

Document No: A343664

Report To:



Meeting Date: 28 March 2017

Subject: **Adoption of Draft Financial Information for Exceptions Annual Plan 2017-18**

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to present the draft financial forecasts for the Draft Exceptions Annual Plan 2017/18 (DEAP 17/18) and seek Council's approval on the adoption process for the final EAP 17/18.

Background

- 2.1 The Local Government Act 2002 (LGA) requires the development of an Annual Plan for each year in between the Long Term Plan (LTP) review cycle of three years. The purpose of the Annual Plan as per section 95(5) of the LGA is to:
 - a. Contain the proposed annual budget and funding impact statement for the year to which the annual plan relates; and
 - b. Identify any variation from the financial statements and funding impact statement included in the Council's long term plan in respect of that year, and
 - c. Provide integrated decision making and co-ordination of the resources of Council; and
 - d. Contribute to the accountability of the Council to the community.
- 2.2 The Annual Plan is, therefore, an 'Exceptions' based document that is required to focus on any variations from the forecasts and plans for the corresponding year in the LTP.
- 2.3 As a result of amendments to the LGA 2002 (August 2014) public consultation on the EAP is only required if the proposed plan includes any "significant or material differences" from the corresponding year in the LTP.
- 2.4 If public consultation is to be carried out then a Consultation Document has to be prepared and used as the basis of consultation with the community.
- 2.5 The statutory purpose of the Annual Plan has guided the DEAP 17/18 development process. The process is founded against Year 3 of the 2015-25 LTP (2017/18 Financial Year) comprising:
 - Consolidation of key projects/work streams planned for the 17/18 year in the LTP and prepare budgets for 17/18 year

- Consolidate and workshop strategic considerations for the 17/18 year which might vary the LTP forecasts in some significant way
 - Identify variations to be included in the DEAP 17/18 based on:
 - Changes to timing of work streams (bring forward or deferrals)
 - Change in scope of proposed work
 - Decision to discontinue initiatives
 - Prepare preliminary financial forecasts for Council's consideration
- 2.6 The key strategic considerations for the DEAP 17/18, along with preliminary draft financial forecasts were discussed with Council at the December 2016 and February 2017 workshops.

Draft Financials for the DEAP 2017-18

- 3.1 Council guidance has been provided throughout the DEAP 17/18 development process and the direction provided has informed preparation of the Draft Financial Forecasts (dFF), which are enclosed with this business paper as 'Information for the DEAP 17/18' **Attachment 1**.
- 3.2 Commentary on the dFF and how these compare with Year 3 of the 2015-25 LTP is contained in this section in summary form.
- 3.3 Overall, the dFF for the DEAP 17/18 are not significantly or materially different to those outlined in the corresponding year of the 2015-25 LTP and the service levels for the various activities, as agreed with the District community, will continue to be maintained.
- 3.4 Work Programmes and Projects for DEAP 17/18**
- 3.5 Continuing progress in the focus areas of Community Connectivity and Development, Economic Development and Good Asset Stewardship; in a financially prudent and sustainable manner is intended in the DEAP 17/18.
- 3.6 The key initiatives planned for in the 17/18 year are:
- Commencement of the District Plan Review project
 - Support for a range of district marketing initiatives
 - Continuing with development of Timber Trail Marketing
 - Development of the entranceway for Brook Park
 - Bathroom upgrade for the Les Munro Centre
 - Support Digital advancement of the District
 - Support implementation of the Waitomo Village Structure Plan
 - Complete the planned phases of the Te Kuiti Water Treatment Plant project
- 3.7 Draft Financial Forecasts**
- 3.8 The Cost of Service Statement below (**Table 1**) illustrates that Council's planned Draft Net Operating Cost for the DEAP 17/18 is \$567K more than the forecast contained in the 2015-25 LTP.

Table 1

EAP 2016/17 \$000's	Cost of Service Statement for All of Council	LTP 2017/18 \$000's	DEAP 2017/18 \$000's	VARIANCE TO LTP \$000's
11,451	Total Operating Income	10,977	11,227	250
27,592	Total Operating Expenditure	28,563	29,380	817
16,141	Net Operating Cost/(Surplus)	17,586	18,153	567
12,341	Total Capital Expenditure	8,197	10,150	1,953
28,482	Net Expenditure	25,783	28,303	2,520
	Funded By			
5,206	Reserves	4,745	5,562	817
4,220	Internal Loans	1,023	3,170	2,147
19,056	General Rates, UAGC and Service Charges	20,015	19,571	(444)
28,482	Total Funding	25,783	28,303	2,520

3.9 The main contributors to the increase in the **draft Total Operating Expenditure** are:

- The **District Plan Review** project: The 2015-25 LTP included a budget of \$2.5 million for the District Plan review over the life of the LTP. The review has commenced with a re-estimated completed date of June 2019 as a rolling review originally intended could be more resource and cost intensive. The forecast expenditure for the review has been brought forward resulting in **\$603K increase** in cost being included in the 17/18 year. This expenditure is funded by loan to preserve intergenerational equity and will not affect rates revenue.
- Some operating costs in the Community Development portfolio like Timber Trail Marketing, the Telecommunications Initiative that are included in the dFF for DEAP 17/18 were not included in the 2015-25 LTP and have resulted in the variance to previously forecast operating costs. District Promotion expenditure is also forecast to increase to support a range of district marketing initiatives.
- Increases in maintenance costs of some Community Services assets like Toilets and Cemeteries and also some increase in depreciation due to renewal works on some of these assets.

3.10 The **draft operating income** forecast for DEAP 17/18 is 2.3% higher than the LTP forecast due to increased lease and other revenue in the Community services portfolio as well as increase in Subsidy revenue forecast for the Roads and Footpath activity.

3.11 There is an overall increase in **draft capital expenditure** for 17/18 year (compared to the 2017/18 year in the 2015-25 LTP) which is mainly due to:

- Re-sequencing of renewal work for the Te Kuiti Water Treatment Plant,
- Assessment and Safety improvement works to be carried out (in conjunction with the lessee) at WDC quarries to ensure alignment with Health and Safety requirements, and

- Some further performance and safety improvement works at Te Kuiti Waste Water Treatment Plant
- Development of Brook Park entranceway and the bathroom upgrade at the Les Munro Centre.
- Landfill main entrance and 'tip head' road renewal and resource consent.
- Purchase of carbon credits to meet ETS obligations.

3.12 **Funding Sources**

3.13 **dFF Rates**

3.14 The rates revenue requirement estimated in the dFF is **\$19.57** million which is \$444K or 2.2% **less** than the forecast contained in the 2015-25 LTP (of \$20.02 million) and is an overall average **2.7%** rates increase over the current 16/17 year.

3.15 **Table 2** below shows the rates types that the \$19.57 million rates requirement is comprised of.

Table 2

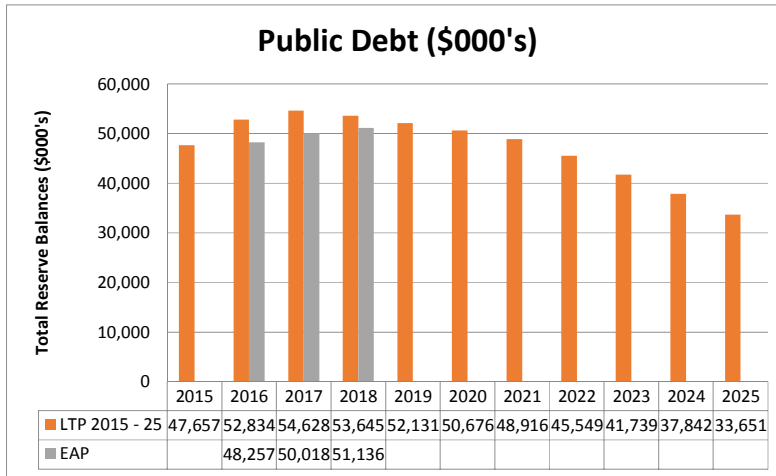
EAP 2016/17 \$000's	Forecast Rates Requirement	LTP 2017/18 \$000's	DEAP 2017/18 \$000's	VARIANCE TO LTP 2017/18
	Targeted Rates and Service Charges			
2,285	Sewerage	2,376	2,415	39
1,700	Water	1,961	1,838	(123)
675	Metered Water Rates	682	712	30
521	Targeted Services	593	532	(61)
214	District Development Rate	212	330	118
15	Piopio Retirement Village Contribution	16	15	(1)
5,659	Roads and Footpaths	5,819	5,666	(153)
547	Solid Waste Management	690	531	(159)
204	Solid Waste Collection	205	205	(0)
423	Stormwater	459	409	(50)
4	Marokopa Community Centre	4	4	(0)
12,247	Total Targeted Rates and Service Charges	13,017	12,657	(360)
3,596	General Rates	3,684	3,646	(38)
3,213	UAGC	3,314	3,268	(46)
19,056	Forecast Total Rates Requirement	20,015	19,571	(444)
2.85%	Percentage Increase	3.88%	2.70%	

3.16 The impact of the 2.7% rates increase on 10 sample properties from across the District is shown in the rates examples which are included as part of **Attachment 1**.

3.17 The average increase in rates across the 10 sample properties is 2.09%. The highest increase is 3.9% (\$241) for a commercial property with 2 SUIPs in Waitomo Village. This is followed by an increase of 3.4% (\$119) for a commercial property in Te Kuiti with 3 pans and a residential property at Piopio.

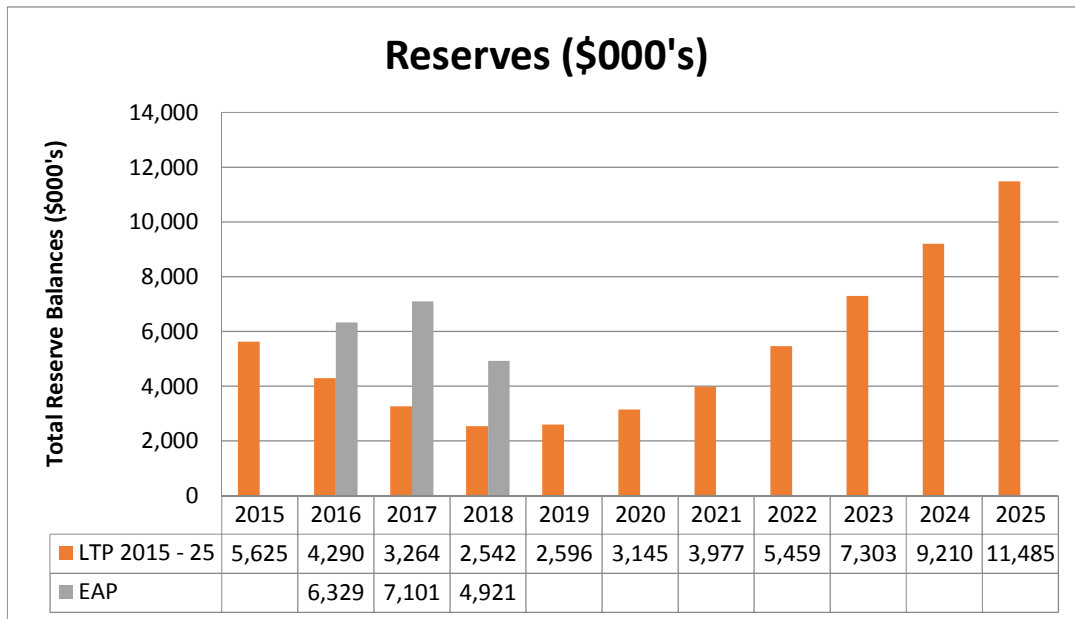
3.18 dFF Public Debt

3.19 The external public debt forecast in the dFF at the end of the 2017/18 year is \$51.14 million which is \$2.5 million less than the forecast for the corresponding year contained in the 2015-25 LTP. The graph below illustrates that Council’s public debt is tracking as per its Financial Strategy and following a more favourable trend.



