Roading (part of Roads and Footpaths Activity). Rationale for use of the rate is contained in the Revenue and Financing Policy.

Requirement in 2016/17 (incl. GST)

District Roads and Footpaths Rate	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
All rating units in the District	0.22326	6,507

5.11 Solid Waste Collection Rate

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit to which Council provides a kerbside collection and recycling service differentiated by service areas where Council operates kerbside collection and kerbside recycling services (Te Kuiti, Piopio, Mokau and (part of) Waitomo townships).

Requirement in 2016/17 (incl. GST)

Solid Waste Collection (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti	\$58	115
Waitomo	\$77	44
Piopio	\$130	30
Mokau	\$163	46

5.12 Solid Waste Management Rate

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit District wide to part fund the activity of solid waste management.

Requirement in 2016/17 (incl. GST)

Solid Waste Management (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the District	\$116	629

5.13 District Development Rate

Description and Use

Council will set a District Development Targeted Rate as a rate per \$100 of capital value differentiated between Commercial and Industrial Businesses, and Rural Businesses, to part fund Economic Development, Visitor Information Centre, District and Regional Promotion and Event Co-ordination activities. Refer to the Revenue and Financing Policy for details.

Requirement in 2016/17 (incl. GST)

District Development Rate	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Commercial and Industrial Businesses	0.03762	123
Rural Businesses	0.00631	123

6.0 RATES PAYMENTS

Pursuant to Section 24 of the Local Government (Rating) Act 2002, rates for the financial year commencing **1 July 2016** will be payable in four equal instalments with the due dates for payment being:

1st Instalment	31 August 2016 (Wednesday)
2nd Instalment	30 November 2016 (Wednesday)
3rd Instalment	28 February 2017 (Tuesday)
4th instalment	31 May 2017 (Wednesday)

Note

The due date for payment of each instalment is the last working day in each of the months specified above.

Rates payments will be allocated to the oldest debt first.

Penalties

Pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, Council may apply penalties as follows:

- (a) A penalty charge of 10 percent (10%) on any part of an instalment that has been assessed for the financial year commencing 1 July 2016 and which remains unpaid after 5pm on the due date for payment of that instalment, to be added on the penalty dates below:
- | | |
|--------------|------------------|
| Instalment 1 | 2 September 2016 |
| Instalment 2 | 2 December 2016 |
| Instalment 3 | 2 March 2017 |
| Instalment 4 | 2 June 2017 |
- (b) A further penalty charge of 10 percent (10%) on any part of any rates assessed before 1 July 2016 that remains unpaid on 1 July 2016, to be added on 6 July 2016.

Rates Examples 2015/16

	Te Kuiti Residential \$170,000 2015/16	Te Kuiti Commercial \$275,000 2015/16 3 pans	Te Kuiti Wider Rating Area \$630,000 2015/16	Waitomo Commercial \$1,100,000 2015/16	Benneydale Residential \$44,000 2015/16	Piopio Residential \$142,000 2015/16	Piopio Wider Rating Area \$385,000 2015/16	Mokau Residential \$340,000 2015/16	Drystock Rural \$3,050,000 2015/16	Dairy Farm Rural \$5,330,000 2015/16 New property 1 July 2015 (Three parts)
(Including GST) Capital Value \$ as at September 2012										
Uniform Annual General Charge (UAGC)	656	656	656	1,312	656	656	656	656	656	1,968
General Rate	235	379	869	1,517	61	196	531	469	4,207	7,352
Road and Footpaths Rate	379	613	1,404	2,451	98	316	858	758	6,797	11,878
Targeted Services Rate (Urban)	201	201	201	0	0	0	0	0	0	0
Targeted Services Rate (Rural)	0	0	0	76	38	38	38	38	38	114
District Development Rate - Commercial	0	102	0	407	0	0	0	0	0	0
District Development Rate - Rural Business	0	0	0	0	0	0	0	0	174	304
Subsidy Rate for Te Waitere Sewerage	7	7	7	7	7	7	7	7	7	7
Subsidy Rate for Benneydale Sewerage	11	11	11	11	11	11	11	11	11	11
Subsidy Rate for Benneydale Water	5	5	5	5	5	5	5	5	5	5
Subsidy Rate for Mokau Water	5	5	5	5	5	5	5	5	5	5
Stormwater Urban Fixed Charge	150	150	0	0	0	0	0	0	0	0
Stormwater Urban Capital Value	84	137	0	0	0	0	0	0	0	0
Stormwater (Rural)	0	0	17	34	17	17	17	17	17	51
Water Supply	521	521	0	0	1,400	1,283	0	1,400	0	0
Sewerage	956	478	0	0	1,100	1,100	0	0	0	0
Piopio Wider Rating Area - Sewerage	0	0	0	0	0	0	34	0	0	0
Piopio Retirement Village Contribution	0	0	0	0	0	23	23	0	0	0
Te Kuiti Trade Waste Contribution	41	41	41	41	41	41	41	41	41	41
Solid Waste Management - District	112	112	112	224	112	112	112	112	112	336
Solid Waste Collection & Recycling	55	55	75	0	0	124	0	159	0	225
Marokopa Community Centre	0	0	0	0	0	0	0	0	22	0
Total Rates (Actual) 2015/16	3,418	3,473	3,403	6,090	3,551	3,934	2,338	3,678	12,092	22,297

Rates Examples 2016/17

	Te Kuiti Residential \$170,000 2016/17	Te Kuiti Commercial \$275,000 2016/17 3 pans	Te Kuiti Wider Rating Area \$630,000 2016/17	Waitomo Commercial \$1,100,000 2016/17 (2 parts)	Benneydale Residential \$40,000 2016/17	Piopio Residential \$130,000 2016/17	Piopio Wider Rating Area \$385,000 2016/17	Mokau Residential \$350,000 2016/17	Drystock Rural \$3,070,000 2016/17	Dairy Farm Rural \$5,400,000 2016/17 (3 parts)
Uniform Annual General Charge (UAGC)	668	668	668	1,336	668	668	668	668	668	2,004
General Rate	241	390	894	1,561	57	184	546	497	4,356	7,662
District Wide Roading Rate	380	614	1,407	2,456	89	290	860	781	6,854	12,056
Targeted Services Rate (Urban)	205	205	205	0	0	0	0	0	0	0
Targeted Services Rate (Rural) SUJP	0	0	0	76	38	38	38	38	38	114
District Development Rate - Commercial	0	103	0	414	0	0	0	0	0	0
District Development Rate - Rural Business	0	0	0	0	0	0	0	0	194	341
Subsidy Rate for Te Waitere Sewerage	7	7	7	7	7	7	7	7	7	7
Subsidy Rate for Benneydale Sewerage	12	12	12	12	12	12	12	12	12	12
Subsidy Rate for Benneydale Water	5	5	5	5	5	5	5	5	5	5
Subsidy Rate for Mokau Water	4	4	4	4	4	4	4	4	4	4
Stormwater Urban Fixed Charge	153	153	0	0	0	0	0	0	0	0
Stormwater Urban Capital Value	88	142	0	0	0	0	0	0	0	0
Stormwater (Rural)	0	0	18	36	18	18	18	18	18	54
Water Supply	538	538	0	0	1,427	1,307	0	1,427	0	0
Sewerage	988	494	0	0	1,100	1,100	0	0	0	0
Piopio Wider Rating Area - Sewerage	0	0	0	0	0	0	46	0	0	0
Piopio Retirement Village Contribution	0	0	0	0	0	23	23	0	0	0
Te Kuiti Trade Waste Contribution	41	41	41	41	41	41	41	41	41	41
Solid Waste Management - District	116	116	116	232	116	116	116	116	116	348
Solid Waste Collection & Recycling	58	58	77	0	0	130	0	163	0	231
Marokopa Community Centre	0	0	0	0	0	0	0	0	22	0
Proposed Total Rates 2016/17	3,504	3,550	3,454	6,180	3,582	3,943	2,384	3,777	12,335	22,879
Total Rates (Actual) 2015/16	3,418	3,473	3,403	6,090	3,551	3,934	2,338	3,678	12,092	22,297
Change (%)	2.5%	2.2%	1.5%	1.5%	0.9%	0.2%	2.0%	2.7%	2.0%	2.6%

Funding Impact Statements (Local Government (Financial Reporting and Prudence) Regulations 2014)

The following information is presented for compliance with the Local Government (Financial and Prudence Reporting) Regulations 2014 and should not be relied upon for any other purpose than compliance with the Regulations. It is incomplete (in particular, the information presented does not include depreciation and internal transactions such as overheads) and it is not prepared in compliance with generally accepted accounting practice.

