



The Timber Trail

Waitomo District Council

Annual Plan

2017-2018

Creating a better future with vibrant
communities and thriving business.

www.waitomo.govt.nz



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Message from the Mayor and Chief Executive

Welcome to Waitomo District Council's 2017/18 Annual Plan which outlines our key initiatives for the coming financial year.

Council prepares a Long Term Plan every three years which details the programmes and financial forecasts over the next 10 years. This plan covers **year three** of the Long Term Plan 2015-2025 (LTP) for the 12 months from 1 July 2017 to 30 June 2018, and details the annual budget and also notes any variations or differences from the forecasts contained for that financial year, in the LTP.

The external public debt forecast at the end of the 2017/18 year is **\$2.5 million less** than the forecast for the corresponding year contained in the LTP. We are on target to achieve the forecast debt reduction of **\$21 million** over the life of the LTP.

Council continues to maintain and renew the Districts infrastructure assets and manage these in a sustainable manner.

Our focus areas are Community Connectivity and Development, Economic Development and Good Asset Stewardship. Our intention for the coming financial year is to make progress in these areas in a financially prudent and sustainable manner.

Highlights of the Annual Plan 2017/18:

- **\$10 million of capital expenditure** across various projects including the Te Kuiti Water Treatment Plant upgrade, improvements to our quarries, performance enhancement of the Te Kuiti Waste Water Treatment Plant, and the development of an improved entranceway to Brook Park, to name a few.
- Reduction of the rates requirement for 2017/18; **2.7% increase** (from 3.88% forecast in the LTP).
- A decrease of **\$2.5 million less external public debt**
- A **\$2.38 million increase** in our Reserves balance
- Commencement of the District Plan Review project
- Continuing with development of Timber Trail Marketing
- Bathroom upgrade for the Les Munro Centre
- Support Digital advancement of the District
- Support implementation of the Waitomo Village Structure Plan

We look forward to the year ahead and representing our residents and ratepayers to create a better future for our District, with vibrant communities with thriving business.



Brian Hanna
Mayor



Chris Ryan
Chief Executive



Introduction

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

The 2017/18 Annual Plan has no significant differences from year three of the LTP. The planned levels of service are unchanged, while proposed rates to be collected and forecast debt are both lower than expected.

At the 28 March 2017 meeting, Council discussed that the financial forecasts for 2017/18 align with Council's financial strategy and the forecasts contained in the LTP for 2017/18 year. Given this, Council agreed not to consult on the Draft Annual Plan 2017/18 which would save time and costs.

Changes to the Local Government Act provides Council with the option of adopting an Annual Plan without further consultation where it is consistent with the LTP. This avoids duplication of process thereby saving time and increasing efficiency.

Structure of the Annual Plan

This Plan contains three main sections:

SECTION A

Provides the overview of the key initiatives and financials.



SECTION B

Provides a description of each activity, the costs and any variations from the financial details contained in the 2015-25 LTP.



SECTION C

Contains the overall financial details of Waitomo District Council.



Maraeroa Road

Key Initiatives for 2017/18 year

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

Economic Development
Community Connectivity and Development
Good Asset Stewardship and Management

The intention of the LTP is to enhance the livability of our District, facilitate our communities to be vibrant and thriving and to achieve these goals in a financially prudent and sustainable manner. We have been working towards these focus areas and plan to continue this direction in the 2017/18 year.

Some of the key initiatives include:

Economic Development

Our aim is to promote and support sustainable Economic Development in the Waitomo District. This year we will commence District promotion and marketing initiatives contained in our **Economic Development Strategy** including:

- Support Timber Trail Marketing and Development in conjunction with Ruapehu District Council.
- Work with Hamilton and Waikato Regional Tourism Organisation to attract visitors to our District.
- Support telecommunications initiatives to enhance broadband and mobile blackspot coverage in the District.
- Work towards becoming a Motor Home Friendly District.



Visitor numbers to one of our newer attractions, the Timber Trail, are increasing markedly each year. Council is supporting a **Concept Development Plan** for Timber Trail Marketing, which is to be run in conjunction with Ruapehu District Council. We look forward to this initiative bringing increased visitor numbers and business activity to the Timber Trail in the 2017/18 year.

The Te Kuiti Railway Station Buildings have undergone an extensive restoration and strengthening project with the aim of re-invigorating and showcasing the railway heritage of the town, as well as creating a vibrant central hub for the community of Te Kuiti.

The internal refurbishment of Building 1 and the structural linking of that building with the Te Kuiti i-SITE Visitor Information Centre has been completed.



Community Connectivity and Development

Council will continue to support Waitomo District Youth Council and Youth Liaison, to give our youth a sense of contributing something of value to society.



Tourism is a significant industry in our District with total tourism expenditure for the year ending February 2017 of \$86 million. Council recognises the significance of Waitomo Caves Village as the hub of this activity with an estimated 600,000 + visitors per year and intends to provide facilitation support to the Tere Waitomo Community Trust in implementing the **Waitomo Village Structure Plan**.



Gaining access to **high-speed broadband services** continues to be a significant issue in our District. WDC submitted a Registration of Interest to the Broadband and Mobile Black Spot Initiative when Central Government announced an extension to the Ultra-Fast Broadband programme. This will see faster internet to more than 150 additional towns and around 423,000 New Zealander’s in both rural and urban areas.

Te Kuiti and Piopio are amongst the towns included in the Waikato region for the UFB installations (to be completed by 2024). Residents and businesses will have access to world-class broadband, adding to the value of our economy and ensuring the district is a vibrant place to live, work and visit.

We continue to advocate for increased service delivery in our community, and plan to support o telecommunications initiatives to enhance broadband and mobile blackspot coverage in the District.

Community Connectivity and Development

2017/18 year will see us continue to provide (with no changes to service levels) **Community Services** that ensure safety and quality of life in our communities like animal control, aquatic centre, library, maintenance of our parks and gardens and proactive monitoring and enforcement for the service areas of building control and alcohol licencing.



Good Asset Stewardship and Management

The major upgrade of the **Te Kuiti Water Treatment Plant**, to ensure we meet the water quality requirements set out under the Drinking Water Standards for New Zealand 2005 (Revised 2008), will continue in the 2017/18 year with the construction of a new inlet structure and refurbishment of the clarifiers.



Further improvements to the **Mokau Water Supply** will be achieved with the planned pipe renewal programme, enhancements to the Mokau Water Treatment Plant and storage facility.

We will continue to maintain and renew the **sewerage assets** at Te Kuiti and Piopio schemes in order to improve their condition and performance.