3.20 dFF Reserves

3.21 The following graph compares the Reserves balances forecast in the LTP with the forecast in the DEAP 17/18.



3.22 The dFF for the DEAP 17/18 estimates a Reserves balance of \$4.92 million which is a \$2.38 million increase over the LTP forecast for 2017/18.

- 3.23 The Reserves balances are in line with the trend forecast in the 2015-25 LTP being, a decrease in the first 3 years of the LTP and then a gradual increase over the remaining period.
- 3.24 The total dFF Reserve balance however, is higher than the LTP forecast which is a positive trend.
- 3.25 Table 3 shows that dFF is within the limits and parameters set out in Council's Financial Strategy.

Table 3

Forecast Financial Strategy Parameters (at 30 June)	EAP 16/17	DDEAP 17/18	LTP 17/18
Net Debt	51,871	51,136	53,645
Net debt < 170% of Total [Cash] Revenue	170%	166%	173%
Total interest expense < 15% of total revenue (DIA: less than 10%)	9%	9%	11%
Total Borrowings < 25% of Total Equity	17%	17%	18%
Total Borrowings < 20% of Total Assets	15%	14%	15%
Net Interest < 20% of Annual Rates	13%	13%	17%
Total rates revenue < an average of 75% of Total Operating Expenditure	69%	67%	70%
Rates increase limited to a 'cap' of LGCI plus 2%	2.85%	2.7%	3.88%

- 3.26 To summarise the draft Financial Forecasts for DEAP 17/18:
- The average overall rates increase is 2.7% and is less than the rates increase forecast in the LTP for the 17/18 year of 3.88%
 - The capital expenditure planned in the DEAP 17/18 is \$1.95 million more than the LTP forecast for the corresponding year, however this is mainly due to re-sequencing of capital works. The capital works proposed in the dFF have been consulted through the 2015-25 LTP.
 - Public debt is forecast to be \$51.14 million at the end of the 17/18 year which is less than the LTP forecast of \$53.65 million
 - Reserves balance at the end of the 17/18 year is forecast to be \$4.92 million which is more than the forecast contained in the LTP of \$2.54 million
 - All financial ratios are within the limits stipulated in Council's Financial Strategy
- 3.27 There are no significant variations proposed in the DEAP 17/18 to the forecasts contained in the corresponding year of the 2015-25 LTP.

DEAP 17/18 Consultation and Adoption Process

- 4.1 An Annual Plan containing the annual budget and identifying any 'exceptions' is required to be adopted by Councils prior to the start of the financial year to which

it pertains. However, the consultation requirements for the Annual Plan have changed as part of the amendments made to the LGA 2002 in August 2014. The content requirements have also been reduced and information included in the LTP (which is unchanged) needs to be referenced only and not repeated in the Annual Plan.

- 4.2 Consultation on the Annual Plan is no longer required if there are no “significant or material differences” to the corresponding year in the LTP.
- 4.3 An assessment of the significance and materiality of the key variations in the DEAP 17/18, as per criteria contained in Council’s Significance and Engagement Policy 2014 (SEP) has been carried (Attachment 2 of this report). This assessment shows that the variations are not material or significant.
- 4.4 If Council agrees to this assessment then it has the option of not consulting on the EAP 17/18.

Analysis of Options

- 5.1 Three Options with timelines for the remaining part of the 17/18 EAP process are presented below for Council’s consideration.
- Option 1 - prepare a consultation document for the DEAP 17/18 and undertake a section 82 engagement process under the LGA.
 - Option 2 - prepare an informal engagement plan focusing on the key messages on the rates, debt and capital work programme.
 - Option 3 - not carry out any engagement or consultation for the DEAP 17/18 on the basis that the changes from the corresponding year in the 2015-25 LTP are not significant or material. **Preferred option.**

Table 4

Option 1 - Consultation as per s82	
Council Meeting: Adopt ‘Information for DEAP 17/18’ for consultation	28 March 2017
Possible Audit of Consultation Document	28 March to 6 April 2017
Consultation Period	7 April – 7 May 2017
Council Meeting/ Hearings	16 May 2017
Council Meeting/ Deliberations	7 June 2017
Council Meeting: Adopt EAP 17/18	27 June 2017

Table 5

Option 2 - Informal Community Engagement	
Council Meeting: Adopt 'Information for DEAP 17/18' to use in Community engagement	28 March 2017
Community Engagement period	7 April – 7 May 2017
Consider Community Feedback	16 May 2017
Council Meeting: Adopt DEAP 17/18	27 June 2017

Table 6

Option 3 - No Consultation/Engagement	
Council Meeting: Adopt 'Information for DEAP 17/18'	28 March 2017
Prepare final EAP document	April 2017
Council Meeting: Adopt EAP 17/18	2 May 2017
Notify community of adoption of EAP	4 May 2017

5.2 An assessment of the three options has been carried out in **Table 7**.

Table 7

Options	Advantages	Disadvantages
Option 1	<p>It would provide members of the public an opportunity to provide feedback on the budgets and proposed changes for the 2017/2018 year.</p> <p>This could also provide an early opportunity for the public to inform the development of the LTP 2018-2028.</p>	<p>There is considerable time and resources required to develop a consultation document to enable the opportunity for public feedback. The Auditors would potentially want to audit any CD.</p> <p>There is also a possibility of proposals that have been agreed through the LTP to be re-litigated for minimal overall benefit to the Community.</p>
Option 2	<p>Provides Council the community with an opportunity to provide feedback on the proposed changes for the 17/18 year without using the level of resources required to develop a consultation document or hold hearings or deliberation meetings.</p> <p>It needs to be noted that this method was tried for the 16/17 EAP and there was no engagement from the community.</p>	<p>There is a small possibility of a legal challenge to the assessment that there are no "significant or material" changes proposed to year three of the LTP.</p> <p>Some community members used to making submissions to Council might be disappointed.</p>

Options	Advantages	Disadvantages
Option 3 (Preferred Option)	<p>This is the lowest cost option with least impact on elected members and staff time.</p> <p>This option also enables resources to be allocated to the preparation of the 2018-28 LTP and to progress the work areas planned for in the 2017/18 year.</p>	<p>No opportunity provided for members of the public to comment on the EAP 17/18.</p> <p>Some risk of legal challenge on the grounds that the changes are significant and/or material by someone concerned that they cannot share their views with Council.</p>

Considerations

6.1 Risk

- 6.2 There is a possibility that some member of the community does not agree with Council's assessment that the changes to the 17/18 EAP are not material or significant. This risk is considered to be low, however.
- 6.3 Last year (2016/17) was the first year for Councils to try out the new provisions with regard to consultation on Annual Plans and the meaning of "significant or material differences" has not been judicially tested so far, thereby increasing the inherent risk of compliance.
- 6.4 It is considered unlikely that the view of "no significant or material changes" would be challenged or if it was then that it would be successful where the levels of service are unchanged, most of the larger changes to the work programme are in the timing of projects that have already been consulted on, and where debt levels and proposed rates are lower than forecast.
- 6.5 If Council decided to consult formally or carry out the informal engagement process, it increases the risk of re-litigation of proposals that have been consulted or agreed through the 2015-25 LTP, with unplanned financial implications.

6.6 Consistency with Existing Plans and Policies

- 6.7 The draft Financial Forecasts for the DEAP 17/18 are consistent with the forecasts contained in the corresponding year of the 2015-25 LTP and the variations are not considered to be material.
- 6.8 There are no changes to the levels of service agreed with the community through the 2015-25 LTP.

6.9 Significance and Community Views

- 6.10 Section 78 of the LGA requires Council to, in the course of its decision making, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.
- 6.11 Community views on lower debt levels and rates increases are known to Council through the LTP and Annual Plan processes as well as the annual Residents Survey and the views of the community on Council's overall direction, work plans and projects have been well canvassed through the 2015-25 LTP process.
- 6.12 The significance of the proposed changes in the dFF for the DEAP 17/18 have been assessed in Attachment 1 and not considered significant. If Council agrees

with the assessment that the changes are not material, then it has the option not to seek community views on the changes.

Recommendation

- 7.1 Council undertook a robust process in developing the 2015-25 Long Term Plan. The dFF and the programme of work in the DEAP 17/18 is aligned with the forecasts contained in the 2015-25 LTP for the corresponding year (although there are some timing changes).
- 7.2 Changes to the capital works programme, lower rates and lower debt than forecast in the LTP are proposed in the dFF for the DEAP 17/18. These changes are not assessed to be significant or material.
- 7.3 Changes to the LGA in 2014 provide Council with an opportunity to adopt an Annual Plan without the need to carry out a consultation. Given, the 'business as usual' nature of the dFF for the DEAP 17/18 and the lack of engagement on the Draft 16/17 EAP last year **Option 3 is recommended**, which is to adopt the DEAP 17/18 without consultation. This would reduce the administrative costs and time associated with a consultation or engagement process and enable work to commence on the development of the 2018-28 LTP as well as progressing other associated work plans.

Suggested Resolutions

- 1 The business paper on Adoption of Draft Information for Exceptions Annual Plan 2017-18 be received.
- 2 Council adopt the information pack named 'Information for the Exceptions Annual Plan 2017-18'.
- 3 Council agrees that the proposed variations to the work programme, debt levels and rates for the 2017/18 year compared to the corresponding year in the 2015-25 LTP are not significant or material when assessed against Council's Significance and Engagement Policy 2014 and section 95A(5) of the LGA.
- 4 Having considered the variations between the EAP 2017/18 information and the corresponding year of the 2015-25 LTP, Council considers that consultation on the Exceptions Annual Plan 2017-18 under section 95(2) of the LGA is not required.
- 5 Council notes that the final EAP 2017-18 and the rates resolution will be brought to the Council meeting on 2 May 2017 for consideration and adoption.