Waitomo District Council: Funding Impact Statement for 2016/17 for Whole of Council	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,002	7,302	7,299
Targeted rates	11,937	12,386	12,245
Subsidies and grants for operating purposes	3,269	3,376	3,294
Fees and charges	2,983	3,078	3,321
Interest and Dividends from Investments	60	60	58
Local authorities fuel tax, fines, infringement fees and other receipts	139	142	135
Total operating funding (A)	25,390	26,344	26,352
Applications of operating funding			
Payments to staff and suppliers	18,367	18,632	19,254
Finance costs	2,989	3,281	2,680
Other operating funding applications	0	0	0
Total applications of operating funding (B)	21,356	21,913	21,934
Surplus (deficit) of operating funding (A-B)	4,034	4,431	4,418
Sources of capital funding			
Subsidies and grants for capital expenditure	4,295	3,514	4,153
Development and financial contributions	0	0	0
Increase (decrease) in debt	5,592	2,587	4,220
Gross proceeds from sale of assets	76	76	68
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	9,963	6,177	8,441
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	6,026	2,042	2,848
Capital expenditure - to replace existing assets	7,875	7,993	9,493
Increase (decrease) in reserves	96	573	518
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	13,997	10,608	12,859
Surplus (deficit) of capital funding (C-D)	(4,034)	(4,431)	(4,418)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Governance: Leadership and Investments	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,429	2,587	2,685
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	92	95	115
Internal charges and overheads recovered	15,459	16,098	15,688
Local authorities fuel tax, fines, infringement fees and other receipts	60	60	58
Total operating funding (A)	18,040	18,840	18,546
Applications of operating funding			
Payments to staff and suppliers	7,626	7,898	8,301
Finance costs	2,964	3,256	2,655
Internal charges and overheads applied	7,287	7,473	7,299
Other operating funding applications	0	0	0
Total applications of operating funding (B)	17,877	18,627	18,255
Surplus (deficit) of operating funding (A-B)	163	213	291
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	58
Development and financial contributions	0	0	0
Increase (decrease) in debt	130	133	188
Gross proceeds from sale of assets	76	76	68
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	206	209	314
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	92	33	64
Capital expenditure - to replace existing assets	369	472	613
Increase (decrease) in reserves	(92)	(83)	(72)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	369	422	605
Surplus (deficit) of capital funding (C-D)	(163)	(213)	(291)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Community Service	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,118	3,171	3,085
Targeted rates	262	280	264
Subsidies and grants for operating purposes	0	0	0
Fees and charges	401	449	449
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,781	3,900	3,798
Applications of operating funding			
Payments to staff and suppliers	1,578	1,487	1,557
Finance costs	0	0	0
Internal charges and overheads applied	1,651	1,722	1,682
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,229	3,209	3,239
Surplus (deficit) of operating funding (A-B)	552	691	559
Sources of capital funding			
Subsidies and grants for capital expenditure	105	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	693	620	819
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	798	620	819
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	330	287	402
Capital expenditure - to replace existing assets	854	740	748
Increase (decrease) in reserves	166	284	228
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,350	1,311	1,378
Surplus (deficit) of capital funding (C-D)	(552)	(691)	(559)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Community Development	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	815	861	866
Targeted rates	206	221	229
Subsidies and grants for operating purposes	2	2	2
Fees and charges	55	60	58
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	1,078	1,144	1,155
Applications of operating funding			
Payments to staff and suppliers	688	735	809
Finance costs	0	0	0
Internal charges and overheads applied	554	579	636
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,242	1,314	1,445
Surplus (deficit) of operating funding (A-B)	(164)	(170)	(290)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	40	41	40
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	40	41	40
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	2	0	40
Capital expenditure - to replace existing assets	45	41	0
Increase (decrease) in reserves	(171)	(170)	(290)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(124)	(129)	(250)
Surplus (deficit) of capital funding (C-D)	164	170	290
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Regulation	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	421	451	442
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	412	402	405
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	19	20	15
Total operating funding (A)	852	873	862
Applications of operating funding			
Payments to staff and suppliers	182	135	136
Finance costs	0	0	0
Internal charges and overheads applied	684	717	701
Other operating funding applications	0	0	0
Total applications of operating funding (B)	866	852	837
Surplus (deficit) of operating funding (A-B)	(14)	21	25
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	(14)	21	25
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(14)	21	25
Surplus (deficit) of capital funding (C-D)	14	(21)	(25)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Solid Waste Management	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	22	23	23
Targeted rates	732	792	751
Subsidies and grants for operating purposes	0	0	0
Fees and charges	995	1,002	944
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	1,749	1,817	1,718
Applications of operating funding			
Payments to staff and suppliers	1,171	1,191	1,191
Finance costs	25	25	25
Internal charges and overheads applied	647	659	604
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,843	1,875	1,820
Surplus (deficit) of operating funding (A-B)	(94)	(58)	(102)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	26	67
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	26	67
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	30	146
Increase (decrease) in reserves	(94)	(62)	(181)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(94)	(32)	(35)
Surplus (deficit) of capital funding (C-D)	94	58	102
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Stormwater Drainage	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	413	427	423
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	413	427	423
Applications of operating funding			
Payments to staff and suppliers	132	142	146
Finance costs	0	0	0
Internal charges and overheads applied	109	113	118
Other operating funding applications	0	0	0
Total applications of operating funding (B)	241	255	264
Surplus (deficit) of operating funding (A-B)	172	172	159
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	25	42	42
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	25	42	42
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	350	250	277
Increase (decrease) in reserves	(153)	(36)	(76)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	197	214	201
Surplus (deficit) of capital funding (C-D)	(172)	(172)	(159)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Resource Management	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	114	124	114
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	80	82	76
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	194	206	190
Applications of operating funding			
Payments to staff and suppliers	116	57	62
Finance costs	0	0	0
Internal charges and overheads applied	123	130	128
Other operating funding applications	0	0	0
Total applications of operating funding (B)	239	187	190
Surplus (deficit) of operating funding (A-B)	(45)	19	0
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	(45)	19	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(45)	19	0
Surplus (deficit) of capital funding (C-D)	45	(19)	0
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Sewerage	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,228	2,279	2,284
Subsidies and grants for operating purposes	0	0	0
Fees and charges	828	864	1,166
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	3,056	3,143	3,450
Applications of operating funding			
Payments to staff and suppliers	1,147	1,143	1,356
Finance costs	0	0	0
Internal charges and overheads applied	1,332	1,366	1,309
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,479	2,509	2,665
Surplus (deficit) of operating funding (A-B)	577	634	785
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	14	16	360
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	14	16	360
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	207	168	253
Capital expenditure - to replace existing assets	323	425	639
Increase (decrease) in reserves	61	57	253
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	591	650	1,145
Surplus (deficit) of capital funding (C-D)	(577)	(634)	(785)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Water Supply	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,293	2,453	2,374
Subsidies and grants for operating purposes	0	0	0
Fees and charges	4	7	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	2,297	2,460	2,374
Applications of operating funding			
Payments to staff and suppliers	1,072	1,116	1,307
Finance costs	0	0	0
Internal charges and overheads applied	874	1,115	1,029
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,946	2,231	2,336
Surplus (deficit) of operating funding (A-B)	351	229	38
Sources of capital funding			
Subsidies and grants for capital expenditure	780	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,502	1,352	2,328
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	5,282	1,352	2,328
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	5,195	1,351	1,883
Capital expenditure - to replace existing assets	319	341	445
Increase (decrease) in reserves	119	(111)	38
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	5,633	1,581	2,366
Surplus (deficit) of capital funding (C-D)	(351)	(229)	(38)
Funding Balance ((A-B)+(C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2016/17 for Roads and Footpaths	LTP 2015/16 (\$000's)	LTP 2016/17 (\$000's)	EAP 2016/17 (\$000's)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	83	85	84
Targeted rates	5,803	5,934	5,919
Subsidies and grants for operating purposes	3,267	3,374	3,292
Fees and charges	116	117	108
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	120	122	120
Total operating funding (A)	9,389	9,632	9,523
Applications of operating funding			
Payments to staff and suppliers	4,655	4,728	4,391
Finance costs	0	0	0
Internal charges and overheads applied	1,997	2,040	2,060
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,652	6,768	6,451
Surplus (deficit) of operating funding (A-B)	2,737	2,864	3,072
Sources of capital funding			
Subsidies and grants for capital expenditure	3,410	3,514	4,095
Development and financial contributions	0	0	0
Increase (decrease) in debt	188	357	376
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,598	3,871	4,471
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	200	203	205
Capital expenditure - to replace existing assets	5,615	5,694	6,625
Increase (decrease) in reserves	520	838	713
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6,335	6,735	7,543
Surplus (deficit) of capital funding (C-D)	(2,737)	(2,864)	(3,072)
Funding Balance ((A-B)+(C-D))	0	0	0

Statement of Reserve Funds

The Council maintains reserves as a sub-part of its equity. Schedule 10(16) Local Government Act 2002 requires certain information on Reserve Funds to be included in the Council's Annual Plan. The following represents a summary of Reserve Funds over the period of the plan and provides information on:

- the purpose of the Reserve Fund
- the activity to which the fund relates
- the amount expected to be in the fund at:
 - ◊ the commencement of the year; and
 - ◊ the end of the year; and
- the amount expected to be deposited in the fund during the year; and
- the amount expected to be withdrawn from the fund during the year.