Financial Summary

EAP 2016/17 \$000's	Cost of Service Statement Council	LTP 2017/18 \$000's	EAP 2017/18 \$000's	VARIANCETO 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	Total Net Expenditure	25,783	28,303	2,520
	Funded By			
5,206	Reserves	4,745	5,562	817
4,220	Internal Loans Drawn	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
5,780	Depreciation and Amortisation Expense	5,874	6,005	131

The Cost of Service Statement illustrates that operating income forecast 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.

Council's planned Total Operating Expenditure for the 2017/18 financial year is **\$817,000** more than the forecast contained in the LTP for the 2017/18 year.

The main contributors to the increase in the Total Operating Expenditure are outlined below.

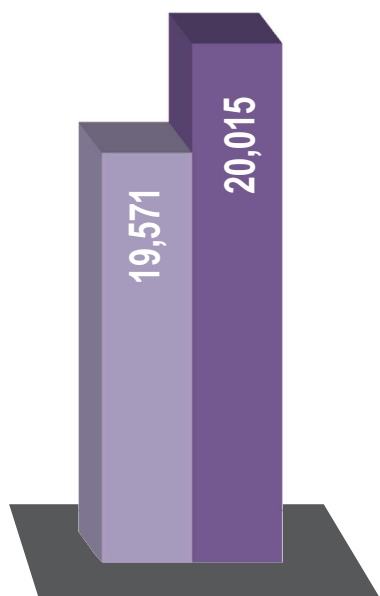
- The 2015-25 LTP included a budget of \$2.5 million for the **District Plan Review project** over the life of the LTP. The original plan to roll the review over a ten year period would have been more resource and cost intensive, therefore we have bought forward the completion date to June 2019, resulting in a **\$603,000** increase in expenditure included in the 2017/18 financial year. The expenditure will be funded by loan and will not affect rates revenue, in an effort to balance intergenerational equity between present and future generations.
- **Community Development activity** operating costs like the Timber Trail Marketing, the Telecommunications Initiative that are included in the 2017/18 Annual Plan were not included in the LTP, and have resulted in a variance to the originally stated costs. District Promotion expenditure is also forecast to increase to support a range of district marketing initiatives.

The capital expenditure planned for 2017/18 is higher than the forecast contained in the corresponding year of the LTP mainly due to the re-sequencing of the **Te Kuiti Water Treatment Plant** upgrade, assessment and safety improvement works to be carried out at WDC quarries to ensure alignment with Health and Safety requirements, and;

- Further performance and safety improvement works at Te Kuiti Waste Water Treatment Plant
- Development of Brook Park entranceway
- Bathroom upgrade at the Les Munro Centre
- Landfill main entrance and 'tip head' road renewal and resource consent
- Purchase of carbon credits to meet our obligations under the Emissions Trading Scheme (ETS).

Forecast Total Rates Requirement

(\$000's)



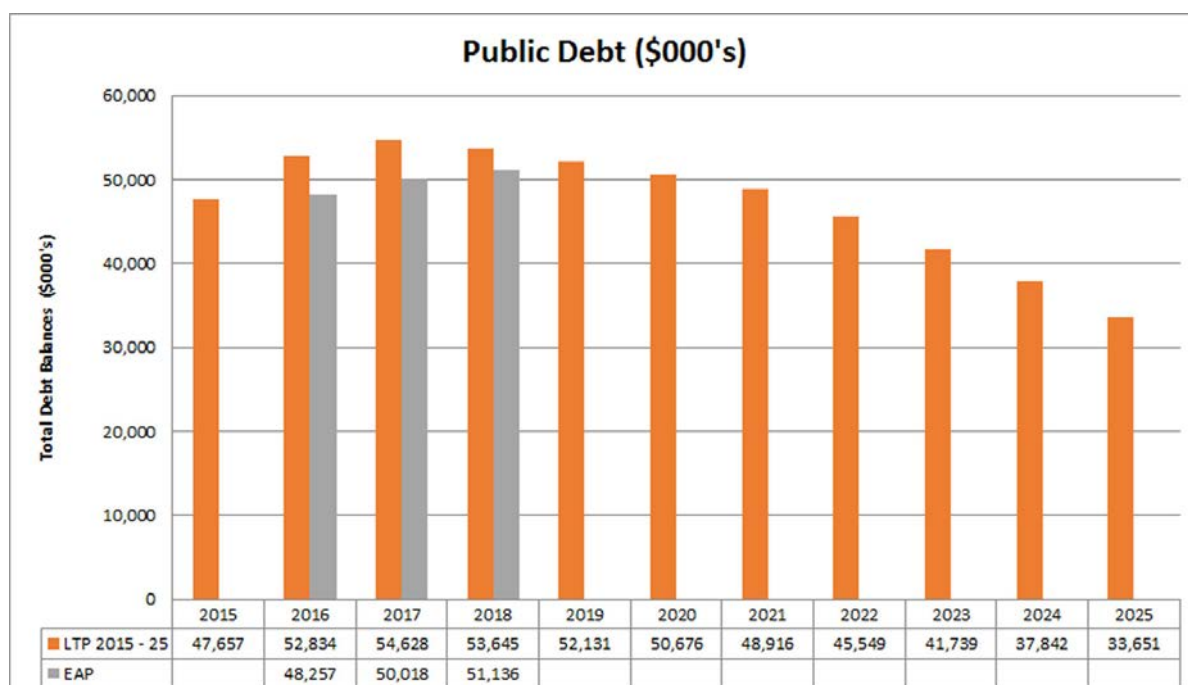
The total rate revenue required for the 2017/18 financial year is \$19,571,000 (excluding GST) which is an average overall **2.7% increase** over the current year's (2016/17) total rate requirement.

It is substantially lower than the 3.88% increase forecast in the LTP 2015-25 for the 2017/18 year.