VIBHUTI CHOPRA
GROUP MANAGER - CORPORATE SERVICES

22 MARCH 2017

- Attachment: 1 Information for the Exceptions Annual Plan 2017-18 – A345175
 2 Assessment of Significance and Materiality

Attachment 2: Assessment of Significance and Materiality of the proposed variations to Year 3 of the 2015-25 LTP

<p>1. Proposed variance in Rates: the proposed total rates revenue to be collected for 2017/2018 is \$19.57 million (2.7% rates increase on previous year) and will be lower than the forecast contained in the LTP for 2017/18 year of \$20.02 million (3.88% rates increase on previous year).</p>		
	Assessment	Level of Significance and Materiality
The level of financial consequences of the proposal or decision	<p>The proposal is to reduce the amount of rates revenue and rates increase for the 2017/18 year and the reduction in rates does not affect Council's ability to carry out its activities as per the levels of service agreed with the community in the 2015-25 LTP.</p> <p>The financial consequences of the proposal are not considered to be significant.</p>	Low
Whether the proposal or decision will affect a large portion of the community	The proposal will have an effect on the whole community as one but in a positive manner i.e. the costs to the community are proposed to be lower.	Low
Whether the impact or consequences of the decision or proposal on the affected persons (being a number of persons) will, in Council's view, be substantial	The consequences of this proposal will be to lower the cost of rates than previously forecasted and therefore the impact is not substantial.	Low
The likely impact on present and future interests of the community	The proposal has the potential to have a positive impact on the disposable income within the community (albeit at a small level).	Low
The likely impact on Māori cultural values and their relationship to land and water	Maori would not be specifically affected by this proposal.	Low
Whether the proposal affects the level of service of a significant activity	No effect or change to current levels of service.	Low
Whether community interest is high	Community interest is not likely to be high based on experience of a similar proposal put forward for the 16/17 EAP.	Low
Whether the likely consequences	The likely consequences of a 'less than planned' rates increase will be	Low

<p>1. Proposed variance in Rates: the proposed total rates revenue to be collected for 2017/2018 is \$19.57 million (2.7% rates increase on previous year) and will be lower than the forecast contained in the LTP for 2017/18 year of \$20.02 million (3.88% rates increase on previous year).</p>		
	Assessment	Level of Significance and Materiality
are controversial	positive for the community and therefore they are not deemed to be controversial.	
Whether community views are already known, including the community's preferences about the form of engagement	Community views on lower rates levels and increases are known to Council through its annual Residents Surveys and through the consultation on the LTP as well as other informal feedback that Council receives.	Low
The form of engagement used in the past for similar proposals and decisions	Council decided to informally engage with the community on a similar proposal of lower rates increase in the 16/17 EAP and received minimal feedback.	Low
There is a legal requirement to engage with the community	The amendments to the LGA brought about in 2014 allow Councils not to consult on the Annual Plan if there are no material changes from the forecasts contained in the LTP.	Low
<p>6. If the financial consequences of the proposal or decision exceed the following thresholds the proposal or decision will be considered significant:</p> <p>A possible increase in funding requirement in excess of:</p>		
(a) 20% of total Council operating budget costs, or	There is no increase in funding requirement from the forecast contained within the 2015-25 LTP.	Low
(b) Capital expenditure in excess of 2.5% of the total value of Council's assets	Not relevant to capital expenditure	NA

<p>2. Proposed variance in Debt level: the proposed Public debt at 30 June 2018 (end of the 17/18 financial year) is \$51.14 million which is lower than the forecast contained in the 2015-25 LTP of \$53.66 million at 30 June 2018.</p>		
	Assessment	Level of Significance and Materiality
The level of financial consequences of the proposal or decision	<p>The proposal is a lower level of debt than the forecast for 2018/18 year in the LTP and the reduced public debt will not affect Council's ability to carry out its activities as per the levels of service agreed with the community in the 2015-25 LTP.</p> <p>The financial consequences of the proposal are not considered to be significant.</p>	Low
Whether the proposal or decision will affect a large portion of the community	The proposal will have an effect on the whole community as one but in a positive manner i.e. the costs to the community are proposed to be lower.	Low
Whether the impact or consequences of the decision or proposal on the affected persons (being a number of persons) will, in Council's view, be substantial	The consequences of this proposal will be lower cost of funds than previously forecasted and therefore the impact is not substantial.	Low
The likely impact on present and future interests of the community	Lower than forecast debt will lower the cost of funds on the community thereby having a positive impact (albeit at a small level).	Low
The likely impact on Māori cultural values and their relationship to land and water	Maori would not be specifically affected by this proposal.	Low
Whether the proposal affects the level of service of a significant activity	No effect or change to current levels of service.	Low
Whether community interest is high	Community interest is not likely to be high based on experience of a similar proposal put forward for the 16/17 EAP.	Low
Whether the likely consequences are controversial	There are no changes proposed to the levels of service and a lower than forecast debt level is positive, therefore unlikely to evoke controversy.	Low

<p>2. Proposed variance in Debt level: the proposed Public debt at 30 June 2018 (end of the 17/18 financial year) is \$51.14 million which is lower than the forecast contained in the 2015-25 LTP of \$53.66 million at 30 June 2018.</p>		
	Assessment	Level of Significance and Materiality
Whether community views are already known, including the community's preferences about the form of engagement	Community views and preference for lower debt levels are known to Council through its annual Residents Surveys and through the consultation on the LTP as well as other informal feedback that Council receives.	Low
The form of engagement used in the past for similar proposals and decisions	Council decided to informally engage with the community on a similar proposal of lower than forecast debt levels in the 16/17 EAP and received minimal feedback.	Low
There is a legal requirement to engage with the community	The amendments to the LGA brought about in 2014 allow Councils not to consult on the Annual Plan if there are no material changes from the forecasts contained in the LTP.	Low
<p>6. If the financial consequences of the proposal or decision exceed the following thresholds the proposal or decision will be considered significant:</p> <p>A possible increase in funding requirement in excess of:</p>		
(a) 20% of total Council operating budget costs, or	There is no increase in funding requirement from the forecast contained within the 2015-25 LTP.	Low
(b) Capital expenditure in excess of 2.5% of the total value of Council's assets	<p>The overall proposed increase in capital expenditure is less than the threshold established. The increase is due to re-sequencing required of projects for a variety of reasons.</p> <p>Even though there is a proposed increase in capital expenditure from the forecasts contained in the LTP for the 17/18 year, the proposed public debt is lower than the LTP forecast for the corresponding year.</p>	Low

**Attachment 1:
Information for the
Exceptions Annual
Plan 2017-18**



Section B

Estimated Cost of Service Statements for:

- 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 Financial Services



Estimated Cost of Service Statement

EAP 2016/17 \$000's	Governance - Leadership and Investments	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
510	Representation	493	479	(14)
201	Investments	66	103	37
10	Treasury Management and Overhead Accounts	10	10	(0)
721	Total Operating Income	569	592	23
	Operating Expenditure			
781	Representation	816	734	(82)
935	Planning & Policy & Monitoring	1,062	1,114	52
304	District and Urban Development	325	928	603
975	Investments	858	686	(172)
10	Treasury Management and Overhead Accounts	10	10	0
3,005	Total Operating Expenditure	3,071	3,472	401
2,284	Net Operating Cost/(Surplus)	2,502	2,880	378
	Capital Expenditure			
115	Investments	0	105	105
562	Corporate Support	481	531	50
677	Total Capital Expenditure	481	636	155
2,961	Net Expenditure	2,983	3,516	533
	Funded By			
578	Reserves	568	669	101
188	Internal Loans	137	1,033	896
1,121	General Rates	1,147	908	(239)
1,074	UAGC	1,131	906	(225)
2,961	Total Funding	2,983	3,516	533
438	Depreciation and Amortisation Expense	423	495	72

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Income

- The decrease in income forecast in Representation relates to the revenue from the provision of information services to ICL. There has been a change in the scope of service which has reduced the revenue forecast. This is partly offset by an increase in the forecast rates penalties revenue.
- The increase in Investments income is due to the gain on section sale for Parkside subdivision and additional quarry revenue.

Operating Expenditure

- The allocation of overhead has been reviewed and updated to more fairly reflect organisational changes. This has reduced costs in Representation and Investments activity.
- The budgeted amount for asset valuations has been increased as the Water, Sewerage, Stormwater, Land and Buildings, Investment Properties and Assets Held for Sale asset classes are due to be revalued as at 30 June 2018.
- An additional budget has been included for project development work associated with Waitomo village water and sewerage supplies.
- The LTP 2015/25 included a budget of \$2.5 million for the District Plan review. The review has commenced and the forecast expenditure for the review has been brought forward to the 2017/18 year. This expenditure is funded by loan.
- Expenditure budgets has been reduced to recognise the sale of the remaining Parkside sections.
- Additional budgets have been included for the valuation of the Council's investment in ICL, which would be revalued at 30 June 2018 and costs related to safety and assessment works required at WDC owned quarries.
- Depreciation budgets have been increased for vehicles and administration building. These costs have been offset by a decrease in budgeted interest cost.

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. This was not included in the LTP forecasts.
- Additional budgets for aerial photography, improvements in corporate systems and mower replacements have been added. This is largely offset by the removal of the budget for the renewal of the photocopiers.

Funding Changes

- Reserves: Reserves will be used to fund part of the investigation expenditure for reconfiguring the investment in Parkside.
- Internal Loans: Internal loans will be raised to fund the safety improvements capital works to be carried out at the WDC owned quarries and the district plan review.
- General Rate and UAGC: There is a decrease in the overall rates requirement for this activity due to reductions in Parkside costs, interest costs and the loan funding of district plan review costs.

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



Community House and Library



Kitchen refurbishment - Les Munro Centre



Waitomo District Aquatic Centre



Mangaokewa Reserve

Estimated Cost of Service Statement

EAP 2016/17 \$000's	Community Service	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
2	Parks and Reserves	2	18	16
266	Housing and Other Property	306	290	(16)
126	Recreation and Culture	126	159	33
55	Public Amenities	54	56	2
449	Total Operating Income	488	523	35
	Operating Expenditure			
628	Parks and Reserves	661	727	66
1,273	Housing and Other Property	1,096	1,208	112
1,184	Recreation and Culture	1,124	1,234	110
827	Public Amenities	896	1,003	107
209	Safety	204	144	(60)
4,121	Total Operating Expenditure	3,981	4,316	335
3,672	Net Operating Cost/(Surplus)	3,493	3,793	300
	Capital Expenditure			
132	Parks and Reserves	135	261	126
372	Housing and Other Property	84	89	5
226	Recreation and Culture	145	380	235
410	Public Amenities	105	96	(9)
10	Safety	0	5	5
1,150	Total Capital Expenditure	469	831	362
4,822	Net Expenditure	3,962	4,624	662
	Funded By			
656	Reserves	297	720	423
819	Internal Loans	258	386	128
1,464	General Rates	1,468	1,505	37
1,619	UAGC	1,624	1,748	124
4	Targeted Rate - Marokopa Hall	4	4	0
78	Targeted Services Rate - Rural	94	79	(15)
182	Targeted Services Rate - Urban	217	182	(35)
4,822	Total Funding	3,962	4,624	662
881	Depreciation and Amortisation Expense	621	897	276

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Income

- Revenue for the Aquatic Centre and Aerodrome are forecast to increase as is lease revenue for Parks and Reserves.
- Revenue forecast for Housing has reduced for the Railway Station Buildings, Les Munro Centre and the library.

Operating Expenditure

- Additional budgets have been included for the maintenance of the Iredale Quay boat ramp at Awakino and the Reserves Management Plan.
- Operational expenditure has increased for Housing and Other Property particularly for Railway Station Building.
- Operational expenditure for Recreation and Culture includes increases in contractor costs for the Aquatic Centre, cleaning costs at the Library and Aerodrome monitoring costs.
- Public amenities costs have been increased for cleaning of public toilets with an additional allowance for the new Benneydale and Marokopa facilities. Additional budgets for mowing and gardening at the district cemeteries has also been included.
- Safety expenditure has reduced with the reduction in the Emergency Management contract and the change to central government focus for the rural fire activity.
- Depreciation budgets have increased particularly for Housing and Other Property and Recreational assets.
- These increases are partly offset by a reduction in budgeted interest.

Capital Expenditure

- Additional budgets have been included for the development of the Brook Park entranceway.
- Capital expenditure budgets have been included for the bathroom upgrade at the Les Munro Centre, improving disabled access to various Council owned sites and the aerodrome runway resurfacing and taxiway upgrade.

Funding Changes

- Reserves: Reserves will be used to fund the upgrade at the camping ground and the bathroom upgrade at the Les Munro Centre.
- Internal Loans: Internal loans will be raised to fund the development of Brook Park entranceway and the cemetery development plan.
- General Rate and UAGC: There is an increase in the overall rates requirement for this activity.
- Targeted Services Rate: This rate will decrease due to an increase in funding from fees and charges.

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.