1. OPERATIONAL RESERVES

Operational Reserves are created to hold short-term funding surpluses (or deficits) arising from the various activities of Council.

This occurs when:

- Operating expenditure exceeds budget;
- Operating income is less than budget; or
- A combination of both.

A balance held in an operational reserve forms part of the Council's funding considerations for a particular activity in each subsequent year's budget.

For example, the balance in an operational reserve will determine whether more or less income is required in the subsequent year's budget to clear that balance.

Council ensures that rates collected for a particular activity from an identified group of ratepayers are used only for that activity and for the benefit of that identified ratepayer group.

2. DEPRECIATION RESERVES

The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund repayments on loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives.

Each major activity e.g. water, roading, wastewater, stormwater, solid waste, etc. has its own Depreciation Reserve so that the funds from each can be applied to the appropriate activity.

Council ensures that funds accumulated for a particular activity from an identified group of ratepayers can only be used for that activity and for the benefit of that identified ratepayer group.

The purpose of accumulating specific Depreciation Reserves is to ensure that Council's ability to provide services to the District's communities is maintained.

3. INVESTMENT REVALUATION RESERVES

Council's investment activities include its subsidiary companies (Inframax Construction Ltd and Independent Roadmarkers Taranaki Ltd), Parkside Subdivision, 22 quarries throughout the District, Housing and Other Property and a small forestry holding at the Rangitoto Landfill site.

Council is obliged to periodically review the value of its investment in each of these activities. Investment revaluation reserves are therefore created when the value of Council's investment either increases or decreases as a result of that revaluation.

Revaluations of investments do not form part of the Revaluation Reserve shown in the Public Equity section of the Statement of Financial Position.

The balances held in an investment revaluation reserve are not utilised in any way other than to recognise movements in the value of Council's investments.

They would only be realised as a component of the surplus or deficit should Council ever resolve to dispose of a particular investment.

4. SPECIAL PURPOSE RESERVES

There are two special purpose reserves;

- District Development Special Purpose Reserve: Funds were received from the Development King Country Trust in April 2012 with the intention of setting up a Waitomo District Economic Development Board (or similar entity) to assist with a more integrated strategic focus on sustainable delivery of economic development initiatives within the District.
- Waste Minimisation Special Purpose Reserve: Funds received from the Ministry for the Environment under Section 31 of the Waste Minimisation Act 2008 can only be spent on activities that promote or achieve waste minimisation and in accordance with Council's Waste Management and Minimisation plan. This special purpose reserve is a net accumulation of levy monies received and expenditure on waste minimisation activities that meet the aforementioned purpose and Council approval.

Prospective Statement of Reserve Funds	Projected Reserve Balance 30 June 2016	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Reserve Balance 30 June 2017
Operational Reserves (1)				
Governance: Leadership and Investments				
Leadership	91	0	(2)	89
Investments	(3,326)	0	(15)	(3,341)
	(3,235)	0	(17)	(3,252)
Community Service				
Parks & Reserves	151	0	(9)	142
Housing & Other Property	329	0	(59)	270
District Libraries	(223)	0	0	(223)
Aquatic Centre	(100)	1	0	(99)
Arts, Culture and Heritage	185	0	(3)	182
Aerodrome	80	0	0	80
Public Amenities	287	0	(19)	268
Emergency Management	218	0	(10)	208
	927	1	(100)	828
Community Development				
Community Support	(63)	0	(297)	(360)
	(63)	0	(297)	(360)
Regulation				
Regulation	(217)	20	0	(197)
	(217)	20	0	(197)
Solid Waste Management				
Kerbside Collection	74	0	0	74
Transfer Stations	138	0	(408)	(270)
Waste Minimisation	(30)	0	0	(30)
	182	0	(408)	(226)
Stormwater Drainage				
Te Kuiti Stormwater	3	0	(29)	(26)
Rural Stormwater	149	0	0	149
	152	0	(29)	123
Resource Management				
District Plan Administration	(51)	0	0	(51)
	(51)	0	0	(51)
Sewerage				
Te Kuiti Sewerage	2,108	127	0	2,235
Te Waitere Sewerage	55	0	(1)	54
Benneydale Sewerage	(253)	0	(52)	(305)
Piopio Sewerage	330	0	(69)	261
	2,240	127	(122)	2,245
Water Supply				
Te Kuiti Water	(345)	0	(196)	(541)
Mokau Water	(468)	0	(28)	(496)
Piopio Water	(623)	0	(55)	(678)
Benneydale Water	(86)	0	(22)	(108)
	(1,522)	0	(301)	(1,823)
Roads and Footpaths				
Subsidised Roads	(1,953)	269	0	(1,684)
Unsubsidised Roads	395	0	(38)	357
	(1,558)	269	(38)	(1,327)
Corporate Support				
Gratuities	83	0	0	83
Long Service Leave	26	0	0	26
Natural Disaster	426	0	0	426
	535	0	0	535
Total Operational Reserves	(2,610)	417	(1,312)	(3,505)

	Projected Reserve Balance 30 June 2016	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Reserve Balance 30 June 2017
Depreciation Reserves (2)				
Governance: Leadership and Investments				
Investments	(291)	1	(72)	(362)
	(291)	1	(72)	(362)
Community Service				
Parks & Reserves	(51)	51	(65)	(65)
Elder Persons Housing	148	16	(16)	148
Community Halls	763	3	(3)	763
Other Land and Buildings	379	77	(84)	372
Railway Building	14	68	(77)	5
District Libraries	487	81	(57)	511
Aquatic Centre	(68)	44	(35)	(59)
Arts, Culture and Heritage	1	165	(157)	9
Aerodrome	46	35	(7)	74
Public Amenities	(103)	107	(185)	(181)
	1,616	647	(686)	1,577
Community Development				
Visitor Information Centre	27	6	(4)	29
	27	6	(4)	29
Regulation				
Animal and Dog Control	(34)	4	(8)	(38)
	(34)	4	(8)	(38)
Solid Waste Management				
Landfill and Transfer Stations	(243)	215	(218)	(246)
	(243)	215	(218)	(246)
Stormwater Drainage				
Te Kuiti Stormwater	572	179	(243)	508
Rural Stormwater	27	4	(1)	30
	599	183	(244)	538
Sewerage				
Te Kuiti Sewerage	321	630	(892)	59
Te Waitere Sewerage	(4)	7	0	3
Benneydale Sewerage	192	36	(13)	215
Piopio Sewerage	(14)	108	(88)	6
	495	781	(993)	283
Water Supply				
Te Kuiti Water	522	203	(154)	571
Mokau Water	(74)	53	(69)	(90)
Piopio Water	216	48	(23)	241
Benneydale Water	151	36	(18)	169
	815	340	(264)	891
Roads and Footpaths				
Subsidised Roads	5,073	2,705	(2,953)	4,825
Unsubsidised Roads	28	143	(204)	(33)
	5,101	2,848	(3,157)	4,792
Corporate Support				
Corporate Support	121	278	(290)	109
Plant	220	158	(272)	106
	341	436	(562)	215
Total Depreciation Reserves	8,426	5,461	(6,208)	7,679

	Projected Reserve Balance 30 June 2016	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Reserve Balance 30 June 2017
Investment Revaluation Reserves (3)				
Governance: Leadership and Investments				
Investment Property: Parkside	149	0	0	149
	149	0	0	149
Community Service				
Housing and Other Property	321	0	0	321
	321	0	0	321
Total Investment Revaluation Reserves	470	0	0	470
Special Purpose Reserves (4)				
Community Development				
District Development	16	0	0	16
	16	0	0	16
Solid Waste Management				
Waste Minimisation	27	16	0	43
	27	16	0	43
Total Special Purpose Reserves	43	16	0	59
Total Council Created Reserves	6,329	5,894	(7,520)	4,703
Net Movement in All Council Created Reserves			(1,626)	

RECONCILIATION OF PROSPECTIVE RESERVE FUNDING TO ESTIMATED REVENUE AND EXPENSE STATEMENTS (\$'000'S)	Estimated Revenue and Expense Statements Prospective Statement of Reserve Funds					Prospective Statement of Reserve Funds		
	Total Movement (to)/from Reserves	Plus Depreciation Charged to Retained Earnings	Less Internal Loan Repayments	Transfer to Corporate Support Reserves	Total Net Movement	Projected Opening Reserve Balance at 30 June 2016	Prospective Closing Balance at 30 June 2017	Net Movement in Reserves
Governance: Leadership & Investments	(578)	438	(74)	126	(88)	3,377	3,465	88
Community Service	(656)	881	(363)	0	(138)	(2,864)	(2,726)	138
Community Development	(295)	6	(6)	0	(295)	20	315	295
Regulation	20	4	(8)	0	16	251	235	(16)
Solid Waste Management	(253)	73	(215)	0	(395)	34	429	395
Stormwater Drainage	(258)	183	(15)	0	(90)	(751)	(661)	90
Resource Management	0	0	0	0	0	51	51	0
Sewerage	(526)	781	(462)	0	(207)	(2,735)	(2,528)	207
Water Supply	(533)	572	(264)	0	(225)	707	932	225
Roads and Footpaths	(2,127)	2,842	(793)	0	(78)	(3,543)	(3,465)	78
Corporate Support	0	0	0	(126)	(126)	(876)	(750)	126
GRAND TOTAL	(5,206)	5,780	(2,200)	0	(1,626)	(6,329)	(4,703)	1,626

Note: * Corporate Support forms part of the Council's internal cost allocation and as such does not have a separate Estimated Revenue and Expenses Statement. The reserve shown above is therefore not directly attributable to any Estimated Revenue and Expenses Statement disclosed in this Plan and requires separate disclosure in the Statement of Reserve Funds for reconciliation purposes only.