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

- EAP 2017/18 Projected Total Rates
- LTP 2015-2025 Projected Total Rates (for the 2017/18 year)

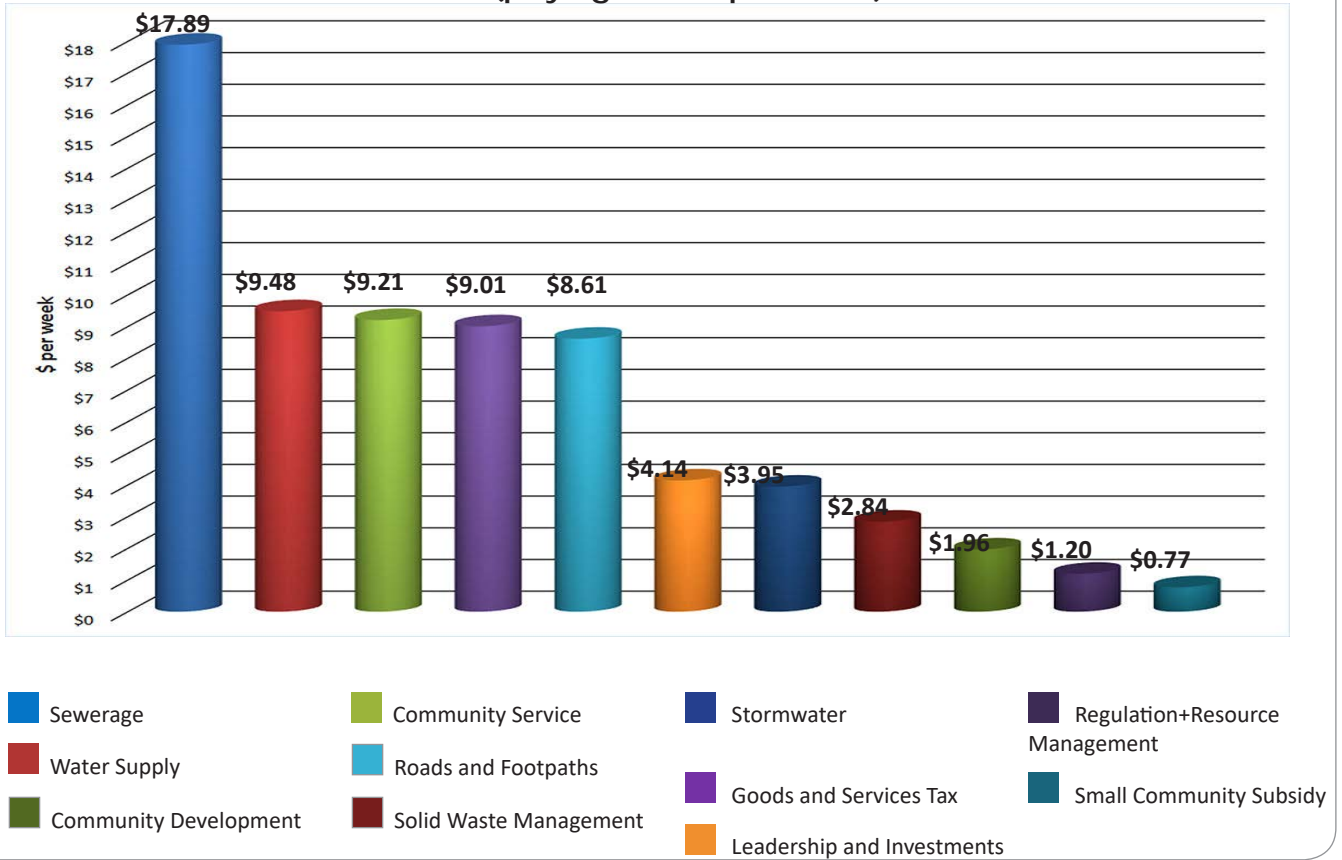
Overall Public Debt is tracking below forecasts set in the 2015-25 LTP. Debt is forecast in the Annual Plan to be **\$51.1 million at 30 June 2018** compared to \$53.6 million in the LTP.



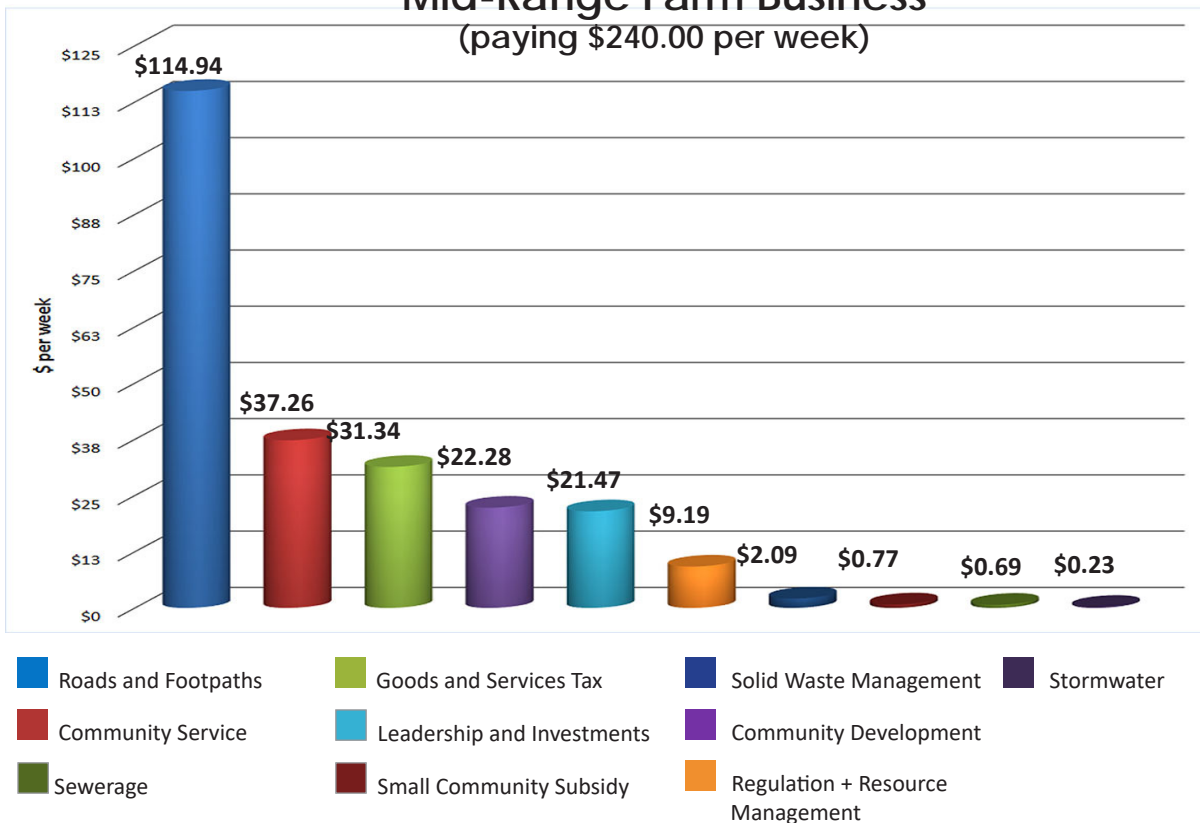
Where Your Rates are Spent

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

Average Te Kuiti Residential Property (paying \$69.00 per week)



Mid-Range Farm Business (paying \$240.00 per week)





Tatsuno Japanese Garden

Section B

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

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

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 Waikato Local Authority Shared Services Ltd (WLASS)
- Investment in Inframax Construction Ltd (ICL)
- Council Owned Quarries
- Forestry Holdings
- Parkside Subdivision
- Investment in Civic Financial Services Ltd

Main Focus Areas for 2017/18

Draft, consult and adopt the 2018-2028 Long Term Plan

Review, consult and adopt key policies that support the 2018-2028 Long Term Plan

Prepare Annual Report for 2016/17 year demonstrating performance against the plans set in the 2016/17 Annual Plan

Actively participate in the Waikato Mayoral Forum to review/consider opportunities to collaborate in planning, purchasing and service delivery options

Review of Council's District Plan

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



Te Kuiti Railway Station platform

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 budget 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.