Great New Zealand Muster



Visitor Information



Mokau Museum and Gallery



Waitomo District Christmas Parade

Estimated Cost of Service Statement

EAP 2016/17 \$000's	Community Development	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
4	Community Support	4	2	(2)
34	District Development	36	57	21
22	Agencies	23	0	(23)
60	Total Operating Income	63	59	(4)
	Operating Expenditure			
693	Community Support	657	693	36
728	District Development	627	912	285
31	Agencies	31	0	(31)
1,452	Total Operating Expenditure	1,315	1,605	290
1,392	Net Operating Cost/(Surplus)	1,252	1,546	294
	Capital Expenditure			
40	District Development	42	65	23
40	Total Capital Expenditure	42	65	23
1,432	Net Expenditure	1,294	1,611	317
	Funded By			
295	Reserves	98	115	17
40	Internal Loans	42	40	(2)
590	General Rates	618	803	185
278	UAGC	308	308	(0)
15	Targeted Rate - Piopio Retirement	16	15	(1)
214	Targeted Rate - District Development	212	330	118
1,432	Total Funding	1,294	1,611	317
6	Depreciation and Amortisation Expense	6	7	1

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Income

- Additional revenue has been included for the contribution from Ruapehu District Council for the Timber Trail marketing.
- There is a reduction in the forecast for Te Kuiti Muster revenue.
- Agencies revenue is reduced due to the AA Licencing Agency service no longer being delivered by WDC.

Operating Expenditure

- The rate remission budget has been increased based on prior year actual remission amounts adjusted for known factors.
- Additional budgets have been included to reflect the Timber Trail marketing and development initiatives which were not included in the LTP.
- The Telecommunications Initiative expenditure has been included due to ongoing extensions to the timelines.
- District Promotion expenditure has been increased to support a range of district marketing initiatives.
- The allocation of overhead costs has been reviewed and updated to more fairly reflect organisational changes. This has increased costs for Community Support and District Development activities.
- Additional budgets have been added for increased health and safety considerations in relation to events.
- Agencies expenditure has been reduced to nil for the 17/18 year to reflect the change in services provided by WDC.

Capital Expenditure

- Additional capital expenditure has been included for the i-site for renewal of the skylight and an electronic district map.

Funding Changes

- Reserves: Reserves will be used to fund the upgrade at the camping ground and the bathroom upgrade at the Les Munro Centre.
- General Rate and District Development Rate: There is an increase in the overall rates requirement for this activity due to increases in overall operating expenditure.

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



Estimated Cost of Service Statement

EAP 2016/17 \$000's	Regulation	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
420	Regulation	433	481	48
420	Total Operating Income	433	481	48
	Operating Expenditure			
841	Regulation	928	938	10
841	Total Operating Expenditure	928	938	10
421	Net Operating Cost/(Surplus)	495	457	(38)
421	Net Expenditure	495	457	(38)
	Funded By			
(20)	Reserves	40	14	(26)
352	General Rates	371	326	(45)
89	UAGC	84	117	33
421	Total Funding	495	457	(38)
4	Depreciation and Amortisation Expense	2	4	2

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Income

- There is an increase in revenue from building compliance schedules and the alcohol licensing.

Operating Expenditure

- The Compliance Schedule project was programmed for completion in the 16/17 financial year. Due to external factors the project will now span over two financial years and an additional budget has been included for these costs.
- Budgets have been increased for Environmental Health and costs for alcohol licensing inspections.
- The allocation of overhead costs has been reviewed and updated to more fairly reflect organisational changes. Overall this has reduced costs for the Regulation function.

Capital Expenditure

- Additional capital expenditure has been included for the i-site for renewal of the skylight and an electronic district map.

Funding Changes

- General Rate and UAGC: There is minor decrease in the overall rates requirement for this activity.

Solid Waste Management

There are four activities under this Group:

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



Estimated Cost of Service Statement

EAP 2016/17 \$000's	Solid Waste Management	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
134	Collection	132	134	2
810	Management	895	864	(31)
944	Total Operating Income	1,027	998	(29)
	Operating Expenditure			
338	Collection	338	339	1
1,555	Management	1,711	1,563	(148)
1,893	Total Operating Expenditure	2,049	1,902	(147)
949	Net Operating Cost/(Surplus)	1,022	904	(118)
	Capital Expenditure			
146	Management	33	316	283
146	Total Capital Expenditure	33	316	283
1,095	Net Expenditure	1,055	1,220	165
	Funded By			
253	Reserves	110	242	132
67	Internal Loans	26	220	194
12	General Rates	12	11	(1)
12	UAGC	12	11	(1)
547	Targeted Rate - Solid Waste Management	690	531	(159)
40	Targeted Rate Collection - Mokau	40	40	0
26	Targeted Rate Collection - Piopio	26	28	2
100	Targeted Rate Collection - Te Kuiti	100	99	(1)
38	Targeted Rate Collection - Waitomo	39	38	(1)
1,095	Total Funding	1,055	1,220	165
73	Depreciation and Amortisation Expense	108	64	(44)

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 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 2017/18 year.

Capital Expenditure

- Additional budgets are required for health and safety compliance work at the landfill and transfer stations, the landfill main entrance surface upgrade and the 'Tip head' road renewal.
- An additional allowance has been included in the capital budget for the resource consent application for increasing the existing consented volume.
- A budget has been included in order to procure further carbon units to ensure that sufficient units are on hand to cover Emissions Trading Scheme surrender obligations to June 2019.

Funding Changes

- Reserves: Reserves will be used to fund the purchase of carbon credits.
- Internal Loans: Internal loans will be raised to fund the capital expenditure required for landfill and transfer stations with the exception of the purchase of carbon credits which is funded by reserve.
- Solid Waste Management Rate - District: There is a decrease in the 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.



Estimated Cost of Service Statement

EAP 2016/17 \$000's	Stormwater Drainage	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Expenditure			
397	Urban	422	365	(57)
49	Rural	50	43	(7)
446	Total Operating Expenditure	472	408	(64)
446	Net Operating Cost/(Surplus)	472	408	(64)
	Capital Expenditure			
272	Urban	253	299	46
5	Rural	5	5	0
277	Total Capital Expenditure	258	304	46
723	Net Expenditure	730	712	(18)
	Funded By			
258	Reserves	228	303	75
42	Internal Loans	43	0	(43)
369	Targeted Rate - Stormwater (Urban)	402	366	(36)
54	Targeted Rate - Stormwater (Rural)	57	43	(14)
723	Total Funding	730	712	(18)
183	Depreciation and Amortisation Expense	188	172	(16)

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Expenditure

- The budget for loss on disposal of assets has been removed.
- There has been a reduction in forecast depreciation compared to LTP.

Capital Expenditure

- Additional budgets have been included for piping open drains and capitalised staff time spent on stormwater renewal work.

Funding Changes

- Reserves: Asset risk mitigation capital expenditure will be funded by reserves.
- Internal Loans: There is no requirement for internal loans for the 17/18 year as all capital expenditure is funded by reserve.
- Targeted rates: There has been a decrease in the overall rates requirement for this activity.

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.



Estimated Cost of Service Statement

EAP 2016/17 \$000's	Resource Management	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
76	District Plan Administration	84	59	(25)
76	Total Operating Income	84	59	(25)
	Operating Expenditure			
190	District Plan Administration	204	245	41
190	Total Operating Expenditure	204	245	41
114	Net Operating Cost/(Surplus)	120	186	66
114	Net Expenditure	120	186	66
	Funded By			
0	Reserves	(16)	0	16
57	General Rates	68	93	25
57	UAGC	68	93	25
114	Total Funding	120	186	66

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Income

- Revenue budgets have been reduced for resource consent revenue. This is partially offset by an increase in budgeted revenue from LIM's.

Operating Expenditure

- The allocation of overhead costs has been reviewed and updated to more fairly reflect organisational changes. Overall this has increased costs for the Resource Management function.

Funding Changes

- General Rate and UAGC: There is an increase in the overall rates requirement 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.



Te Kuiti Wastewater Treatment Plant



Piopio Wastewater Scheme



Mokau Effluent Field

Estimated Cost of Service Statement

EAP 2016/17 \$000's	Sewerage and Treatment and Disposal of Sewage	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
1,160	Te Kuiti	891	860	(31)
1	Benneydale	1	1	(0)
5	Piopio	1	2	1
1,166	Total Operating Income	893	863	(30)
	Operating Expenditure			
2,890	Te Kuiti	2,908	2,854	(54)
45	Te Waitere	47	56	9
204	Benneydale	172	183	11
306	Piopio	288	317	29
3,445	Total Operating Expenditure	3,415	3,410	(5)
2,279	Net Operating Cost/(Surplus)	2,522	2,547	25
	Capital Expenditure			
769	Te Kuiti	423	536	113
32	Te Waitere	0	0	0
54	Benneydale	40	52	12
37	Piopio	3	31	28
892	Total Capital Expenditure	466	619	153
3,171	Net Expenditure	2,988	3,166	178
	Funded By			
526	Reserves	612	540	(72)
360	Internal Loans	0	211	211
1,693	Targeted Rate - Te Kuiti	1,706	1,768	62
166	Targeted Rate - Trade Waste Contribution	174	166	(8)
43	Targeted Rate - Te Waitere	47	51	4
152	Targeted Rate - Benneydale	195	182	(13)
231	Targeted Rate - Piopio	254	248	(6)
3,171	Total Funding	2,988	3,166	178
781	Depreciation and Amortisation Expense	794	781	(13)

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Income

- The budgets have been reduced for connection revenue and other sundry revenue charges in Te Kuiti.

Operating Expenditure

- The interest costs are lower than the forecast contained in the LTP 2015-25 for the 2017/18 year for all four schemes.
- Depreciation budgets have been reduced for Te Kuiti and Benneydale, while depreciation for Piopio has increased.
- The increase in forecast operating expenditure at Te Kuiti is related to planned maintenance of mechanical equipment, sampling costs, chemical costs (usage to meet consent compliance) and operational health and safety costs,
- Similarly, Benneydale and Piopio operations and maintenance costs are forecast to increase as well.

Capital Expenditure

- Additional budgets have been included to further improve the performance and safety operation of the Te Kuiti Waste Water Treatment Plant. These include installation of bunded chemical tanks, minor plant renewal, work area improvements and excess sludge removal from the pond along with capitalised staff time spent on sewerage renewal work.
- An additional budget has been included for Benneydale sewerage for wetland renewal work.
- Additional budgets have been included for Piopio sewerage treatment plant and separator tanks as well as pump renewals.

Funding Changes

- Reserves: Reserves will be used to fund the reticulation and plant renewal projects.
- Internal Loans: Internal loans will be raised to fund the resource consent, pump station and other improvement projects.
- Targeted Rate – Te Kuiti: There is an increase in the Targeted rate requirement from the LTP forecast as less reserves funding has been utilised for operations.

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.