Accounting Policies

Statement of Responsibility

The Exceptions Annual Plan 2016-17 was adopted by Council on 28 June 2016.

The purpose of the plan is to provide a roadmap to the Council and community on the planned activities and expenditure of Council over the next year. The use of this information for purposes other than for which it is prepared may not be appropriate.

The Council is responsible for the prospective financial statements presented, including the appropriateness of the underlying assumptions and related disclosures. The prospective financial statements have been prepared in compliance with PBE FRS 42 Prospective Financial Statements.

The Council, who are authorised to do so, believe the assumptions underlying the Prospective Financial Statements are appropriate and as such, adopted the Exceptions Annual Plan 2016-17 on 28 June 2016.

No actual financial results have been incorporated within the prospective financial statements.

Statement of Accounting Policies

Reporting Entity

Waitomo District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's activities is the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The financial information contained within the Exceptions Annual Plan 2016-17 may not be appropriate for purposes other than those described.

Basis of Preparation

The prospective financial statements are for Waitomo District Council (the Council) as a separate legal entity. Consolidated prospective financial statements comprising the Council and its controlled entities and associates have not been prepared.

Statement of Compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Presentation Currency and Rounding

The reporting period for these prospective financial statements is the year ending 30 June 2017. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000's), unless otherwise stated.

Measurement Basis

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, investment property and forestry assets. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Revenue

Revenue comprises rates, revenue from operating activities, grant revenue, interest revenue, and other revenue and is measured at the fair value of consideration received or receivable.

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Council and the revenue can be reliably measured.

Revenue may be derived from either exchange or non-exchange transactions. These are defined as:

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

The following specific recognition criteria must also be met before revenue is recognised.

Rates Revenue

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates arising from late payment penalties are recognised when rates become overdue. Rates revenue is classified as non exchange revenue.

New Zealand Transport Agency (NZTA) roading subsidies

The Council receives funding assistance from NZTA, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. NZTA subsidies are classified as non-exchange revenue.

Other Grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied. Other grants received classified as non exchange revenue.

Fees, Levies & Charges

Other fees, levies and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence. Fees, levies and charges are classified as non-exchange revenue with the exception of water meter revenue, quarry royalties and oncharging of consultants fees for resource consents.

Sale of Goods

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

Property Rental Revenue

Rental revenue arising on property owned by the Group is accounted for on a straight-line basis over the lease term. Property rental revenue is generally classified as non-exchange with the exception of certain market based lease rentals.

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal

consideration, the fair value of the asset received is recognised when the control of the asset is transferred to Council. The fair value of this asset is recognised as revenue, unless there is a use or return condition attached to the asset and is classified as non-exchange revenue.

Interest revenue

Interest revenue is exchange revenue and recognised using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Expenditure

Expenditure is recognised when the Council has been supplied with the service or has control of the goods supplied.

Grants Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Borrowing Costs

Borrowing costs are recognised in the period in which they are incurred.

Depreciation and Amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

Income Tax

Income tax expense on the surplus or deficit for the period comprises current tax expense and deferred tax. Income tax expense is recognised in the surplus or deficit except to the extent that it relates to items recognised in other comprehensive revenue and expenses or directly to equity, in which case it is recognised in other comprehensive revenue and expenses or directly to equity.

Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial

statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Council can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the tax rates which are expected to apply in the period the liability is settled or asset realised using tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Council intends to settle its current tax assets and liabilities on a net basis.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within Borrowings in Current Liabilities on the face of the Prospective Statement of Financial Position.

Inventories

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write down from the loss of service potential or from cost to net realisable value is recognised in surplus or deficit in the period of the write down.

Financial Assets

The Council classifies its financial assets into the following three categories: financial assets at fair value through surplus or deficit, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried

at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks or rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The three categories of financial assets are:

1. Financial Assets at Fair Value Through Surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Derivative financial instrument assets are included in this class.

2. Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit. Loans and receivables are classified as Debtors and Other Receivables in the Statement of Financial Position.

Loans made by the Council at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method.

The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

3. Available for Sale

Available for sale financial assets are those that are not classified in any of the other categories above. This category encompasses:

Investments that the Council intends to hold long-term but which may be realised before maturity; and Shareholdings that the Council holds for strategic purposes. The Council's investment in Inframax Construction Limited is included in this category. After initial recognition these investments are measured at their fair value through surplus or deficit.

Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate and foreign exchange gains and losses on monetary assets, which are recognised directly in surplus or deficit. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to the surplus or deficit (as a reclassification adjustment).

Impairment of Financial Assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying value and the present value of estimated future cash flows, discounted using the original effective interest rate.

Available for sale

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists for available for sale assets, the cumulative loss (measured as the difference

between the acquisition cost and the current fair value, less any impairment losses on that financial asset already recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses of derivatives that are not hedge accounted are recognised in the surplus or deficit.

The Council designates certain derivatives as either hedges of highly probable forecast transactions (cash flow hedge) or derivatives that do not qualify for hedge accounting.

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedges items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedges items is less than 12 months.

Cashflow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expenses and accumulated into the cashflow hedge reserve, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expenses are classified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss, recognised in other comprehensive revenue and expenses will not be recovered in one or more future periods, the amount that is not expected to be

recovered is reclassified to the surplus or deficit.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expenses from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expenses from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are immediately in surplus or deficit.

Payables

Payables are recognised at their face value when the Council becomes obligated to make future payments resulting from the purchase of goods or services.

Payables may be derived from either exchange or non-exchange transactions. These are defined as:

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members and directors fees.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non exchange payables include payables for GST, deposits and bonds held and deferred grant revenue.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs.

After initial recognition, all borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Good and Service Tax (GST)

All items in the Statement of Comprehensive Revenue and Expenses and Statement of Financial Position are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The Cash Flow Statement is stated inclusive of GST where applicable.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Provisions

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Landfill Post Closure Costs

The Council has a legal obligation under the resource consents for open and closed landfills to provide ongoing maintenance and monitoring services at the sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The provision is a measure based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. Amounts provided for landfill post closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

Employee Benefits

Employee Benefits are classified as:

Short-Term Benefits

Employee benefits that the Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at the rate expected to apply at the time of settlement.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

Long-Term Benefits

Retirement Gratuities

Entitlements that are payable beyond 12 months, such as retirement gratuities have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of estimated future cash flows.

Leases

Finance Leases

A finance lease is a lease that transfers to the Council (as lessee) substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

A finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an

operating lease are recognised within surplus or deficit. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Property, Plant and Equipment

Property, Plant and Equipment consists of operational assets, restricted assets, and infrastructural assets.

Operational assets are tangible assets, able to be dealt with as part of the operating strategy and include land, buildings, furniture and fittings, computer hardware, plant and equipment, library books, motor vehicles, and finance leases for office equipment.

Infrastructural assets are the fixed utility systems providing an ongoing service to the community, but are not generally regarded as tradable. They include infrastructural land, roads, water reticulation systems, refuse transfer stations, sewerage reticulation systems, stormwater systems, and land under roads.

Restricted assets cannot be disposed of because of legal and other restrictions but provide a benefit or service to the community. These are mainly assets associated with reserves vested under the Reserves Act, endowments and other property held in Trust for specific purposes.

Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

After initial recognition, certain classes of property, plant and equipment are re-valued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Disposals

Gains and losses arising from the disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised within surplus or deficit in the period the transaction occurs. When revalued assets are disposed, the amounts included in the asset revaluation reserves in respect of those assets are transferred to accumulated comprehensive revenue and expenses.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and land under roads and work in progress. Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Operational Assets

Operational assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Buildings	5-100 years
Plant and Equipment	2-15 years
Motor Vehicles	4-15 years
Furniture and Fittings	2-5 years
Computers	2-5 years
Library books	3-7 years
Archive books	Not depreciated

Infrastructural Assets

Infrastructural assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Roads

Top surface	2-20 years
Base course	25-120 years
Sub base	25-115 years
	Or not depreciated
Formation and running course	Not depreciated
Culverts – timber and other	40-100 years
Signs	15-30 years
Street Lights and poles	15-60 years
Bridges	70-120 years
Footpath surface and base	18-80 years

Water Reticulation

Pipes, hydrant, valves	30-120 years
Pump station, reservoirs	25-100 years

Sewerage Reticulation

Pipes and manholes	50-120 years
Pump station	15-100 years
Treatment plant	10-80 years

Stormwater Systems

Pipes, cesspits	40-120 years
Flood Control Systems	10-80 years

Refuse Systems

Retaining walls	70-90 years
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Drainage	70-75 years
Signs	30 years
Kerb and channelling	30-75 years
Truck wash and weighbridge	28 years

The depreciation rates are applied at a component level and are dependent on the remaining useful life of each component. The residual value and useful life of an asset is reviewed and adjusted where applicable at each balance date.

