

# Section C: Financial Information

This section provides details on the financial implications of the Plan, including estimated expenditure, revenue and public debt for the 2013/14 financial year, and the Funding Impact Statements.



Creating a better future with vibrant communities and thriving business.



# Introduction

This section outlines Council's financial position for the 2013/14 financial year. The information that follows shows the impact of the measures Council has taken as it moves to a sustainable financial plan.

## Summary of Estimated Revenue and Expenses Statement for all Council Activities

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's	VARIANCE TO LTP 2013/14
	<b>Operating Income</b>			
(1,473)	Community and Cultural Sustainability	(1,517)	(1,833)	(316)
(1,677)	Environmental Sustainability	(1,956)	(1,820)	136
(7,330)	Economic Sustainability	(7,101)	(7,788)	(687)
<b>(10,480)</b>	<b>Total Operating Income</b>	<b>(10,574)</b>	<b>(11,441)</b>	<b>(867)</b>
	<b>Direct Operating Expenditure</b>			
7,646	Community and Cultural Sustainability	8,395	7,895	(500)
5,156	Environmental Sustainability	6,121	5,419	(702)
10,559	Economic Sustainability	11,094	11,229	135
<b>23,361</b>	<b>Total Operating Expenditure</b>	<b>25,610</b>	<b>24,543</b>	<b>(1,067)</b>
<b>12,881</b>	<b>Net Operating Cost/ (Surplus)</b>	<b>15,036</b>	<b>13,102</b>	<b>(1,934)</b>
	<b>Capital Expenditure</b>			
810	Community and Cultural Sustainability	762	1,452	690
5,583	Environmental Sustainability	1,121	1,323	202
7,060	Economic Sustainability	7,421	8,796	1,375
<b>13,453</b>	<b>Total Capital Expenditure</b>	<b>9,304</b>	<b>11,571</b>	<b>2,267</b>
<b>26,334</b>	<b>Total Net Expenditure</b>	<b>24,340</b>	<b>24,673</b>	<b>333</b>
	<b>Funded By</b>			
(7,175)	Internal Loans Drawn	(3,873)	(4,732)	(859)
(2,839)	Reserves	(3,008)	(3,092)	(84)
(2,129)	General Rates	(2,276)	(2,134)	142
(3,879)	UAGC	(4,095)	(3,985)	110
(10,312)	Target Rates	(11,088)	(10,730)	358
<b>(26,334)</b>	<b>Total Funding</b>	<b>(24,340)</b>	<b>(24,673)</b>	<b>(333)</b>

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

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's	VARIANCE TO LTP \$000's
	<b>Operating Income</b>			
(454)	Leadership	(472)	(593)	(121)
(390)	Community Services	(409)	(599)	(190)
(227)	Community Development	(214)	(232)	(18)
(402)	Regulation	(422)	(409)	13
<b>(1,473)</b>	<b>Total Income</b>	<b>(1,517)</b>	<b>(1,833)</b>	<b>(316)</b>
	<b>Direct Operating Expenditure</b>			
2,653	Leadership	3,040	2,478	(562)
3,047	Community Services	3,323	3,503	180
1,224	Community Development	1,288	1,192	(96)
722	Regulation	744	722	(22)
<b>7,646</b>	<b>Total Direct Expenditure</b>	<b>8,395</b>	<b>7,895</b>	<b>(500)</b>
<b>6,173</b>	<b>Net Operating Cost/ (Surplus)</b>	<b>6,878</b>	<b>6,062</b>	<b>(816)</b>
	<b>Capital Expenditure</b>			
809	Community Services	762	1,452	690
1	Community Development	0	0	0
<b>810</b>	<b>Total Capital Expenditure</b>	<b>762</b>	<b>1,452</b>	<b>690</b>
<b>6,983</b>	<b>Net Expenditure</b>	<b>7,640</b>	<b>7,514</b>	<b>(126)</b>
	<b>Funded By</b>			
(449)	Internal Loans	(733)	(1,024)	(291)
(468)	Reserves	(469)	(367)	102
(2,063)	General Rates	(2,215)	(2,070)	145
(3,580)	UAGC	(3,787)	(3,672)	115
(423)	Target Rate	(436)	(381)	55
<b>(6,983)</b>	<b>Total Funding</b>	<b>(7,640)</b>	<b>(7,514)</b>	<b>126</b>