Te Kuiti Water Treatment Plant Upgrade



Water Treatment Plant Pipe work



Water intake Mangaokewa River



Mokau Raw Water Storage Dam

Estimated Cost of Service Statement

EAP 2016/17 \$000's	Water Supply	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
0	Te Kuiti	8	0	(8)
0	Total Operating Income	8	0	(8)
	Operating Expenditure			
1,976	Te Kuiti	2,210	2,034	(176)
365	Mokau	387	395	8
381	Piopio	396	394	(2)
185	Benneydale	186	165	(21)
2,907	Total Operating Expenditure	3,179	2,988	(191)
2,907	Net Operating Cost/(Surplus)	3,171	2,988	(183)
	Capital Expenditure			
2,205	Te Kuiti	235	1,098	863
48	Mokau	72	145	73
76	Piopio	107	114	7
0	Benneydale	3	7	4
2,329	Total Capital Expenditure	417	1,364	947
5,236	Net Expenditure	3,588	4,352	764
	Funded By			
533	Reserves	792	674	(118)
2,328	Internal Loans	153	1,128	975
968	Targeted Rate - Te Kuiti	1,039	1,030	(9)
288	Targeted Rate - Mokau	388	321	(67)
281	Targeted Rate - Piopio	349	307	(42)
163	Targeted Rate - Benneydale	185	180	(5)
675	Metered Water Rates	682	712	30
5,236	Total Funding	3,588	4,352	764
572	Depreciation and Amortisation Expense	765	627	(138)

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Expenditure

- Interest costs are expected to decrease for all schemes and there is also a forecast decrease in depreciation for Te Kuiti, Piopio and Mokau.
- Internal Water Services Unit (WSU) costs are expected to increase for Piopio and Mokau.
- The allocation of overhead costs has been reviewed and updated to more fairly reflect organisational changes. This has increased allocated costs for Te Kuiti and reduced allocated costs for the other schemes.
- There is a reduction in forecast expenditure for loss on disposal of assets in the 17/18 year.
- Additional expenditure has been included for health and safety costs associated with this activity.

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 2018/19 financial year. The LTP forecast completion during the 2016/17 financial year.
- An additional budget has been included for the electrical upgrade work associated with the Clarifier.
- Additional budgets have also been included in Te Kuiti Water for bulk reticulation monitoring and capitalised staff time associated with the treatment plant project.
- The budget for Mokau watermain renewals has been increased to allow for the renewal work to be completed in the 2017/18 year. It became apparent that the pipes are in worse condition than previously thought and should be replaced sooner was planned in the LTP.
- An additional budget amount has also been included to upgrade the Mokau treatment plant for compliance.

Funding Changes

- Reserves: The use of reserves has been decreased so as not to overdraw on low reserve balances.
- Internal Loans: Due to the re-sequencing of the capital works at the treatment plant in Te Kuiti the internal loan raised for 2017/18 will be higher than the forecasts contained in the LTP. An internal loan will also be raised for the Mokau watermain renewal project.
- Targeted Rates: There is a decrease in the Targeted rates requirement from the LTP forecast across all four schemes as a result of a decrease in net operating costs.
- Metered water revenue: There is an additional budget for metered water revenue for Mokau and Benneydale which was not included in the LTP.

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.



Weather event August 2015



Culvert Mangarino Road



Rock embankment at road end, Mokau



Awakau Road Mokau

Estimated Cost of Service Statement

EAP 2016/17 \$000's	Roads and Footpaths	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
7,537	Subsidised Roads	7,335	7,562	227
78	Unsubsidised Roads	77	90	13
7,615	Total Operating Income	7,412	7,652	240
	Operating Expenditure			
8,915	Subsidised Roads	9,590	9,678	88
377	Unsubsidised Roads	359	418	59
9,292	Total Operating Expenditure	9,949	10,096	147
1,677	Net Operating Cost/(Surplus)	2,537	2,444	(93)
	Capital Expenditure			
6,500	Subsidised Roads	5,704	5,680	(24)
330	Unsubsidised Roads	327	335	8
6,830	Total Capital Expenditure	6,031	6,015	(16)
8,507	Net Expenditure	8,568	8,459	(109)
	Funded By			
2,127	Reserves	2,016	2,285	269
376	Internal Loans	364	152	(212)
84	UAGC	87	85	(2)
5,659	Targeted Rate - Roads and Footpaths	5,819	5,666	(153)
28	Targeted Services Rate - Rural	30	29	(1)
233	Targeted Services Rate - Urban	252	242	(10)
8,507	Total Funding	8,568	8,459	(109)
2,842	Depreciation and Amortisation Expense	2,967	2,958	(9)

Variations from LTP 2015-25

The key variations in 2017/18 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 2017/18 year presented in the LTP 2015-25.

Operating Income

- The forecast increase reflects subsidy income for projected capital and operational expenditure.

Operating Expenditure

- Expenditure budgets for maintenance expenditure has been increased, particularly for environmental maintenance, emergency reinstatement, street lighting and traffic services.
- With regard to emergency reinstatement, some of the planned expenditure is considered capital in nature with the remaining amount to be utilised for operational first response, clean up and immediate repairs after a natural event such as heavy rain. The capital expenditure forecasts have been reduced to align with NZTA's change in policy on Emergency works. This has been offset by an increase in the Direct Expenditure in the dFF.
- These increases in budgets have been partly offset by a decrease in budgeted interest costs.
- The budgets for footpath maintenance, road reserve legalisation and street cleaning have also been increased for the 2017/18 year.

Capital Expenditure

- The budgets for sealed road surfacing have been increased to enhance road conditions.
- Traffic services renewal budget has increased and includes the first year of the LED streetlight conversion project.
- Structural bridge maintenance which includes component replacement has increased to reflect the current level of budget in 16/17 EAP.
- The capital expenditure forecast for emergency reinstatement has been reduced to better reflect the actual level of spend in recent years. The expenditure of emergency reinstatement is both capital and operational in nature so the decrease in capital expenditure has been offset by a similar increase in the operating expenditure. The budget for minor improvements has also been reduced.

Funding Changes

- Reserves: Additional depreciation reserves are planned to be used to fund the local share of the planned renewal program.
- Internal Loans: Internal loans will be raised to fund the local share of minor improvements.
- Targeted Rates: The rates revenue requirement for 2017/18 is less than the forecast contained in the LTP 2015-25.



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

Introduction

This section outlines Council's financial position for the 2017/18 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

EAP 2016/17 \$000's	Whole of Council	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
1,650	Community and Cultural Sustainability	1,553	1,655	102
2,186	Environmental Sustainability	2,004	1,920	(84)
7,615	Economic Sustainability	7,420	7,652	232
11,451	Total Operating Income	10,977	11,227	250
	Operating Expenditure			
9,419	Community and Cultural Sustainability	9,295	10,331	1,036
5,974	Environmental Sustainability	6,140	5,965	(175)
12,199	Economic Sustainability	13,128	13,084	(44)
27,592	Total Operating Expenditure	28,563	29,380	817
16,141	Net Operating Cost/(Surplus)	17,586	18,153	567
	Capital Expenditure			
1,867	Community and Cultural Sustainability	992	1,532	540
1,315	Environmental Sustainability	757	1,239	482
9,159	Economic Sustainability	6,448	7,379	931
12,341	Total Capital Expenditure	8,197	10,150	1,953
28,482	Total Net Expenditure	25,783	28,303	2,520
	Funded By			
5,206	Reserves	4,745	5,562	817
4,220	Internal Loans	1,023	3,170	2,147
3,596	General Rates	3,684	3,646	(38)
3,213	UAGC	3,314	3,268	(46)
12,247	Targeted Rates	13,017	12,657	(360)
28,482	Total Funding	25,783	28,303	2,520
5,780	Depreciation and Amortisation Expense	5,874	6,005	131

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

EAP 2016/17 \$000's	Community and Cultural Sustainability	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
721	Leadership	569	592	23
449	Community Service	488	523	35
60	Community Development	63	59	(4)
420	Regulation	433	481	48
1,650	Total Operating Income	1,553	1,655	102
	Operating Expenditure			
3,005	Leadership	3,071	3,472	401
4,121	Community Service	3,981	4,316	335
1,452	Community Development	1,315	1,605	290
841	Regulation	928	938	10
9,419	Total Operating Expenditure	9,295	10,331	1,036
7,769	Net Operating Cost/(Surplus)	7,742	8,676	934
	Capital Expenditure			
677	Leadership	481	636	155
1,150	Community Service	469	831	362
40	Community Development	42	65	23
1,867	Total Capital Expenditure	992	1,532	540
9,636	Net Expenditure	8,734	10,208	1,474
	Funded By			
1,509	Reserves	1,003	1,518	515
1,047	Internal Loans	437	1,459	1,022
3,527	General Rates	3,604	3,542	(62)
3,060	UAGC	3,147	3,079	(68)
493	Targeted Rates	543	610	67
9,636	Total Funding	8,734	10,208	1,474
1,330	Depreciation and Amortisation Expense	1,052	1,403	351

Summary of Estimated Revenue and Expenses Statement for Environmental Sustainability

EAP 2016/17 \$000's	Environmental Sustainability	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
944	Solid Waste Management	1,027	998	(29)
76	Resource Management	84	59	(25)
1,166	Sewerage	893	863	(30)
2,186	Total Operating Income	2,004	1,920	(84)
	Operating Expenditure			
1,893	Solid Waste Management	2,049	1,902	(147)
446	Stormwater Drainage	472	408	(64)
190	Resource Management	204	245	41
3,445	Sewerage	3,415	3,410	(5)
5,974	Total Operating Expenditure	6,140	5,965	(175)
3,788	Net Operating Cost/(Surplus)	4,136	4,045	(91)
	Capital Expenditure			
146	Solid Waste Management	33	316	283
277	Stormwater Drainage	258	304	46
892	Sewerage	466	619	153
1,315	Total Capital Expenditure	757	1,239	482
5,103	Net Expenditure	4,893	5,284	391
	Funded By			
1,037	Reserves	934	1,085	151
469	Internal Loans	69	431	362
69	General Rates	80	104	24
69	UAGC	80	104	24
3,459	Targeted Rates	3,730	3,560	(170)
5,103	Total Funding	4,893	5,284	391
1,037	Depreciation and Amortisation Expense	1,090	1,017	(73)

Summary of Estimated Revenue and Expenses Statement for Economic Sustainability

EAP 2016/17 \$000's	Economic Sustainability	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Operating Income			
0	Water Supply	8	0	(8)
7,615	Roads and Footpaths	7,412	7,652	240
7,615	Total Operating Income	7,420	7,652	232
	Operating Expenditure			
2,907	Water Supply	3,179	2,988	(191)
9,292	Roads and Footpaths	9,949	10,096	147
12,199	Total Operating Expenditure	13,128	13,084	(44)
4,584	Net Operating Cost/(Surplus)	5,708	5,432	(276)
	Capital Expenditure			
2,329	Water Supply	417	1,364	947
6,830	Roads and Footpaths	6,031	6,015	(16)
9,159	Total Capital Expenditure	6,448	7,379	931
13,743	Net Expenditure	12,156	12,811	655
	Funded By			
2,660	Reserves	2,808	2,959	151
2,704	Internal Loans	517	1,280	763
84	UAGC	87	85	(2)
8,295	Targeted Rates	8,744	8,487	(257)
13,743	Total Funding	12,156	12,811	655
3,414	Depreciation and Amortisation Expense	3,732	3,585	(147)