Restricted Assets

Restricted assets are depreciated on a straight line basis as follows:

Buildings	5-100 years
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Revaluations

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off cycle asset class is revalued.

Revaluations of property, plant and equipment are on a class of asset basis. Any revaluation surpluses and deficits are recognised in the Other Comprehensive Revenue and Expenses and accumulated as a separate equity in the Revaluation Reserve for that class of asset. Where a revaluation of a class of assets results in a revaluation deficit, and the amount of the deficit is greater than an existing revaluation reserve, the revaluation deficit is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then in other comprehensive revenue and expense.

Revaluation of Restricted Assets

Land and buildings in restricted assets are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

Capital Work in Progress

Capital work in progress is not depreciated. The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

Intangible Assets

Software

Computer software licenses are capitalised on the

basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Council's website are recognised as an expense as incurred. Staff training costs are recognised in the surplus or deficit when incurred.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates for software have been estimated as follows:

Computer software	2 to 5 years	20% to 50%
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Forestry Assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected future cash flows discounted at a current market determined rate. The calculation is based on assessment of growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains and losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Non-current Assets Held For Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value less costs to sell are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Investment in Unlisted Shares

Council has an interest (1.6%) in a Council Controlled Organisation (CCO), Local Authority Shared Services Limited. Council has no significant influences on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

Council has an interest (0.04%) in New Zealand National Mutual Riskpool. Council has no significant influences on operational or financial policies.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

Investment Property

Investment property consists of miscellaneous housing properties. Investment properties are held primarily for capital growth, rental or similar revenue. Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property excludes those properties held for strategic purposes or to provide a social service. This includes properties which generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment. Borrowing costs incurred during the construction or upgrade of investment property are not capitalised.

Investment property is measured initially at its cost, including transaction costs and subsequently measured at fair value, determined annually by an independent valuer. Any gains or losses from a change in fair value are recognised within surplus or deficit. Investment property is not depreciated.

Cost Allocation

The Council has derived the cost of service for each significant activity. Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers and floor area. All overhead costs have been allocated to significant activities.

Impairment of Property, Plant and Equipment and Intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets that have a finite useful life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Value in use for non cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

Equity

Equity is the community's interest in the Council, and is measured as the difference between total assets and total liabilities. Net assets or equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within Council.

The components net assets or equity are:

- accumulated funds,
- other reserves and

- property revaluation reserves.

Other Reserves

Restricted reserves are a component of net assets or equity generally representing a particular use to which various parts of net assets or equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. Transfers to and from these reserves are at the discretion of the Council.

Council created reserves are a combination of depreciation reserves and transfers of surplus or deficit from operations. The purpose of the reserves is to maintain balances of funded depreciation for future renewal of assets and to hold revenue streams in separate balances as required by Council.

Available for sale reserves consists of valuation gains associated with Council's investments, classified as available for sale.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

Property Revaluation Reserves

Property revaluation reserves relates to the revaluation of property, plant and equipment to fair value.

Prospective Statement of Cash Flows

The Cash Flow Statement is prepared inclusive of GST. For the purpose of the Cash Flow Statement cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management net of bank overdrafts.

Operating activities include cash received from all revenue sources of the Council and record the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current investments. Financing activities comprise activities that change the equity and debt capital structure of the Council.

Emissions Trading Scheme (ETS)

The regulations for landfill methane emissions under the New Zealand Emissions Trading Scheme (NZ ETS) require waste disposal facility operators to surrender New Zealand Units (NZU's) by 31 May of each year to match the remission from 1 January to 31 December of the preceding calendar year. The cost of meeting ETS obligations is mandatory and Council is required to surrender NZU's for the landfill methane emissions associated with Rangitoto Landfill. NZU's that are purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return

units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

Critical Accounting Estimates and Judgements

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy. The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates. Further information around assumptions used in the EAP can be found under in the LTP 2015-2025.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill Aftercare Provision

The Council has a legal obligation under resource consents for open and closed landfills to provide ongoing maintenance and monitoring service at the sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

Infrastructural Assets

There are a number of assumptions and estimates used when performing discounted replacement cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset. For example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example underground stormwater, wastewater and water supply pipes. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and;
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Infrastructural assets are revalued on a 3 yearly basis by an independent valuer. It has been assumed that any change in valuation will be in line with the assumed rates of inflation.

Property, plant and equipment useful lives and residual values

At each balance date the Council reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Council to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the Statement of Financial Position. The Council minimises the risk of this estimation uncertainty with:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

Council has not made significant changes to past assumptions concerning useful lives and residual values.

Valuation of Investment in Inframax Construction Limited

The investment of Inframax Construction Ltd was revalued at 30 June 2014 resulting in a gain in valuation of \$2,600,000. The valuation report indicated a value between \$2.6 million and \$3.8 million for the investment. Council have conservatively recognised the investment at \$2.6 million. It has been assumed that there has been no change in the value of the investment in Inframax Construction Ltd over the life of the plan.

Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year, and where a greater degree

- of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

- (i) Description of the nature of the entity's current operation and its principal activities

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this Annual Plan.

- (ii) Purpose for which the prospective financial statements are prepared

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 1 year and include them within the Annual Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

- (iii) Bases for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Annual Plan.

- (iv) Cautionary Note

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

- (v) Other Disclosures

The prospective financial statements were authorised for issue on 28 June 2016 by Waitomo District Council.

The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Information for the EAP is prospective and as such contains no actual operating results.

Rating base information

The projected number of rating units within our district at 30 June 2016 is 5,870.

The projected total capital value of rating units within our District at 30 June 2016 is \$3,052,424,600.

The projected total land value of rating units within our District at 30 June 2016 is \$1,955,844,450.

Annual Plan disclosure statement for the year ending 30 June 2017

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met [Yes/No]
Rates affordability benchmark			[Yes/No]
• income	The quantified limit is that total rates revenue will be limited to an average of 75% of total operating expenditure.	69%	Yes
• increases	The quantified limit is that total rate increases will be limited to a cap of the Local Government Cost Index plus 2% (being 4.71% based on LGCI average over 10 years).	2.85%	Yes
Debt affordability benchmark	The quantified limit is that total interest expense will not exceed 15% of total revenue.	9%	Yes
Debt affordability benchmark	The quantified limit is that total borrowings will not exceed 25% of total equity.	17%	Yes
Debt affordability benchmark	The quantified limit is that total borrowings must not exceed 20% of total assets.	15%	Yes
Debt affordability benchmark	The quantified limit is that net debt will not exceed 170% of total (cash) revenue.	118%	Yes
Debt affordability benchmark	The quantified limit is that net interest will not exceed 20% of annual rates.	14%	Yes
Balanced budget benchmark	100%	111%	Yes
Essential services benchmark	100%	236%	Yes
Debt servicing benchmark	10%	8.8%	Yes

Notes

1. Rates affordability benchmark

- (1) For this benchmark,—
 - (a) the council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's long-term plan; and
 - (b) the council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the rates affordability benchmark if—
 - (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
 - (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2. Debt affordability benchmark

- (1) For this benchmark, the council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3. Balanced budget benchmark

1. For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
2. The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4. Essential services benchmark

1. For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
2. The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5. Debt servicing benchmark

1. For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
2. Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Benchmarking Graphs

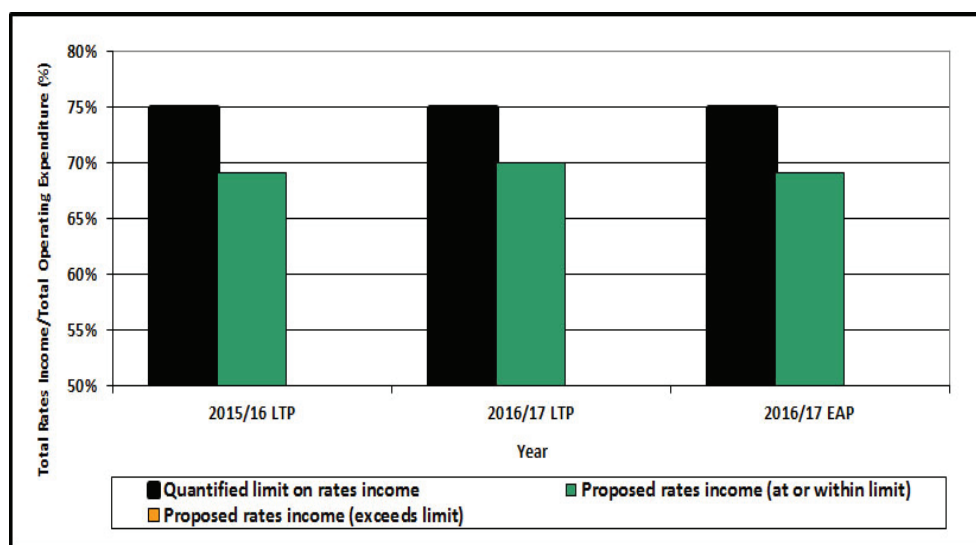
The sections below provide graphs and additional commentary on the results shown in the statement. Where there is a limit that's been set, this is shown in the graphs as a black bar.