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 and improvements in corporate systems have been added.

Funding Changes

- Reserves: Increase in funding through reserves is mainly due to the increase in renewal costs of Corporate Systems.
- 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

Main Focus Areas for 2017/18

Playground Upgrades

Ongoing maintenance of the District Aquatic Centre

Continue to upgrade and modernise the Les Munro Centre

Improvements to Brook Park Entrance Way

Ongoing development of accurate maps of Council cemeteries to assist with record keeping and compliance and improved cemetery signage for visitors

Continue upgrades to access ways for all cemeteries



Les Munro Centre



Waitomo Caves Village playground



Public gardens



Public spaces



Aquatic Centre

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 and Other Property has been revised from the forecasts made in the LTP, based on actuals information.

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 costs for the Aquatic Centre, the Library and Aerodrome monitoring costs.
- Public amenities costs have been increased with an additional allowance made for the new Benneydale and Marokopa public toilet 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, based on the design and investigation work.
- 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 renewals of camping grounds 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.



Main Focus Areas for 2017/18

- Promote and support sustainable Economic Development in the Waitomo District
- District Promotion and Marketing
- Support of Waitomo District Youth Council and Youth Liaison
- Involvement in Hamilton and Waikato Regional Tourism Operations
- Commitment to a high standard of Customer Service consistently across WDC sites
- Provision of i-SITE and Events Services
- Funding/grant support to the not for profit sector
- Staged provisions to support a Motor Home Friendly District
- Support Timber Trail marketing and development initiatives
- Facilitation support to the Tere Waitomo Community Trust in implementing Waitomo Village Structure Plan
- Support to telecommunications initiatives to enhance broadband and mobile blackspot coverage in the District



Waitomo District Library



The Timber Trail



Great New Zealand Muster



Visitor Information Centre



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 to take in to account the contribution from Ruapehu District Council for the Timber Trail marketing initiative.
- 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 which was not included in the LTP.
- 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.
- Some 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 some i-site upgrades.

Funding Changes

- 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



Main Focus Areas for 2017/18

Back Scanning of old Building Consent records

Review of Compliance Schedules

Commence implementation of Earthquake Prone Buildings Amendment Act 2016

Commence implementation of Building (Pools) Amendment Act 2016



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 forecast 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.

Funding Changes

- General Rate and UAGC: There is minor decrease in the overall rates requirement for this activity due to reduction in net operating cost.



Te Kuiti mainstreet

Solid Waste Management

There are four activities under this Group:

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



Main Focus Areas for 2017/18

Resource consent application to increase the consented volume for Waitomo District Landfill

Upgrade of the road entrance and tip-head access road at Waitomo District Landfill

Feasibility Investigation for relocation of Mokau/Awakino transfer station

Raise health and safety standards for District Waste Transfer Stations

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 of Activities provides for the collection, diversion, and disposal of urban surface water runoff.



Main Focus Areas for 2017/18

Continue with the collection of stormwater asset data

Minor capital works identified from asset data and during network cleaning and inspections

Improve contractor maintenance reporting and integrate costing information with spatial data in the Asset Management System

Develop accurate and complete asset inventory registers for council's assets

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)
	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:

- Carrying out the functions, powers and duties under the Resource Management Act 1991, including processing resource consents
- Monitoring resource consents for compliance with conditions
- Making amendments to the District Plan



Main Focus Areas for 2017/18

The main focus in this planning cycle is to commence a review of the Waitomo District Plan as required by the Resource Management Act 1991

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 the Treatment and Disposal of Sewage

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



Main Focus Areas for 2017/18

Further improvements to the performance and safety operation of the Te Kuiti Waste Water Treatment Plant, including the installation of banded chemical tanks, upgraded electricity supply for new aerator, bulk lime dosing silo, excess sludge removal from the pond, minor plant renewal and improvements to the work area.

New separator tanks and pump renewals for Piopio Waste Water Treatment Plant

Ongoing renewal works to pump stations, reticulation network and treatment plant components in accordance with Asset Management Planning

Formalise asset data collection and recording procedures and improve data accuracy

Improve contractor maintenance reporting

Maintain a long term infiltration and inflow investigation and reduction programme

Focus on risk identification and management

Monitor and enforce agreements made under the Trade Waste Bylaw for the Te Kuiti sewerage scheme

Rehabilitation of the Te Waitere soakage field

Te Kuiti Wastewater Treatment Plant



Benneydale Waste water scheme



Taupiri Street sewer manhole being installed

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 to New Zealand drinking water standards. Water supply schemes are provided by Council at Te Kuiti, Benneydale, Piopio and Mokau.

Main Focus Areas for 2017/18

Major upgrade of the Te Kuiti Water Treatment Plant will continue in 2017/18. This includes the construction of a new inlet structure and refurbishment of the clarifier.

Pipe renewal programme for the Mokau Water Reticulation Network

Enhancements to the Mokau Water Treatment Plant and Storage Facility

Minor capital works identified from asset data and during network inspections



UV Filtration - Te Kuiti Water Treatment Plant



Steel filters - Te Kuiti Water Treatment Plant



Mokau water mains replacement project



Mokau water mains replacement project

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.
- 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.

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.



Main Focus Areas for 2017/18

Commencement of the project to convert streetlight network to LED

Completion of the extension to the sealed road network at Maraeroa Road

Replacement of the retaining wall on Oparure Road

Provision for erosion protection work at the Te Kumi Station Road bridge

Footpath renewals

General road improvements



Manganui Road - storm damage



Kumara Road rehabilitation



Maraeroa Road - benching work



Sheridan Street sealing work

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 increase in the rate of subsidy income provided by NZTA (63%), 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.
- There has been an increase in Direct Expenditure due to the change in NZTA policy for emergency reinstatement category wherein operational first response, clean up and immediate repairs after a natural event such as heavy rain are classified as operational expenditure.
- The increases in budgets have been partly offset by a decrease in budgeted interest costs.