Prospective Statement of Financial Position as at 30 June

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's
	Equity		
213,356	Accumulated Funds	213,934	214,879
4,703	Council Created Reserves	2,542	4,921
2,604	Available for Sale Reserves	2,604	4,504
(856)	Hedging Reserves	233	(2,684)
78,787	Revaluation Reserve	78,507	77,413
298,594	Total Equity	297,820	299,033
	Current Assets		
100	Cash and Cash Equivalents	100	100
2	Other Financial Assets	2	3
71	Inventory	36	38
372	Receivables Under Exchange Transactions	295	357
4,815	Receivables Under Non Exchange Transactions	5,237	5,690
67	Assets Held for Sale	67	9
5,427	Total Current Assets	5,737	6,197
	Current Liabilities		
3,338	Payables and Deferred Revenue Under Exchange Transactions	3,673	2,811
702	Payables and Deferred Revenue Under Non Exchange Transactions	0	719
5,200	Current Portion of Borrowings	5,200	5,200
17	Provisions	17	20
422	Employee Entitlements	531	514
317	Derivative Financial Instruments	171	561
9,996	Total Current Liabilities	9,592	9,825
(4,569)	Net Working Capital	(3,855)	(3,628)
	Non Current Assets		
346,130	Property, Plant and Equipment	346,765	345,685
416	Intangible Assets	88	733
0	Forestry Assets	44	0
1,295	Investment Property	635	742
278	Assets Held for Sale	617	0
758	Other Financial Assets	11	5
2,620	Other Financial Assets - Shares in CCO's and NZLGIC	2,620	4,520
153	Derivative Financial Instruments	409	0
351,650	Total Non Current Assets	351,189	351,685
	Non Current Liabilities		
141	Payables and Deferred Revenue Under Non Exchange Transactions	124	0
46,771	Borrowings	48,445	45,936
0	Employee Entitlements	64	0
879	Provisions	881	933
696	Derivative Financial Instruments	0	2,155
48,487	Total Non Current Liabilities	49,514	49,024
298,594	Net Assets	297,820	299,033

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

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's
	Revenue		
7,390	Subsidies and Grants	7,169	7,424
58	Investment Revenue	31	31
18,871	Rates and Rates Penalties	19,767	19,319
675	Metered Water Rates	682	712
3,513	Fees and Charges	3,335	3,283
0	Gains/(Losses) on Investment Properties	8	29
30,507	Total Revenue	30,992	30,798
	Expenditure		
4,889	Employee Benefits	4,767	5,211
5,780	Depreciation and Amortisation	5,874	6,005
2,695	Finance Costs	3,544	2,690
14,228	Other Expenditure	14,378	15,474
27,592	Total Expenditure	28,563	29,380
2,915	Surplus/(Deficit) before Tax	2,429	1,418
	Other Comprehensive Revenue and Expense		
4,620	Gains/(Losses) on Revaluation of Property, plant and equipment	4,731	4,620
7,535	Total Comprehensive Revenue and Expense for the year	7,160	6,038

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

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's
291,059	Opening Balance	290,660	292,995
4,620	Revaluation of Property, plant and equipment	4,731	4,620
4,620	Net Income recognised directly in equity	4,731	4,620
2,915	Net Surplus/(Deficit) for the year	2,429	1,418
7,535	Total Recognised Income for the years ended 30 June	7,160	6,038
298,594	Closing Balance	297,820	299,033

Prospective Cashflow Statement for the year ending 30 June

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's
	Operating Activities		
	Cash forecast to be provided from		
22,404	Rates and Rates Penalties	23,318	22,966
8,499	Subsidies and Grants	8,245	8,537
506	Property Rentals	504	547
120	Petroleum Tax	124	125
58	Interest Revenue	31	31
3,480	Other Revenue	3,182	3,176
35,067		35,404	35,382
	Cash forecast to be applied to		
21,025	Payments to Suppliers and Employees	20,784	22,793
267	Elected Members	255	249
2,695	Interest on Borrowings	3,544	2,690
684	GST Received/(Paid) (net)	1,251	885
24,671		25,834	26,617
10,396	Net Cash Inflows from Operating Activities	9,570	8,765
	Investing Activities		
	Cash forecast to be provided from		
78	Proceeds from Sale of Assets Held for Sale	88	1,024
4	Repayment of Advance to Community Groups and CCO	752	754
82		840	1,778
	Cash forecast to be applied to		
13,932	Purchase of Property, Plant and Equipment	9,427	11,399
260	Purchase of Intangible Assets	0	262
14,192		9,427	11,661
(14,110)	Net Cash Outflow from Investing Activities	(8,587)	(9,883)
	Financing Activities		
	Cash forecast to be provided from		
8,914	Proceeds from Borrowings	4,217	6,318
8,914		4,217	6,318
	Cash forecast to be applied to		
5,200	Repayment of Borrowings	5,200	5,200
5,200		5,200	5,200
3,714	Net Cash Inflows/(Outflows) from Financing Activities	(983)	1,118
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

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's
6,329	Opening Balance	3,264	7,101
(1,626)	Transfer to/(from) Reserves	(722)	(2,180)
4,703	Closing Balance	2,542	4,921

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

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's
48,257	Opening Balance	54,628	50,018
8,914	Loans Raised	4,217	6,318
(5,200)	Loans Repaid	(5,200)	(5,200)
51,971	Closing Balance	53,645	51,136

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

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's
2,915	Surplus/(Deficit) from Prospective Comprehensive Revenue and Expense Statement	2,429	1,418
16,141	Net Operating Cost from Estimated Revenue and Expense Statement for All Council Activities	17,586	18,153
	Plus Rates Revenue		
3,596	General Rates	3,684	3,646
3,213	UAGC	3,314	3,268
12,247	Targeted Rate	13,017	12,657
2,915	Net Surplus/(Deficit)	2,429	1,418
0	Variance	0	0

Prospective Statement of Capital Expenditure for the year ending 30 June

EAP 2016/17 (\$000's)		LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP \$000's
	Governance - Leadership and Investments			
115	Investments	0	105	105
562	Corporate Support	481	531	50
677		481	636	155
	Community Service			
132	Parks and Reserves	135	261	126
372	Housing and Other Property	84	89	5
226	Recreation and Culture	145	380	235
410	Public Amenities	105	96	(9)
10	Safety	0	5	5
1,150		469	831	362
	Community Development			
40	District Development	42	65	23
40		42	65	23
	Solid Waste Management			
146	Landfill Management	33	316	283
146		33	316	283
	Stormwater Drainage			
272	Urban	253	299	46
5	Rural	5	5	0
277		258	304	46
	Sewerage			
769	Te Kuiti	423	536	113
32	Te Waitere	0	0	0
54	Benneydale	40	52	12
37	Piopio	3	31	28
892		466	619	153
	Water Supply			
2,205	Te Kuiti	235	1,098	863
48	Mokau	72	145	73
76	Piopio	107	114	7
0	Benneydale	3	7	4
2,329		417	1,364	947
	Roads and Footpaths			
6,500	Subsidised Roads	5,704	5,680	(24)
330	Unsubsidised Roads	327	335	8
6,830		6,031	6,015	(16)
12,341	Total Capital and Renewal Expenditure	8,197	10,150	1,953

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 2017/18 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), 108 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 \$290,000 for the 2017/18 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 Roothing
- 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 2017/18 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.

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 2017/18 are 21.8% of the total rates revenue.

Statement of Funding Sources

EAP 2016/17 \$000's		LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCE TO LTP 2017/18
	Targeted Rates and Service Charges			
2,285	Sewerage	2,376	2,415	39
1,700	Water	1,961	1,838	(123)
675	Metered Water Rates	682	712	30
521	Targeted Services	593	532	(61)
214	District Development Rate	212	330	118
15	Piopia Retirement Village Contribution	16	15	(1)
5,659	Roads and Footpaths	5,819	5,666	(153)
547	Solid Waste Management	690	531	(159)
204	Solid Waste Collection	205	205	(0)
423	Stormwater	459	409	(50)
4	Marokopa Community Centre	4	4	(0)
12,247	Total Targeted Rates and Service Charges	13,017	12,657	(360)
3,213	UAGC	3,314	3,268	(46)
3,596	General Rates	3,684	3,646	(38)
19,056	Forecast Total Rates Requirement	20,015	19,571	(444)
2.85%	Percentage Rates Increase	3.88%	2.70%	
	Other Revenue Sources			
7,390	Subsidies	7,169	7,424	255
58	Interest Revenue	31	31	(0)
490	Rates Penalties Revenue	432	460	28
3,513	Fees and Charges	3,345	3,312	(33)
11,451	Total Other Revenue	10,977	11,227	250
	Other Funding Sources			
4,220	Internal Loans Raised	1,023	3,170	2,147
4,220	Total Other Funding	1,023	3,170	2,147
34,727	Total Funding Sources	32,015	33,968	1,953
27,592	Operating Expenditure	28,563	29,380	817
12,341	Capital Expenditure	8,197	10,150	1,953
2,197	Loan Repayments	1,852	2,467	615
(7,403)	Reserve Transfers	(6,597)	(8,029)	(1,432)
34,727	Total Funding Used	32,015	33,968	1,953

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 2017/18 (incl. GST)

General Rate	Rate per \$100 capital value	Total Revenue Requirement (\$000)
All rating units in the District	0.14349	4,193

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 Rooding

Requirement in 2017/18 (incl. GST)

Uniform Annual General Charge	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the district.	\$674	3,758

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 TFRDescription 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 2017/18 (incl. GST)

Targeted Services (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti Urban and Periphery Rating Area	\$208	488
Rating Units in the District not in the Te Kuiti Urban and Periphery Rating Area	\$38	124

(b) Piopio Sewerage TFR - Piopio Wider Benefit Rating AreaDescription 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 2017/18 (incl. GST)

Piopio Sewerage (TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
Piopio Wider Benefit Rating Area	\$78	44

(c) Piopio Retirement Village Contribution - TFRDescription 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 2017/18 (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 TFRDescription 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 2017/18 (incl. GST)

Rural Stormwater (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Rural Rating Area	\$14	49

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

- (i) Council will set a TFR per rating unit in the Te Kuiti Urban Rating Area to partly fund the Urban Stormwater Activity.
- (ii) 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 2017/18 (incl. GST)

Urban Stormwater (TFR)	Charge per rating unit	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area	\$156	279

Urban Stormwater Targeted Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area (excluding rating units not using network)	0.04721	142

5.2 Marokopa Community Centre TFRDescription 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 2017/18 (incl. GST)

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

5.3 Water RatesDescription 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 2017/18 (incl. GST)

Water Supply (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Te Kuiti	\$567	\$284	1,185
Piopio	\$1,414	\$707	353
Benneydale	\$1,454	\$727	172
Mokau	\$1,454	\$727	318

Council will set a TR 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 2017/18 (incl. GST)

Water Supply Rate (TR)	2017/18 Charge per cubic metre (including GST) above 292m ³
Te Kuiti	\$2.15
Piopio	\$5.00
Benneydale	\$8.30
Mokau	\$11.55

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 2017/18 (incl. GST)

Subsidy for Benneydale Water Supply (TFR)	Charge per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$7	34

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 2017/18 (incl. GST)

Subsidy for Mokau Water Supply (TFR)	Charge per rating unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$11	52

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 2017/18 (incl. GST)

Sewerage (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Benneydale	\$1,100	\$550	120
Te Waitere	\$1,100	\$550	18
Te Kuiti	\$1,029	\$514	1,745
Piopio	\$1,100	\$550	241

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 2017/18 (incl. GST)

Base Charge:

Non-Residential Targeted Rate (TFR)	Base Charge per SUIP (up to 4 pans)	Total Revenue Requirement (\$000)
Category 1	\$514	102
Category 2	\$514	23
Category 3	\$1,029	19

Pan Charge:

Non-Residential Targeted Rate (TFR)	Number of pans	Charge per pan (pan charge)	Total Revenue Requirement (\$000)
Category 1	5th pan and over	\$720	75
Category 2	5-10 Pans	\$309	3
	Over 10 Pans	\$206	25
Category 3	5th pan and over	\$720	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 2017/18 (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 2017/18 (incl. GST)

Subsidy for Te Waitere Sewerage(TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
All rating units in the District	\$9	41

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 2017/18 (incl. GST)

Subsidy for Benneydale Sewerage (TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
All rating units in the District	\$19	89

5.10 Roads and Footpaths Rate

Description and Use

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

Requirement in 2017/18 (incl. GST)

District Roads and Footpaths Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
All rating units in the District	0.22299	6,515

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 2017/18 (incl. GST)

Solid Waste Collection (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti	\$57	114
Waitomo	\$79	44
Piopio	\$140	32
Mokau	\$163	46

Instalment 2	4 December 2017
Instalment 3	2 March 2018
Instalment 4	5 June 2018

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 2017/18 (incl. GST)

Solid Waste Management (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the District	\$110	611

- (b) A further penalty charge of 10 percent (10%) on any part of any rates assessed before 1 July 2017 that remains unpaid on 1 July 2017, to be added on 6 July 2017.