Rates affordability benchmarks

The Finance Strategy, contained in the LTP, sets limits on the amount that our rating income can increase each year and how much our rates income can be.

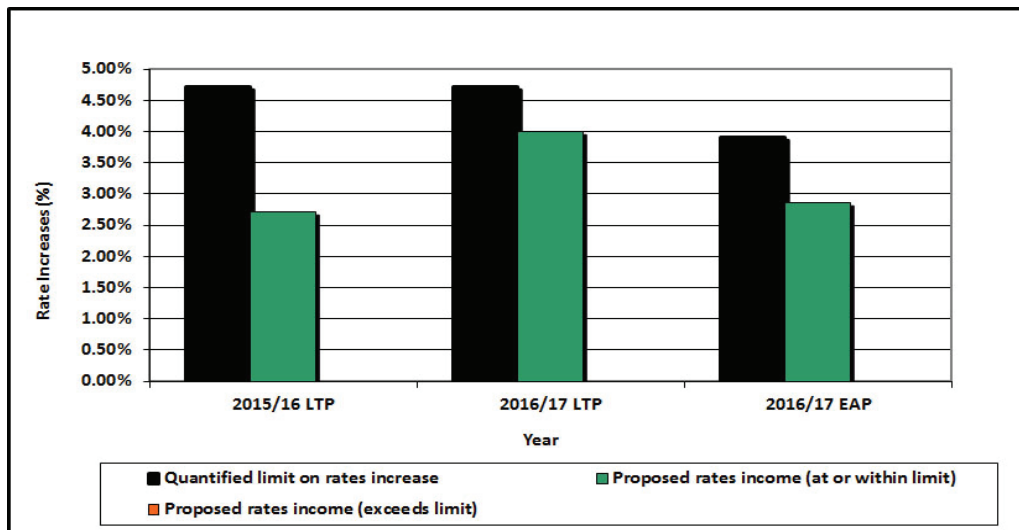
1. Rates (income) affordability

The 2016/17 planned rates revenue in the Exceptions Annual Plan is below the limits we set in our LTP. In addition, the forecast is also below the rates income that was originally forecast for 2016/17 in our LTP.



2. Rates (increases) affordability

The 2016/17 planned overall rates increase in the Exceptions Annual Plan is below the limit we set in our LTP. The rates increase limit is set at LGCI + 2%. This means our rates should not increase by more than 3.9% from the 2015/16 year to the 2016/17 year. The planned rates increase for 2016/17 is 2.85%. This is substantially lower than the 3.99% increase forecast in the LTP.

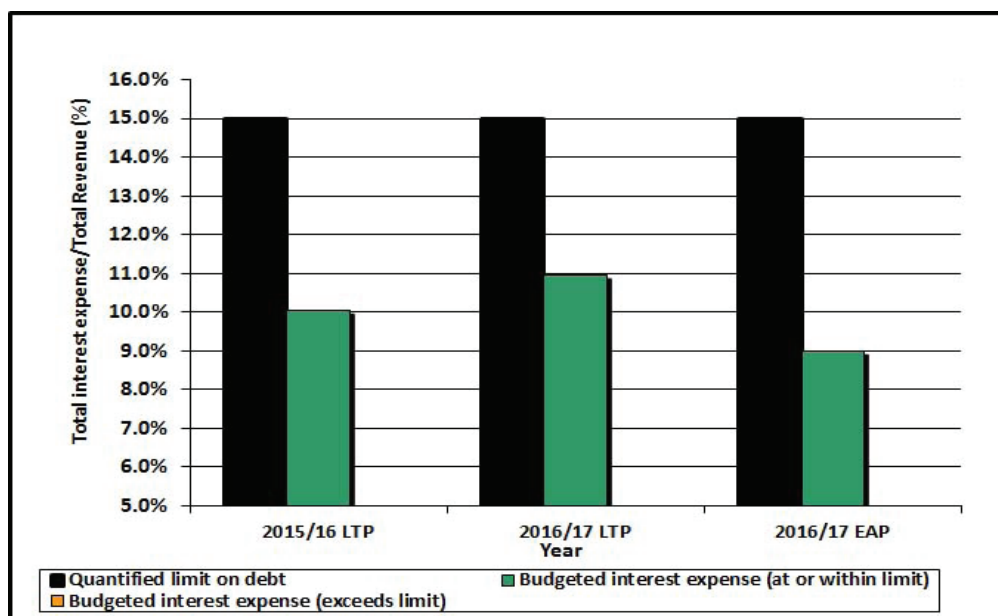


Debt affordability benchmarks

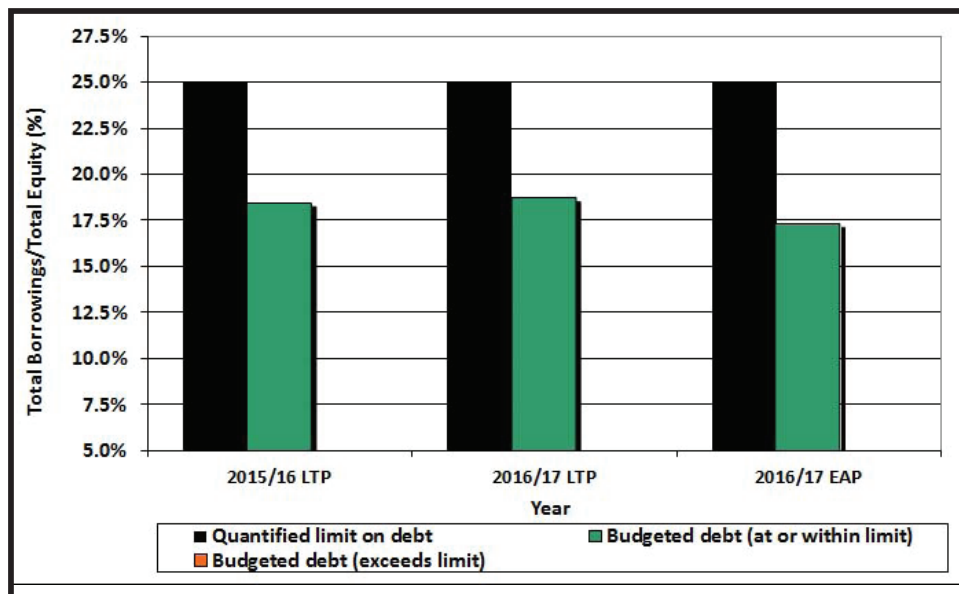
The Finance Strategy, contained in the LTP, sets the limits on borrowing. Council meets its debt affordability benchmarks if its planned borrowing is within each quantified limit.

The 2016/17 planned debt levels are well within the quantified limits for each of the five measures and also below the original forecast for 2016/17 in our LTP.

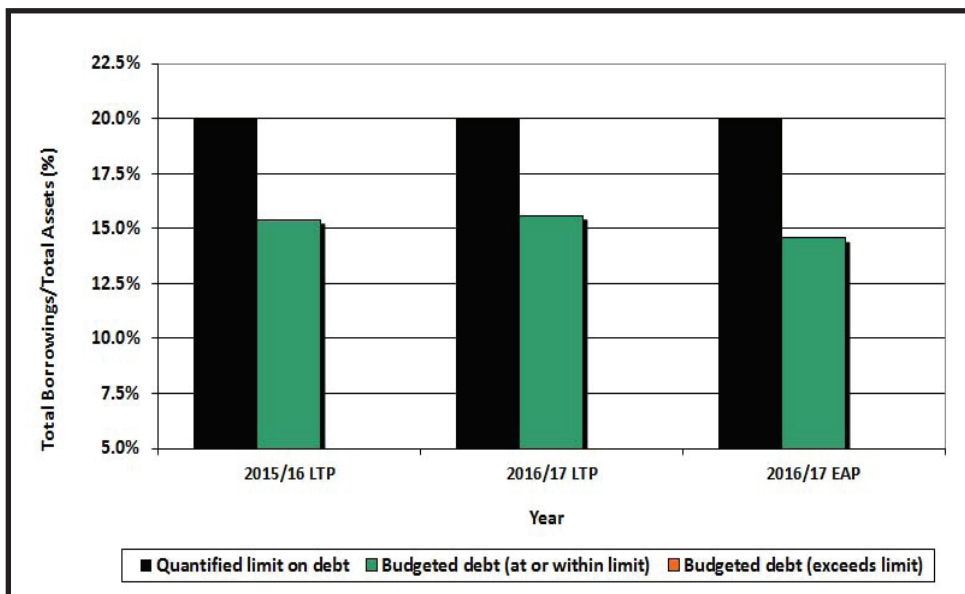
1. Total interest expense to Total revenue