Capital Expenditure

- The capital expenditure budget has been reduced for emergency reinstatement and has been offset by a similar increase in the operating expenditure. The budget for minor improvements has also been reduced.
- 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.

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.



Lake Taharua

Section C

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

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

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	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)
3,213	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%	<i>Percentage Rates Increase</i>	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 TFR

Description and Use

Council will set a Targeted Services TFR per separately used or inhabited part of a rating unit in the District, differentiated by rating areas, to part fund the Unsubsidised Roding 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 Area

Description and Use

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

Requirement in 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 - TFR

Description and Use

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

Requirement in 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 TFR

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit in the Rural Rating Area of the District to fund the Rural Stormwater Activity.

Requirement in 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

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

Requirement in 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 TFR

Description and Use

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

Requirement in 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 Rates

Description and Use

Council will set a TFR for Water Supply differentiated

on the basis of supply area.

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

Requirement in 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 Roading (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

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

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

- (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)	Benneydale Residential \$40,000 2016/17	Piopio Residential \$130,000 2016/17	Piopio Wider Rating Area \$385,000 2016/17	Mokau Residential \$350,000 2016/17	Drystock Rural \$3,070,000 2016/17	Dairy Farm Rural \$5,400,000 2016/17 (3 parts)
Uniform Annual General Charge (UAGC)	668	668	668	1,336	668	668	668	668	668	2,004
General Rate	241	390	894	1,561	57	184	546	497	4,356	7,662
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	0	0	0	0	0	0	0	0	194	341
Subsidy Rate for Te Waitere Sewerage	7	7	7	7	7	7	7	7	7	7
Subsidy Rate for Benneydale Sewerage	12	12	12	12	12	12	12	12	12	12
Subsidy Rate for Benneydale Water	5	5	5	5	5	5	5	5	5	5
Subsidy Rate for Mokau Water	4	4	4	4	4	4	4	4	4	4
Stormwater Urban Fixed Charge	153	153	0	0	0	0	0	0	0	0
Stormwater Urban Capital Value	88	142	0	0	0	0	0	0	0	0
Stormwater (Rural)	0	0	18	36	18	18	18	18	18	54
Water Supply	538	538	0	0	1,427	1,307	0	1,427	0	0
Sewerage	988	494	0	0	1,100	1,100	0	0	0	0
Piopio Wider 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 2 May 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 2 May 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 2 May 2017 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.

Annual Plan disclosure statement for the year ending 30 June 2018

What is the purpose of this statement?

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

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

Benchmark		Planned	Met [Yes/No]
Rates affordability benchmark			[Yes/No]
• income	The quantified limit is that total rates revenue will be limited to an average of 75% of total operating expenditure.	67%	Yes
• increases	The quantified limit is that total rate increases will be limited to a cap of the Local Government Cost Index plus 2% (being 4.71% based on LGCI average over 10 years).	2.7%	Yes
Debt affordability benchmark	The quantified limit is that total interest expense will not exceed 15% of total revenue.	9%	Yes
Debt affordability benchmark	The quantified limit is that total borrowings will not exceed 25% of total equity.	17%	Yes
Debt affordability benchmark	The quantified limit is that total borrowings must not exceed 20% of total assets.	14%	Yes
Debt affordability benchmark	The quantified limit is that net debt will not exceed 170% of total (cash) revenue.	117%	Yes
Debt affordability benchmark	The quantified limit is that net interest will not exceed 20% of annual rates.	14%	Yes
Balanced budget benchmark	100%	105%	Yes
Essential services benchmark	100%	183%	Yes
Debt servicing benchmark	10%	8.7%	Yes

Notes

1. Rates affordability benchmark

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

2. Debt affordability benchmark

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

3. Balanced budget benchmark

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

4. Essential services benchmark

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

5. Debt servicing benchmark

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

Benchmarking Graphs

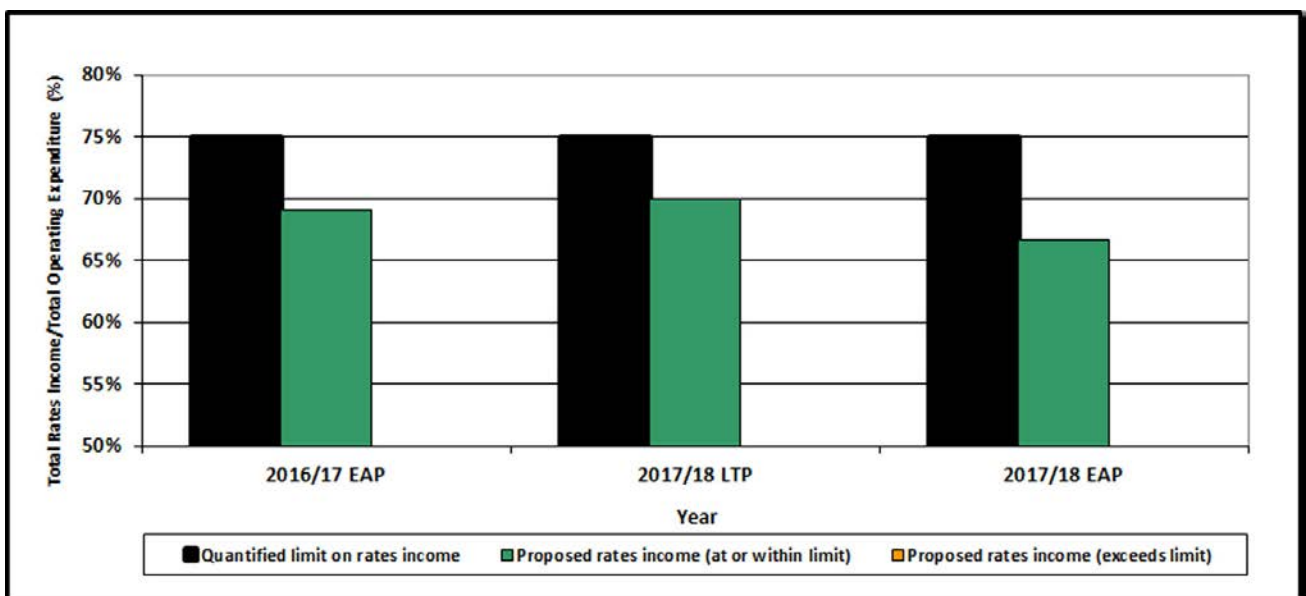
The sections below provide graphs and additional commentary on the results shown in the statement. Where there is a limit that's been set, this is shown in the graphs as a black bar.