# Summary of Estimated Revenue and Expenses Statement for Environmental Sustainability

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's	VARIANCE TO LTP \$000's
	<b>Operating Income</b>			
(1,069)	Solid Waste Management	(1,147)	(1,111)	36
(73)	Resource Management	(83)	(80)	3
(535)	Sewerage	(726)	(629)	97
<b>(1,677)</b>	<b>Total Income</b>	<b>(1,956)</b>	<b>(1,820)</b>	<b>136</b>
	<b>Direct Operating Expenditure</b>			
1,954	Solid Waste Management	2,128	1,848	(280)
380	Stormwater	395	380	(15)
191	Resource Management	191	198	7
2,631	Sewerage	3,407	2,993	(414)
<b>5,156</b>	<b>Total Direct Expenditure</b>	<b>6,121</b>	<b>5,419</b>	<b>(702)</b>
<b>3,479</b>	<b>Net Operating Cost/ (Surplus)</b>	<b>4,165</b>	<b>3,599</b>	<b>(566)</b>
	<b>Capital Expenditure</b>			
6	Solid Waste Management	96	96	0
127	Stormwater	111	367	256
5,450	Sewerage	914	860	(54)
<b>5,583</b>	<b>Total Capital Expenditure</b>	<b>1,121</b>	<b>1,323</b>	<b>202</b>
<b>9,062</b>	<b>Net Expenditure</b>	<b>5,286</b>	<b>4,922</b>	<b>(364)</b>
	<b>Funded By</b>			
(5,443)	Internal Loans Drawn	(957)	(824)	133
(278)	Reserves	(665)	(801)	(136)
(66)	General Rates	(61)	(64)	(3)
(66)	UAGC	(61)	(64)	(3)
(3,209)	Targeted Rates	(3,542)	(3,169)	373
<b>(9,062)</b>	<b>Total Funding</b>	<b>(5,286)</b>	<b>(4,922)</b>	<b>364</b>

# Summary of Estimated Revenue and Expenses Statement for Economic Sustainability

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's	VARIANCE TO LTP \$000's
	<b>Operating Income</b>			
(1,686)	Water Supply	(1,388)	(2,117)	(729)
(5,644)	Roads and Footpaths	(5,713)	(5,671)	42
<b>(7,330)</b>	<b>Total Income</b>	<b>(7,101)</b>	<b>(7,788)</b>	<b>(687)</b>
	<b>Direct Operating Expenditure</b>			
1,938	Water Supply	2,125	2,164	39
8,621	Roads and Footpaths	8,969	9,065	96
<b>10,559</b>	<b>Total Direct Expenditure</b>	<b>11,094</b>	<b>11,229</b>	<b>135</b>
<b>3,229</b>	<b>Net Operating Cost/ (Surplus)</b>	<b>3,993</b>	<b>3,441</b>	<b>(552)</b>
	<b>Capital Expenditure</b>			
2,205	Water Supply	2,529	4,096	1,567
4,855	Roads and Footpaths	4,892	4,700	(192)
<b>7,060</b>	<b>Total Capital Expenditure</b>	<b>7,421</b>	<b>8,796</b>	<b>1,375</b>
<b>10,289</b>	<b>Net Expenditure</b>	<b>11,414</b>	<b>12,237</b>	<b>823</b>
	<b>Funded By</b>			
(1,283)	Internal Loans Drawn	(2,183)	(2,884)	(701)
(2,093)	Reserves	(1,874)	(1,924)	(50)
(233)	UAGC	(247)	(249)	(2)
(6,680)	Target Rates	(7,110)	(7,180)	(70)
<b>(10,289)</b>	<b>Total Funding</b>	<b>(11,414)</b>	<b>(12,237)</b>	<b>(823)</b>