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 2017/18 (incl. GST)

District Development Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Commercial and Industrial Businesses	0.05732	190
Rural Businesses	0.00972	190

6.0 RATES PAYMENTS

Pursuant to Section 24 of the Local Government (Rating) Act 2002, rates for the financial year commencing **1 July 2017** will be payable in four equal instalments with the due dates for payment being:

1st Instalment	31 August 2017 (Thursday)
2nd Instalment	30 November 2017 (Thursday)
3rd Instalment	28 February 2018 (Wednesday)
4th instalment	31 May 2018 (Thursday)

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 2017 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	4 September 2017
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Rates Examples 2016/2017

(Including GST)
Capital Value \$ as at
September 2015

	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)	Bennydale 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) General Rate	668 241	668 390	668 894	1,336 1,561	668 57	668 184	668 546	668 497	668 4,356	2,004 7,662
Roads and Footpaths 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)	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 Bennydale Sewerage	12	12	12	12	12	12	12	12	12	12
Subsidy Rate for Bennydale 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 Benefit 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
Total Rates (Actual) 2016/17	3,504	3,550	3,454	6,180	3,582	3,943	2,384	3,777	12,335	22,879

Rates Examples 2017/18

	Te Kuiti Residential \$170,000 2017/18	Te Kuiti Commercial \$275,000 2017/18 3 pans	Te Kuiti Wider Rating Area \$630,000 2017/18	Waitomo Commercial \$1,100,000 2017/18 (2 parts)	Benneydale Residential \$40,000 2017/18	Piopio Residential \$130,000 2017/18	Piopio Wider Rating Area \$385,000 2017/18	Mokau Residential \$350,000 2017/18	Drystock Rural \$3,070,000 2017/18	Dairy Farm Rural \$5,400,000 2017/18 (3 parts)
(Including GST) Capital Value \$ as at September 2015										
Uniform Annual General Charge (UAGC)	674	674	674	1,348	674	674	674	674	674	2,022
General Rate	244	395	904	1,578	57	187	552	502	4,405	7,748
Roads and Footpaths Rate	379	613	1,405	2,453	89	290	859	780	6,846	12,041
Targeted Services Rate (Urban)	208	208	208	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	158	0	631	0	0	0	0	0	0
District Development Rate - Rural Business	0	0	0	0	0	0	0	0	298	525
Subsidy Rate for Te Waitere Sewerage	9	9	9	9	9	9	9	9	9	9
Subsidy Rate for Benneydale Sewerage	19	19	19	19	19	19	19	19	19	19
Subsidy Rate for Benneydale Water	7	7	7	7	7	7	7	7	7	7
Subsidy Rate for Mokau Water	11	11	11	11	11	11	11	11	11	11
Stormwater Urban Fixed Charge	156	156	0	0	0	0	0	0	0	0
Stormwater Urban Capital Value	80	130	0	0	0	0	0	0	0	0
Stormwater (Rural)	0	0	14	28	14	14	14	14	14	42
Water Supply	567	567	0	0	1,454	1,414	0	1,454	0	0
Sewerage	1,029	514	0	0	1,100	1,100	0	0	0	0
Piopio Wider Benefit Rating Area - Sewerage	0	0	0	0	0	0	78	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	110	110	110	220	110	110	110	110	110	330
Solid Waste Collection & Recycling	57	57	79	0	0	140	0	163	0	237
Marokopa Community Centre	0	0	0	0	0	0	0	0	22	0
Proposed Total Rates 2017/18	3,591	3,669	3,481	6,421	3,623	4,077	2,435	3,822	12,494	23,146
Total Rates (Actual) 2016/17	3,504	3,550	3,454	6,180	3,582	3,943	2,384	3,777	12,335	22,879
Change (%)	2.5%	3.4%	0.8%	3.9%	1.1%	3.4%	2.1%	1.2%	1.3%	1.2%

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 2017/18 for Whole of Council	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,299	7,430	7,374
Targeted rates	12,245	13,020	12,657
Subsidies and grants for operating purposes	3,294	3,519	3,788
Fees and charges	3,321	3,189	3,143
Interest and Dividends from Investments	58	31	31
Local authorities fuel tax, fines, infringement fees and other receipts	135	144	141
Total operating funding (A)	26,352	27,333	27,134
Applications of operating funding			
Payments to staff and suppliers	19,254	19,321	20,719
Finance costs	2,680	3,524	2,690
Other operating funding applications	0	0	0
Total applications of operating funding (B)	21,934	22,845	23,409
Surplus (deficit) of operating funding (A-B)	4,418	4,488	3,725
Sources of capital funding			
Subsidies and grants for capital expenditure	4,153	3,650	3,635
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,220	1,022	3,170
Gross proceeds from sale of assets	68	76	1,024
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	8,441	4,748	7,829
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	2,848	652	1,424
Capital expenditure - to replace existing assets	9,493	7,544	8,726
Increase (decrease) in reserves	518	1,040	1,404
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	12,859	9,236	11,554
Surplus (deficit) of capital funding (C-D)	(4,418)	(4,488)	(3,725)
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Governance: Leadership and Investments	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,685	2,713	2,274
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	115	97	72
Internal charges and overheads recovered	15,688	16,733	18,388
Local authorities fuel tax, fines, infringement fees and other receipts	58	31	31
Total operating funding (A)	18,546	19,574	20,765
Applications of operating funding			
Payments to staff and suppliers	8,301	8,216	8,972
Finance costs	2,655	3,499	2,690
Internal charges and overheads applied	7,299	7,665	9,703
Other operating funding applications	0	0	0
Total applications of operating funding (B)	18,255	19,380	21,365
Surplus (deficit) of operating funding (A-B)	291	194	(600)
Sources of capital funding			
Subsidies and grants for capital expenditure	58	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	188	137	1,033
Gross proceeds from sale of assets	68	76	1,024
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	314	213	2,057
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	64	57	30
Capital expenditure - to replace existing assets	613	424	606
Increase (decrease) in reserves	(72)	(74)	821
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	605	407	1,457
Surplus (deficit) of capital funding (C-D)	(291)	(194)	600
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Community Service	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,085	3,089	3,253
Targeted rates	264	315	265
Subsidies and grants for operating purposes	0	0	1
Fees and charges	449	486	522
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)	3,798	3,890	4,041
Applications of operating funding			
Payments to staff and suppliers	1,557	1,539	1,642
Finance costs	0	0	0
Internal charges and overheads applied	1,682	1,821	1,777
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,239	3,360	3,419
Surplus (deficit) of operating funding (A-B)	559	530	622
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	819	257	386
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)	819	257	386
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	402	154	182
Capital expenditure - to replace existing assets	750	315	649
Increase (decrease) in reserves	226	318	177
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,378	787	1,008
Surplus (deficit) of capital funding (C-D)	(559)	(530)	(622)
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Community Development	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	866	926	1,111
Targeted rates	229	228	345
Subsidies and grants for operating purposes	2	2	0
Fees and charges	58	61	59
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)	1,155	1,217	1,515
Applications of operating funding			
Payments to staff and suppliers	809	717	908
Finance costs	0	0	0
Internal charges and overheads applied	636	595	690
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,445	1,312	1,598
Surplus (deficit) of operating funding (A-B)	(290)	(95)	(83)
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	42	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	42	40
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	40	0	40
Capital expenditure - to replace existing assets	0	42	25
Increase (decrease) in reserves	(290)	(95)	(108)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(250)	(53)	(43)
Surplus (deficit) of capital funding (C-D)	290	95	83
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Regulation	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	442	455	443
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	405	412	465
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	15	20	16
Total operating funding (A)	862	887	924
Applications of operating funding			
Payments to staff and suppliers	136	154	201
Finance costs	0	0	0
Internal charges and overheads applied	701	772	733
Other operating funding applications	0	0	0
Total applications of operating funding (B)	837	926	934
Surplus (deficit) of operating funding (A-B)	25	(39)	(10)
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	25	(39)	(10)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	25	(39)	(10)
Surplus (deficit) of capital funding (C-D)	(25)	39	10
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Solid Waste Management	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	23	23	22
Targeted rates	751	896	736
Subsidies and grants for operating purposes	0	0	0
Fees and charges	944	1,028	998
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)	1,718	1,947	1,756
Applications of operating funding			
Payments to staff and suppliers	1,191	1,234	1,219
Finance costs	25	25	0
Internal charges and overheads applied	604	681	619
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,820	1,940	1,838
Surplus (deficit) of operating funding (A-B)	(102)	7	(82)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	67	26	220
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)	67	26	220
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	146	33	316
Increase (decrease) in reserves	(181)	0	(178)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	(35)	33	138
Surplus (deficit) of capital funding (C-D)	102	(7)	82
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Stormwater	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	423	459	409
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)	423	459	409
Applications of operating funding			
Payments to staff and suppliers	146	166	136
Finance costs	0	0	0
Internal charges and overheads applied	118	118	100
Other operating funding applications	0	0	0
Total applications of operating funding (B)	264	284	236
Surplus (deficit) of operating funding (A-B)	159	175	173
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	42	43	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)	42	43	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	277	258	304
Increase (decrease) in reserves	(76)	(40)	(131)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	201	218	173
Surplus (deficit) of capital funding (C-D)	(159)	(175)	(173)
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Resource Management	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	114	137	186
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	76	84	59
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)	190	221	245
Applications of operating funding			
Payments to staff and suppliers	62	59	61
Finance costs	0	0	0
Internal charges and overheads applied	128	145	184
Other operating funding applications	0	0	0
Total applications of operating funding (B)	190	204	245
Surplus (deficit) of operating funding (A-B)	0	17	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	0	17	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	0	17	0
Surplus (deficit) of capital funding (C-D)	0	(17)	0
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Sewerage	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,284	2,376	2,415
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,166	893	863
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)	3,450	3,269	3,278
Applications of operating funding			
Payments to staff and suppliers	1,356	1,194	1,396
Finance costs	0	0	0
Internal charges and overheads applied	1,309	1,427	1,233
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,665	2,621	2,629
Surplus (deficit) of operating funding (A-B)	785	648	649
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	360	0	211
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)	360	0	211
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	253	212	196
Capital expenditure - to replace existing assets	639	254	423
Increase (decrease) in reserves	253	182	241
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,145	648	860
Surplus (deficit) of capital funding (C-D)	(785)	(648)	(649)
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Water Supply	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,374	2,644	2,550
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	8	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)	2,374	2,652	2,550
Applications of operating funding			
Payments to staff and suppliers	1,307	1,190	1,149
Finance costs	0	0	0
Internal charges and overheads applied	1,029	1,223	1,212
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,336	2,413	2,361
Surplus (deficit) of operating funding (A-B)	38	239	189
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,328	153	1,128
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)	2,328	153	1,128
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	1,883	22	874
Capital expenditure - to replace existing assets	445	395	490
Increase (decrease) in reserves	38	(25)	(47)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	2,366	392	1,317
Surplus (deficit) of capital funding (C-D)	(38)	(239)	(189)
Funding Balance ((A-B) + (C-D))	0	0	0

Waitomo District Council: Funding Impact Statement for 2017/18 for Roads and Footpaths	EAP 2016/17 \$000's	LTP 2017/18 \$000's	EAP 2017/18 \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	84	87	85
Targeted rates	5,919	6,102	5,937
Subsidies and grants for operating purposes	3,292	3,517	3,787
Fees and charges	108	120	105
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	120	124	125
Total operating funding (A)	9,523	9,950	10,039
Applications of operating funding			
Payments to staff and suppliers	4,391	4,852	5,035
Finance costs	0	0	0
Internal charges and overheads applied	2,060	2,131	2,003
Other operating funding applications	0	0	0
Total applications of operating funding (B)	6,451	6,983	7,038
Surplus (deficit) of operating funding (A-B)	3,072	2,967	3,001
Sources of capital funding			
Subsidies and grants for capital expenditure	4,095	3,650	3,635
Development and financial contributions	0	0	0
Increase (decrease) in debt	376	364	152
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)	4,471	4,014	3,787
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	205	207	102
Capital expenditure - to replace existing assets	6,625	5,823	5,913
Increase (decrease) in reserves	713	951	773
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	7,543	6,981	6,788
Surplus (deficit) of capital funding (C-D)	(3,072)	(2,967)	(3,001)
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.