Rates affordability benchmarks

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

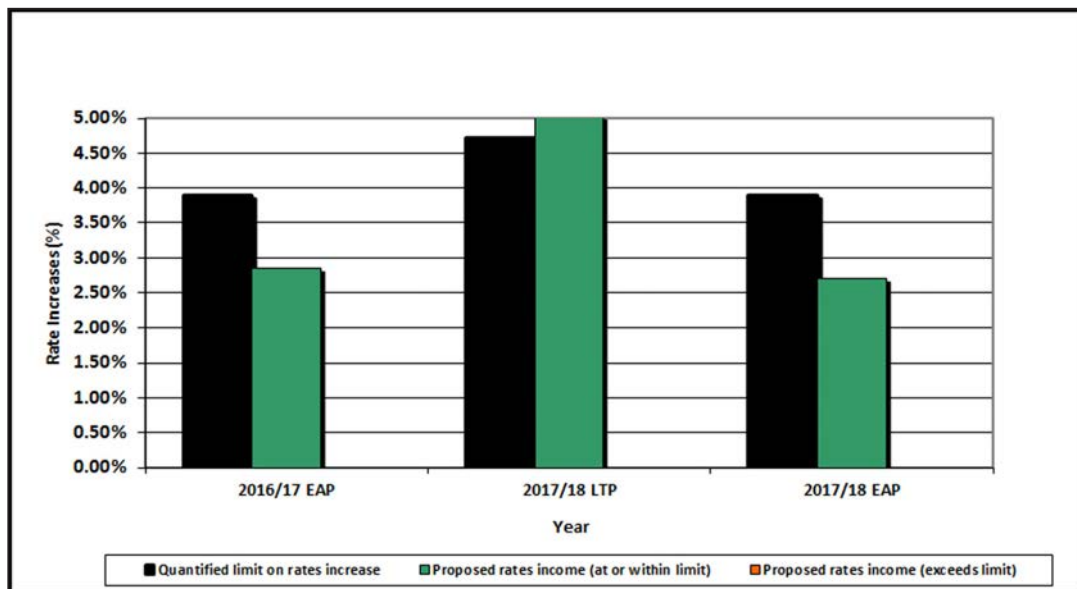
1. Rates (income) affordability

The 2017/18 planned rates revenue in the Exceptions Annual Plan is below the limits we set in our LTP. The rates income affordability limit is that total rates revenue is limited to 75% of total operating expenditure. The planned rates revenue to expenditure is 67% for the 2017/18 year.



2. Rates (increases) affordability

The 2017/18 planned overall rates increase in the Exceptions Annual Plan is below the limit we set in our LTP. The rates increase limit is set at LGCI + 2%. This means our rates should not increase by more than 3.9% from the 2016/17 year to the 2017/18 year. The planned rates increase for 2017/18 is 2.7%. This is substantially lower than the 3.88% increase forecast in the LTP.

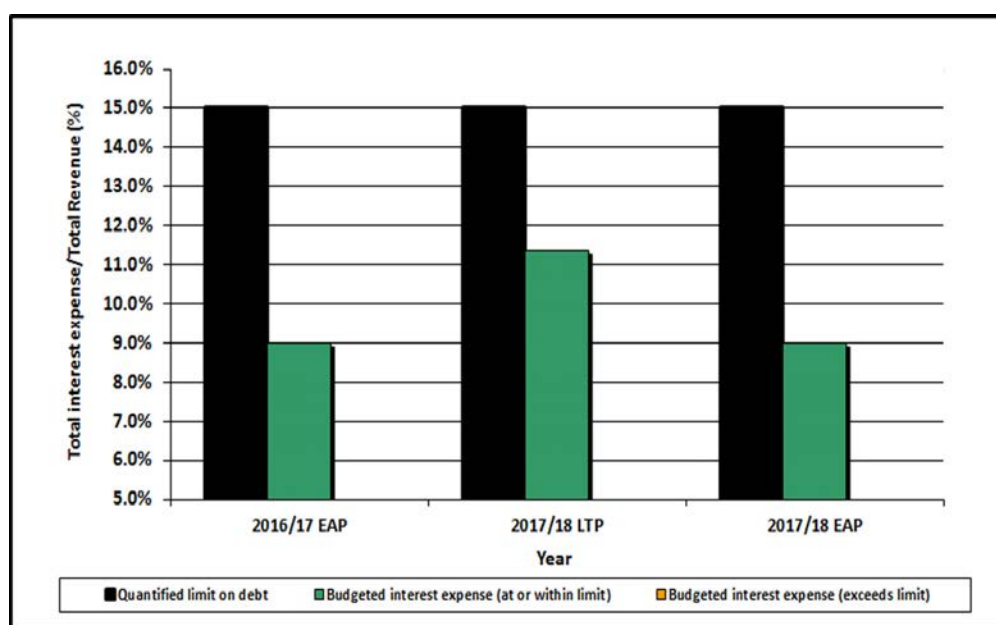


Debt affordability benchmarks

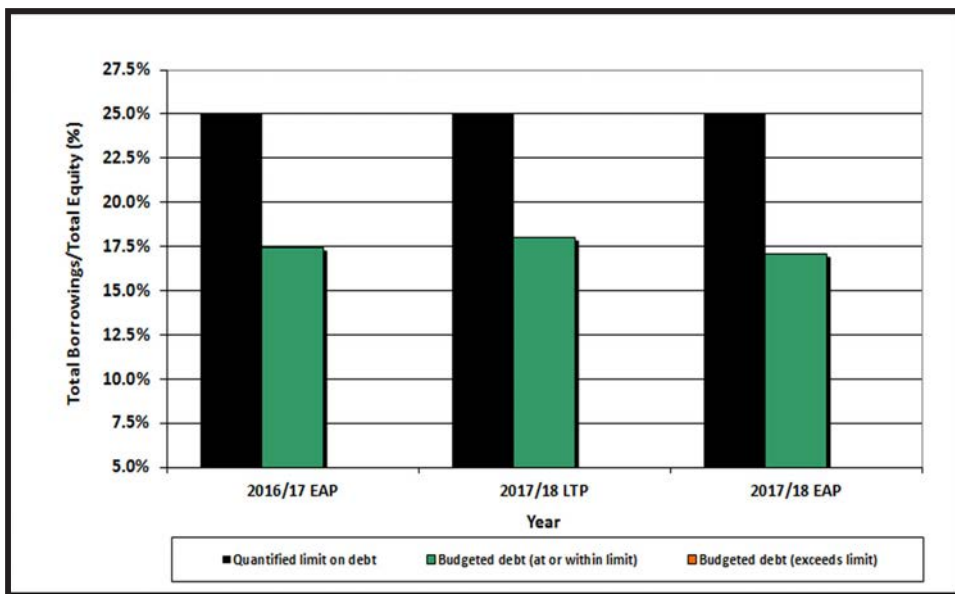
The Finance Strategy, contained in the LTP, sets the limits on borrowing. Council meets its debt affordability benchmarks if its planned borrowing is within each quantified limit.