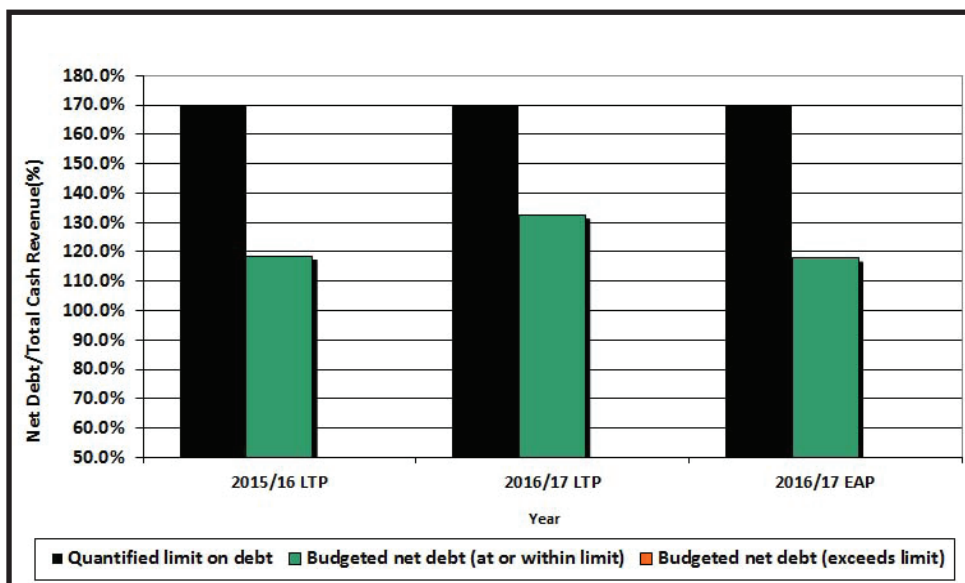
2. Total borrowing to Total equity



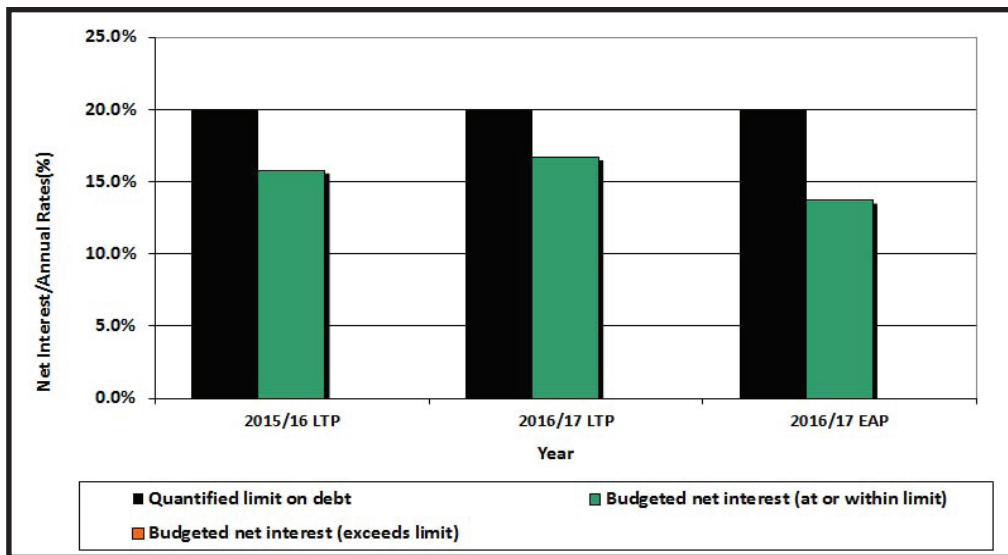
3. Total borrowings to Total assets



4. Net debt to Total cash revenue

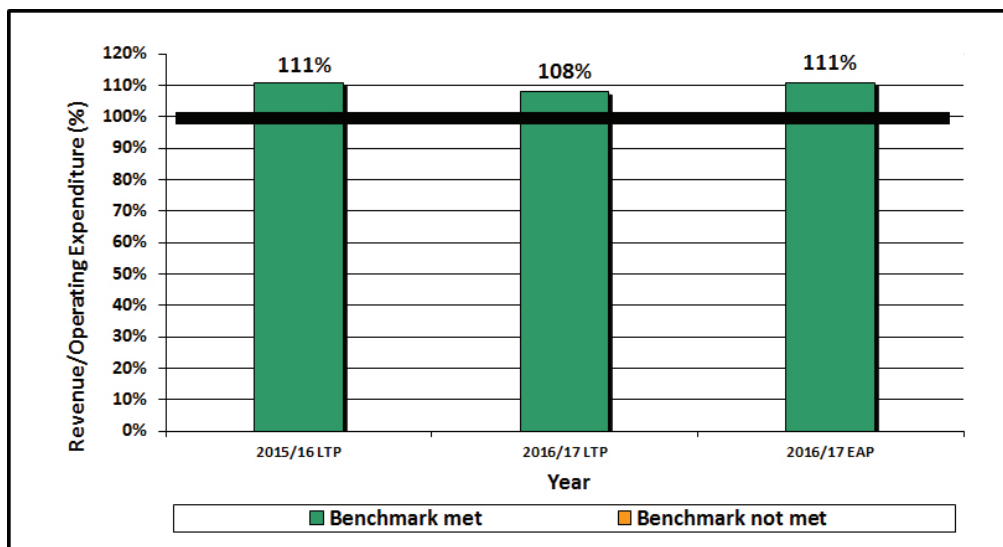


5. Net interest to Annual rates revenue



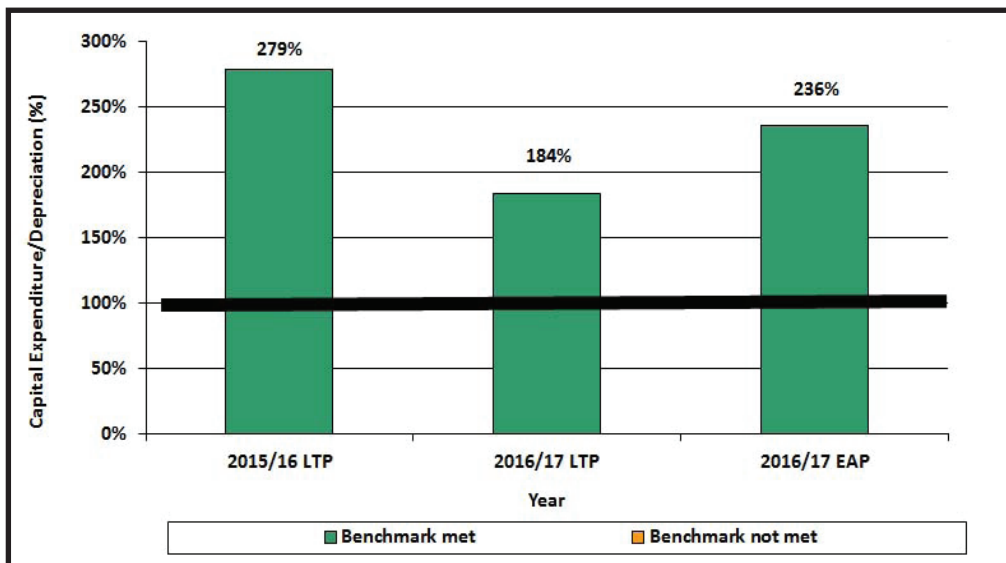
Balanced budget benchmark

For this benchmark, our planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant and equipment) is presented as a proportion of our planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). This benchmark is met if our revenue equals or is greater than our operating expenses. For 2016/17 our planned revenue is forecast to be 11% greater than our expenditure and is higher than was forecast in the LTP.



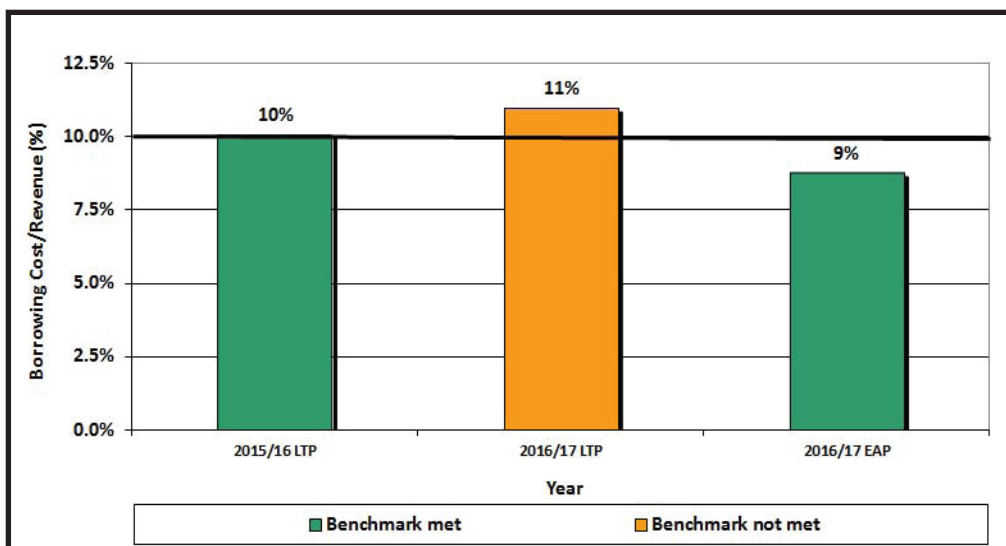
Essential services benchmark

For this benchmark, our planned capital expenditure on network services is presented as a proportion of expected depreciation on network services. This benchmark is met if our planned capital expenditure on network services equals or is greater than expected depreciation on network services. For 2016/17 our planned capital expenditure significantly exceeds this benchmark.