The Parkside sections are expected to be completely disposed during 2017/18 and as such the Investment Revaluation reserve for Parkside will be transferred to accumulated funds on disposal.

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 2017 \$000s	Total Deposits \$000s	Total Withdrawals \$000s	Closing Balance 30 June 2018 \$000s
Operational Reserves (1)				
Leadership and Investments				
Leadership	307	0	(146)	161
Investments	(3,110)	0	0	(3,110)
	(2,803)	0	(146)	(2,949)
Community Service				
Parks and Reserves	284	0	(21)	263
Housing and Other Property	395	0	0	395
Recreation and Culture - Libraries	(189)	10	0	(179)
Recreation and Culture - Aquatic Centre	(110)	5	0	(105)
Recreation and Culture - Arts and Culture	213	0	(5)	208
Recreation and Culture - Aerodrome	118	0	0	118
Public Amenities	208	0	(21)	187
Safety	346	0	(41)	305
	1,265	15	(88)	1,192
Community Development				
Community Development	(159)	0	(90)	(249)
	(159)	0	(90)	(249)
Regulation				
Regulation	(366)	0	(14)	(380)
	(366)	0	(14)	(380)
Solid Waste Management				
Collection	78	0	0	78
Management - Landfill and Transfer Stations	(227)	0	(429)	(656)
Management - Waste Minimisation	(36)	0	0	(36)
	(185)	0	(429)	(614)
Stormwater				
Te Kuiti Stormwater	(10)	1	0	(9)
Rural Stormwater	161	0	0	161
	151	1	0	152
Resource Management				
District Plan Administration	(67)	0	0	(67)
	(67)	0	0	(67)
Sewerage				
Te Kuiti Sewerage	2,414	0	(59)	2,355
Te Waitere Sewerage	51	0	(5)	46
Benneydale Sewerage	(274)	0	0	(274)
Piopio Sewerage	297	0	(67)	230
	2,488	0	(131)	2,357
Water Supply				
Te Kuiti Water	(491)	0	(142)	(633)
Mokau Water	(619)	0	(22)	(641)
Piopio Water	(716)	0	(40)	(756)
Benneydale Water	(86)	20	0	(66)
	(1,912)	20	(204)	(2,096)
Roads and Footpaths				
Subsidised Roads	(1,576)	0	0	(1,576)
Unsubsidised Roads	397	0	(57)	340
	(1,179)	0	(57)	(1,236)
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	(2,232)	36	(1,159)	(3,355)

Prospective Statement of Reserve Funds	Projected Reserve Balance 30 June 2017 \$000s	Total Deposits \$000s	Total Withdrawals \$000s	Closing Balance 30 June 2018 \$000s
Depreciation Reserves (2)				
Leadership and Investments				
Investments	(363)	6	0	(357)
	(363)	6	0	(357)
Community Service				
Parks and Reserves	(80)	55	(56)	(81)
Housing and Other Property - Housing	208	16	(16)	208
Housing and Other Property - Community Halls	828	3	(3)	828
Housing and Other Property - Other Land and Buildings	425	97	(145)	377
Housing and Other Property - Railway Station Building	(4)	59	(34)	21
Recreation and Culture - Library	551	92	(98)	545
Recreation and Culture - Aquatic Centre	(63)	37	(34)	(60)
Recreation and Culture - Arts and Culture	18	173	(233)	(42)
Recreation and Culture - Aerodrome	73	35	(28)	80
Public Amenities	(249)	121	(88)	(216)
	1,707	688	(735)	1,660
Community Development				
I-SITE	26	7	(30)	3
	26	7	(30)	3
Regulation				
Animal Control	(37)	4	(8)	(41)
	(37)	4	(8)	(41)
Solid Waste Management				
Management - Landfill and Transfer Stations	(285)	64	(64)	(285)
	(285)	64	(64)	(285)
Stormwater				
Te Kuiti Stormwater	595	167	(313)	449
Rural Stormwater	3	5	(6)	2
	598	172	(319)	451
Sewerage				
Te Kuiti Sewerage	449	628	(1,015)	62
Te Waitere Sewerage	2	8	0	10
Benneydale Sewerage	193	37	(66)	164
Piopio Sewerage	(47)	108	(64)	(3)
	597	781	(1,145)	233
Water Supply				
Te Kuiti Water	250	233	(319)	164
Mokau Water	(86)	56	(79)	(109)
Piopio Water	174	46	(137)	83
Benneydale Water	164	37	(25)	176
	502	372	(560)	314
Roads and Footpaths				
Subsidised Roads	5,793	2,818	(2,866)	5,745
Unsubsidised Roads	106	140	(208)	38
	5,899	2,958	(3,074)	5,783
Corporate Support				
Corporate Support	188	271	(342)	117
Plant	11	218	(189)	40
	199	489	(531)	157
Total Depreciation Reserves	8,843	5,541	(6,466)	7,918

Prospective Statement of Reserve Funds	Projected Reserve Balance 30 June 2017 \$000s	Total Deposits \$000s	Total Withdrawals \$000s	Closing Balance 30 June 2018 \$000s
Investment Revaluation Reserves (3)				
Leadership and Investments				
Investment Property - Parkside	156	0	(156)	0
	156	0	(156)	0
Community Service				
Housing and Other Property - Other Land and Buildings	288	0	0	288
	288	0	0	288
Total Investment Revaluation Reserves	444	0	(156)	288
Special Purpose Reserves (4)				
Community Development				
District Development	16	0	0	16
	16	0	0	16
Solid Waste Management				
Waste Minimisation Reserve	30	24	0	54
	30	24	0	54
Total Special Purpose Reserves	46	24	0	70
Total Council Created Reserves	7,101	5,601	(7,781)	4,921
Net Movement in All Council Created Reserves			(2,180)	

RECONCILIATION OF PROSPECTIVE RESERVE FUNDING TO ESTIMATED REVENUE AND EXPENSE STATEMENTS (\$000'S)	Estimated Revenue and Expense Statements					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 2017	Prospective Closing Balance 30 June 2018	Less Transfer To Accumulated Funds on Divestment of Activity	Net Movement in Reserves
Leadership & Investments	(669)	495	(8)	42	(140)	3,010	3,306	156	140
Community Service	(720)	897	(297)		(120)	(3,260)	(3,140)		120
Community Development	(115)	7	(5)		(113)	117	230		113
Regulation	(14)	4	(8)		(18)	403	421		18
Solid Waste Management	(242)	64	(227)		(405)	440	845		405
Stormwater Drainage	(303)	172	(15)		(146)	(749)	(603)		146
Resource Management	0	0	0		0	67	67		0
Sewerage	(540)	781	(736)		(495)	(3,085)	(2,590)		495
Water Supply	(674)	627	(325)		(372)	1,410	1,782		372
Roads and Footpaths	(2,285)	2,958	(846)		(173)	(4,720)	(4,547)		173
Corporate Support				(42)	(42)	(734)	(692)		42
GRAND TOTAL	(5,562)	6,005	(2,467)	0	(2,024)	(7,101)	(4,921)	156	2,024

Total Movement in Council Created Reserves	2,180
Less transfer to equity on disposal	156
Total Net Movement in Estimated Revenue and Expense Statements	2,024

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 2017-18 was adopted by Council on 2017.

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 2017-18 on 2017.

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 2017-18 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 2018. 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, with the exception of water rates which is classified as 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 Subsidies and Grants received

Other Subsidies and 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 quarry royalties and oncharging of consultants fees for resource consents.

Interest revenue

Revenue is 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. Interest revenue is classified as exchange revenue.

Sale of Goods

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

Property Rental Revenue

Rental revenue arising on property owned by the Council 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.

Expenditure

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

Grant 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 includes components relating to both current tax and deferred tax.

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 tax rates (and tax laws) 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 Statement of

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised 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 or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly into equity.

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.

Inventory

Inventory held for use in the provision 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

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.

Financial assets are classified into the following categories for the purpose of measurement:

- 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.

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*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as Receivables in the Prospective Statement of Financial Position.

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 made 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. The difference between the face value and present value of expected future cash flows of the loan is recognised

in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

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 designated into the category at initial inception and are not classified in any of the other categories above. They are included in non current assets unless management intends to dispose of or realise the investment within 12 months of balance date. The council includes the following in this category:

- 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, 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

Financial assets are assessed for any evidence of impairment at each balance date. 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 expense, 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 expense 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 expense 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 expense 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.

Borrowings are classified as current liabilities unless Council has unconditional right to defer settlement of the liability for at least 12 months after balance date.

Good and Service Tax (GST)

All items in the prospective financial statements 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 net amount of GST recoverable from, or prospective to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the prospective 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.

Commitments and contingencies are disclosed exclusive of GST.

Provisions

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 an outflow of future economic benefits will be required to settle 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 Entitlements

Short-Term Employee Entitlements

Employee benefits expected to be settled within 12 months after the end of the period which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

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

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 Employee Entitlements

Retirement Gratuities

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, 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 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, finance leases recognised 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 as an expense on a straight line basis over the lease term.

Property, Plant and Equipment

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

Operational 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

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 systems, sewerage reticulation systems, stormwater systems, and land under roads.

Restricted assets

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.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in the property revaluation reserves in respect of those assets are transferred to accumulated funds.

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.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

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 at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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
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.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to a property revaluation reserve in equity for that class of asset. Where this should result in a debit balance in the revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but 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).

Intangible Assets

Computer 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 for software. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised. 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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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), Waikato 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.

Investment Property

Investment property consists of miscellaneous housing properties. Investment property 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 is measured initially at its cost, including transaction costs. After initial recognition, it is measured at fair value, determined annually by an independent valuer. Gains or losses arising from a change in fair value are recognised within surplus or deficit.

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 assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's 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. Equity is disaggregated and classified into the following components :

- accumulated funds,
- other reserves and
- property revaluation reserves.

Other Reserves

Restricted reserves are a component of 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.

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 stormwater, wastewater and water supply pipes situated underground. 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.

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 2016 resulting in a gain in valuation of \$1,900,000. The valuation report indicated a value between \$3.9 million and \$5.1 million for the investment. Council conservatively recognised the investment at \$4.5 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 2017 is 5,861.

The projected total capital value of rating units within our District at 30 June 2017 is \$3,054,309,850.

The projected total land value of rating units within our District at 30 June 2017 is \$1,952,054,900.