The 2017/18 planned debt levels are well within the quantified limits for each of the five measures and also below the original forecast for 2017/18 in our LTP.

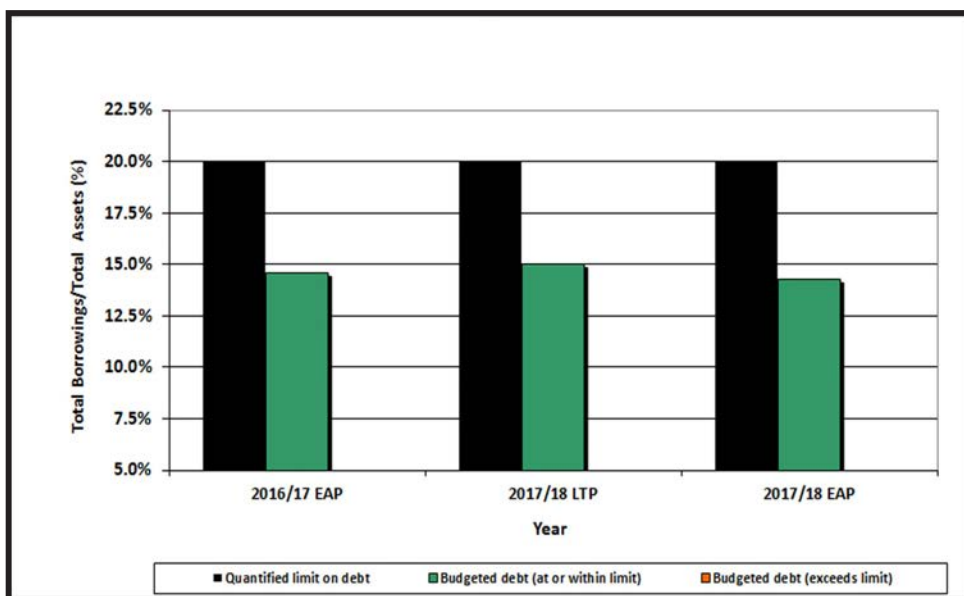
1. Total interest expense to Total revenue