Debt servicing benchmark

For this benchmark our planned borrowing costs must be equal to or less than 10% of our planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). We have met this benchmark for 2016/17 with planned borrowing costs at 9%. The forecast in the LTP for 2016/17 did not meet this benchmark for the due to additional borrowing costs required to fund the capital expenditure programme, in particular for Te Kuiti Water Upgrade. The Te Kuiti Water Upgrade project has been re-sequenced and is now expected to be completed in the 2017/18 year instead of 2016/17 as forecast in the LTP.



Terms used in the Exceptions Annual Plan

Activity	The goods or services that WDC provides to the Community.
Annual Report	A document that WDC prepares each year which provides the public with information on the performance of the WDC during the year (in both financial and non-financial terms).
Assets	Assets are things that WDC owns, such as roads, parks, buildings and cash holdings.
Asset Management Plan	A planning document that combines management, financial, strategic and engineering techniques to ensure an asset continues to provide the desired level of service to its customers at the lowest long term cost.
Capital Expenditure	The term used to describe expenditure on assets (land, infrastructure, plant and equipment) that will provide benefit to the Community for a period greater than 12 months.
Capital Value	The sum of the unimproved value (land value), and the value of the improvements is equal to the capital value of the land.
Community	A network of people and organisations linked together by common factors. This might refer to a network of people linked by place (that is, a geographic community), common interest or identity (for example, a Hapu, a voluntary organisation or society), or an administrative community (such as a District).
Community Outcomes	The Outcomes that Council aims to achieve in meeting the current and future needs of its communities for good quality infrastructure, local public services and performance of regulatory functions. These outcomes inform the development of WDC's planning and co-ordinate the activities and planning of all sectors of the community.
Corporate Support	Used to describe the inputs that are used by all of WDC's activities.
Council	The seven elected members that form the governing body of WDC
Current Assets	Assets that can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.
Current Liabilities	Creditors and other liabilities due for payment within the financial year.
Designated Investments	Investments representing Special Funds and Reserve Accounts.
Development Expenditure	A form of capital expenditure that refers to an investment in an asset to improve its value. The investment in the asset results in the asset's condition being better than when it was first purchased, or built by WDC. This does not include renewing old assets to their original state; these are classed as renewal works.
Exception Annual Plan	A document adopted by WDC in each of the years between LTPs which sets out the budget and sources of funding for the year and reports on any exceptions from those forecast in the LTP.
Infrastructural Assets	Fixed utility systems that provide a continuing service to the Community and are not generally regarded as tradable. WDC's infrastructural assets consist of roads and footpaths, water supply systems, sewerage systems, stormwater systems and Solid Waste Management systems (e.g transfer stations and the Rangitoto Landfill).
Key Performance Indicators	Targets set by WDC to enable the Community to monitor WDC's progress towards agreed outcomes each year. A table of performance measures is provided in each activity section.
Levels of Service	Operational levels of service are stated in the activity sections of the Waitomo District Council's Long Term Plan (LTP)
Level of Service Expenditure	A form of capital expenditure that refers to an investment in an asset to improve its value as a result of improving the service that the asset provides to the community. The level of service investment in the asset results in the asset's condition being better than when it was first purchased or built by WDC. This does not include improvements to assets as a result of increased need or demand for that asset due to growth, this is classed as Development Expenditure; or renewal of old assets to their original state, which is classed as Renewal Expenditure.
Local Government Act 2002	The Key legislation that defines the regulations and responsibilities for local authorities.
2009-19 Long Term Plan	A plan covering a period of 10 years (2009-2019), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
2012-22 Long Term Plan	A plan covering a period of 10 years (2012-2022), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
2015-25 Long Term Plan	A plan covering a period of 10 years (2015-2025), developed by the WDC and describing what the WDC will do to contribute to the achievement of Community Outcomes. An LTP describes what the WDC will do over the ten year period, why it plans to do these things, how much these things will cost including how they will be funded and how success will be judged.
Operating Expenditure	The expenditure required to meet the costs of normal day-to-day services provided by WDC. This includes expenditure resulting from inputs on such items as contract costs, materials, electricity and plant hire.
Operating Revenue	Money earned through WDC activities in return for service provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include Land Transport New Zealand (LTNZ) Financial Assistance Rates (FAR) subsidies, rental income and fees and charges.
Operating Surplus	An accounting term meaning the excess of income over expenditure. Income and expenditure in this context excludes "capital" items such as the receipt of repayment of intergeneration loans, the cost of capital works and transfers to and from reserves. An operating surplus is inclusive of non-cash items such as income and expenditure owing but not paid (debtors and creditors) and depreciation.
Outputs	Goods and services the WDC will produce or provide to achieve agreed outcomes.
Renewal Expenditure	A form of capital expenditure that describes WDC's ongoing programme of works, which is aimed at maintaining the District's assets in a good condition by 'renewing' them back to their original state.
Separately Used or Inhabited Part/SUIP	A separately used or Inhabited part of a rating unit includes any part of a rating unit used or inhabited by the owner or any other person, who has the right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement. As a minimum, the land or premises forming the SUIP must be capable of actual habitation or actual separate use. For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one SUIP.
Stakeholders	People, groups and or organisations that have an interest in what happens in the District.
Statement of Financial Position	Also referred to as a Balance Sheet. The name of this financial table has been changed as required by the accounting standards for PBE

Strategic Goals	WDC has set Strategic Goals for each of its activities. These goals are targeted at ensuring WDC's work programmes are promoting the achievement of Community Outcomes. The goals are long-term and in most cases will take many years to achieve.
Sustainable Development	Development that meets the needs of the present without compromising the reasonably foreseeable needs of future generations.
Targeted Rates	Targeted Rates are rates set to fund a particular activity or group of activities, and may be set and assessed on a particular category or categories of rating units.
Uniform Annual General Charge	A Uniform Annual General charge that is levied on all separately used or inhabited parts of a rating unit in the District.
Waitomo District Council	The organisation established to administer WDC affairs, conduct operations and bring effect to WDC policy and strategies.

Acronyms used in this document:

AMP	Asset Management Plan
AP	Advisory Panel
BLG	Better Local Government Reform
Capex	Capital Expenditure
CCO	Council Controlled Organisation
CCTO	Council Controlled Trading Organisation
COs	Community Outcomes
DDR	District Development Rate
DLA	District Licensing Agency
DWS	Drinking Water Standards 2005 (Revised 2008)
EAP	Exceptions Annual Plan
ETS	Emissions Trading Scheme
FAR	Financial Assistance Rates
FRN	Floating Rate Notes
ICL	Inframax Construction Limited
ISBU	Internal Services Business Unit
JMA	Joint Management Agreement
KPI	Key Performance Indicator
LGA 2002	Local Government Act 2002
LGRA	Local Government (Rating) Act 2002
LGCI	Local Government Cost Index
LoS	Level of Service
LTP	Long Term Plan
LTNZ	Land Transport New Zealand
MoH	Ministry of Health
NAASRA	National Association of Australian State Roading Authorities
NZWS	New Zealand Waste Strategy

Opex	Operational Expenditure
PBE	Public Benefit Entity
PWBRA	Piopia Wider Benefit Rating Area
RFS	Request for Service - Waitomo District Council's service request system.
RSS	Resident Satisfaction Survey
RTO	Regional Tourism Organisation
SCADA	Supervisory Control and Data Acquisition
SUIP	Separately Used or Inhabited Part of a Rating Unit
SWaMMP	Solid Waste (Activity) Management and Minimisation Plan
SWSS	Sanitary Waste Subsidy Scheme
TKWTP	Te Kuiti Water Treatment Plant
TKWWTP	Te Kuiti Waste Water Treatment Plant
TP	Treasury Policy
TFR	Targeted Fixed Rate
TR	Targeted Rate
UAGC	Uniform Annual General Charge
WDC	Waitomo District Council
WDHB	Waikato District Health Board
WINZ	Water Information New Zealand
WMF	Waikato Mayoral Forum
WRC	Waikato Regional Council (formally known as Environment Waikato)