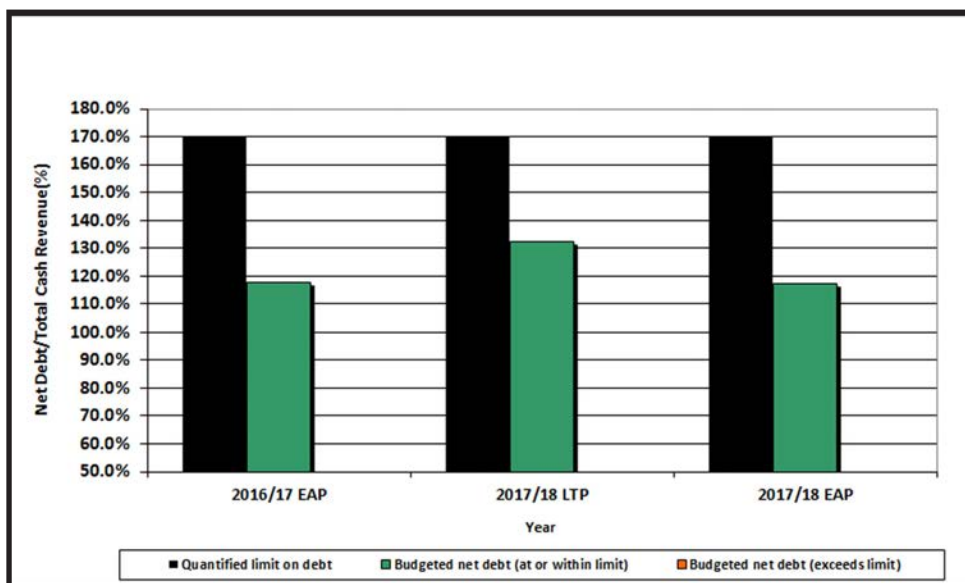
2. Total borrowing to Total equity



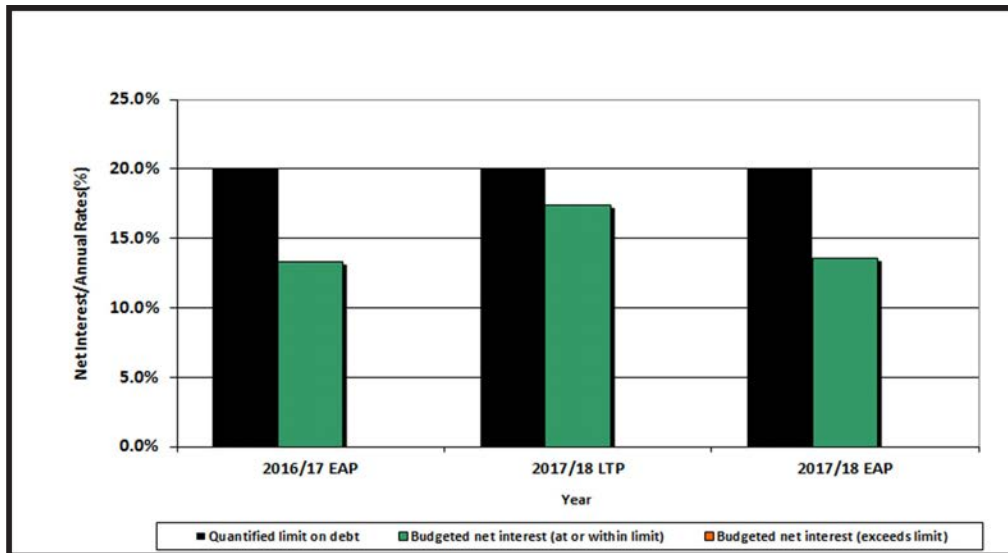
3. Total borrowings to Total assets



4. Net debt to Total cash revenue

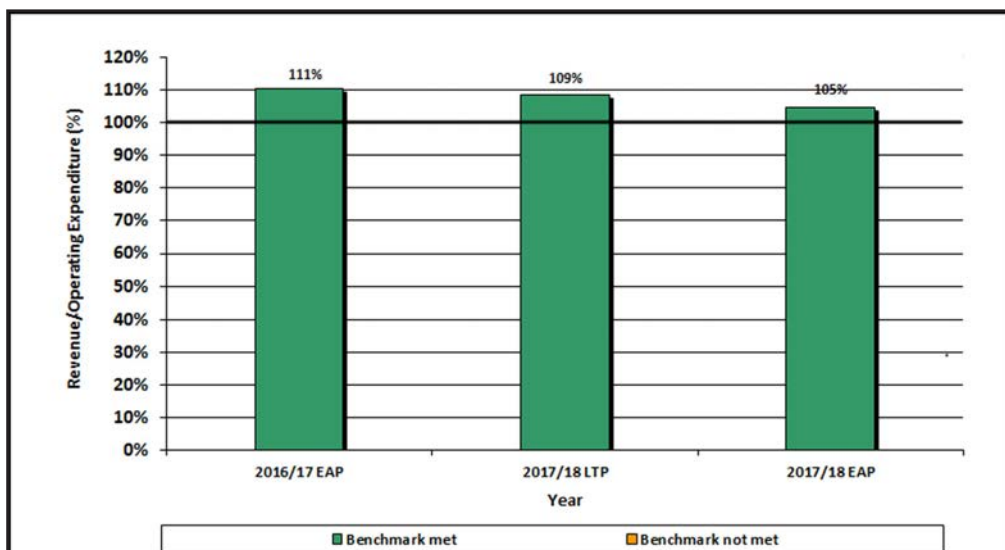


5. Net interest to Annual rates revenue



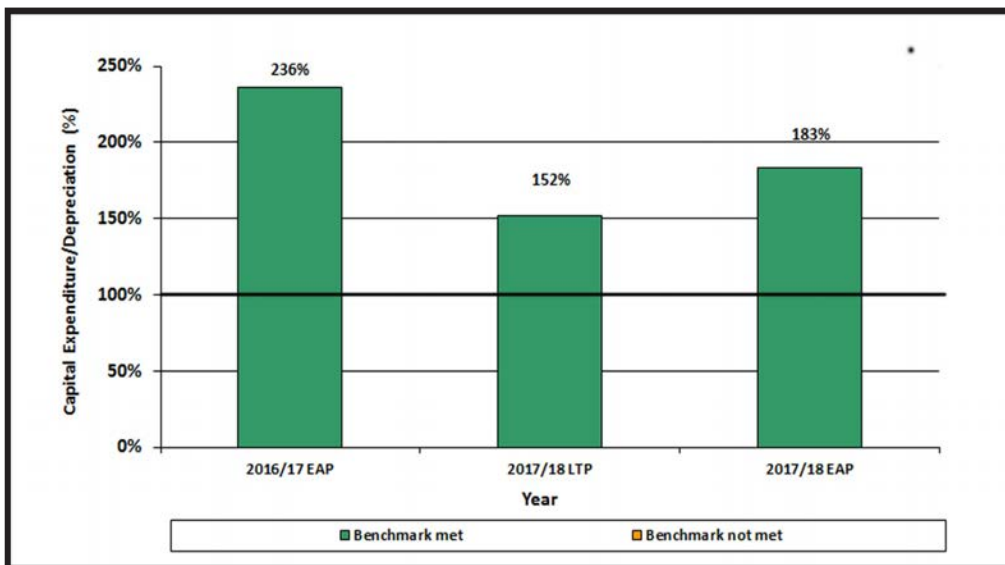
Balanced budget benchmark

For this benchmark, our planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant and equipment) is presented as a proportion of our planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment). This benchmark is met if our revenue equals or is greater than our operating expenses. For 2017/18 our planned revenue is forecast to be 5% greater than our expenditure and is less than was forecast in the LTP.



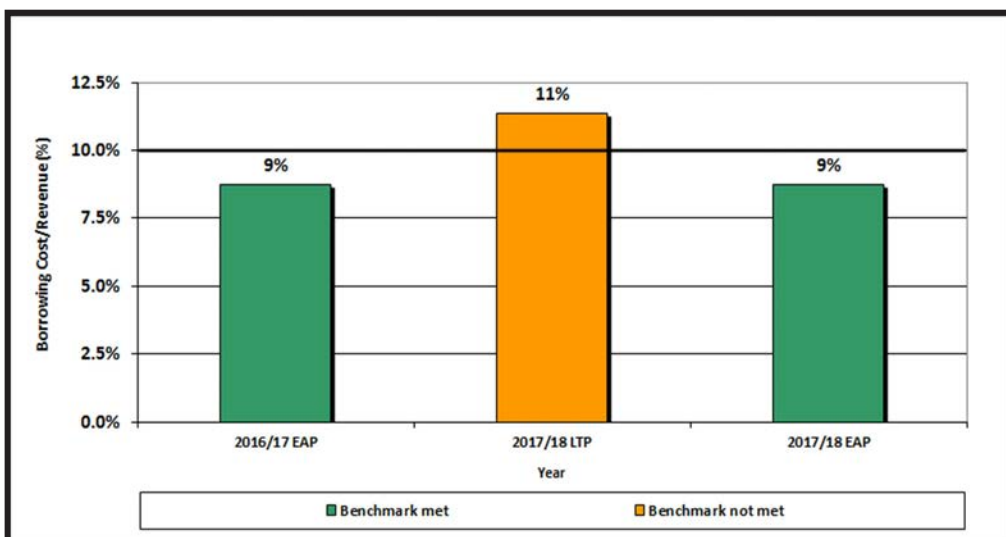
Essential services benchmark

For this benchmark, our planned capital expenditure on network services is presented as a proportion of expected depreciation on network services. This benchmark is met if our planned capital expenditure on network services equals or is greater than expected depreciation on network services. For 2017/18 our planned capital expenditure significantly exceeds this benchmark.



Debt servicing benchmark

For this benchmark our planned borrowing costs must be equal to or less than 10% of our planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). We have met this benchmark for 2017/18 with planned borrowing costs at 9%. The forecast in the LTP for 2017/18 did not meet this benchmark for the due to additional borrowing costs required to fund the capital expenditure programme, in particular for Te Kuiti Water Upgrade. The Te Kuiti Water Upgrade project has been re-sequenced and is now expected to be completed in the 2018/19 year instead of 2016/17 as forecast in the LTP.



Terms used in the Exceptions Annual Plan

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

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

Acronyms used in this document:

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

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