# Prospective Balance Sheet as at 30 June

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
	<b>Public Equity</b>		
199,518	Retained Earnings	201,880	200,041
2,765	Council Created Reserves	2,826	4,969
4	Available for Sale Reserves	4	4
(101)	Hedging Reserve	(101)	(701)
50,265	Revaluation Reserves	50,265	68,617
<b>252,451</b>		<b>254,874</b>	<b>272,930</b>
	<b>Current Assets</b>		
100	Cash and Cash Equivalents	100	100
2	Other Financial Assets	2	2
36	Inventories	37	27
1,146	Land Subdivision Inventories	1,067	0
4,630	Trade and Other Receivables	4,791	6,702
<b>5,914</b>	<b>Total Current Assets</b>	<b>5,997</b>	<b>6,831</b>
	<b>Current Liabilities</b>		
3,629	Trade and Other Payables	3,748	4,036
5,200	Current Portion of Borrowings	5,200	5,200
51	Provisions	51	52
0	Taxation Payable	0	0
456	Employee Entitlements	471	470
118	Derivative Financial Instruments	118	265
<b>9,454</b>	<b>Total Current Liabilities</b>	<b>9,588</b>	<b>10,023</b>
<b>(3,540)</b>	<b>Net Working Capital</b>	<b>(3,591)</b>	<b>(3,192)</b>
	<b>Non Current Assets</b>		
298,242	Property, Plant and Equipment	302,515	319,259
80	Intangible Assets	80	91
39	Forestry Assets	39	39
648	Investment Property	657	728
0	Assets Held for Sale	0	958
20	Shares - NZ Local Government Insurance Corporation Ltd	20	20
800	Shares - Inframax Construction Ltd	800	0
21	Other Financial Assets	19	795
54	Derivative Financial Instruments	54	46
<b>299,904</b>	<b>Total Non Current Assets</b>	<b>304,184</b>	<b>321,936</b>
	<b>Non Current Liabilities</b>		
42,886	Borrowings	44,690	44,543
61	Employee Entitlements	63	61
928	Provisions	928	727
38	Derivative Financial Instruments	38	483
<b>43,913</b>	<b>Total Non Current Liabilities</b>	<b>45,719</b>	<b>45,814</b>
<b>252,451</b>	<b>Net Assets</b>	<b>254,874</b>	<b>272,930</b>

# Prospective Income Statement

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
	<b>Revenue</b>		
6,569	Subsidies	6,290	7,120
5	Investment Income	5	107
16,630	Rates Revenue (Including Penalties)	17,780	17,248
562	Water By Meter Rates	608	529
3,030	Fees and Charges	3,348	3,307
10	Gains/Loss on Revaluation of Investment Properties	9	32
<b>26,806</b>	<b>Total Revenue</b>	<b>28,040</b>	<b>28,343</b>
	<b>Expenditure</b>		
3,037	Employee Benefit Expenses	3,223	3,355
4,703	Depreciation and Amortisation	5,147	5,303
2,775	Finance Costs	3,191	2,738
12,852	Other Expenditure	14,056	13,200
<b>23,367</b>	<b>Total Expenditure</b>	<b>25,617</b>	<b>24,596</b>
<b>3,439</b>	<b>Surplus/(Deficit) Before Tax</b>	<b>2,423</b>	<b>3,747</b>
0	Less Taxation Expense	0	0
<b>3,439</b>	<b>Net Surplus/(Deficit)</b>	<b>2,423</b>	<b>3,747</b>
	<b>Other Comprehensive Income</b>		
0	Gains/(Loss) on Revaluation of Investment Properties	0	0
<b>3,439</b>	<b>Total Comprehensive Income for the Year</b>	<b>2,423</b>	<b>3,747</b>

# Prospective Statement of Recognised Income and Expenses

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
<b>249,012</b>	<b>Balance at 1 July</b>	<b>252,451</b>	<b>269,183</b>
0	Property, Plant and Equipment Gains	0	0
0	Gains/(Losses) from Cash Flow Hedges	0	0
<b>0</b>	<b>Net Income Recognised Directly in Equity</b>	<b>0</b>	<b>0</b>
3,439	Net Surplus/(Deficit) for the Year	2,423	3,747
<b>3,439</b>	<b>Total Recognised Income for the year Ended 30 June</b>	<b>2,423</b>	<b>3,747</b>
<b>252,451</b>	<b>Balance at 30 June</b>	<b>254,874</b>	<b>272,930</b>



# Prospective Cashflow Statement

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
	<b>Cash flow from Operating Activities</b>		
	<i>Provided from</i>		
16,630	Rates Revenue Including Penalties	17,618	17,053
6,569	Subsidies and Grants	6,290	7,120
402	Property Rentals	427	415
129	Petrol Tax	133	129
5	Interest from Investments	5	107
3,060	Other Revenue	3,395	3,291
0	Dividend and Subvention Receipts	0	0
<b>26,795</b>		<b>27,868</b>	<b>28,115</b>
	<i>Applied to</i>		
15,438	Payments to Suppliers and Employees	16,679	15,936
259	Elected Members	267	293
2,775	Interest Paid on Borrowings	3,191	2,738
<b>18,472</b>		<b>20,137</b>	<b>18,967</b>
<b>8,323</b>	<b>Net Cash Flows from Operating Activities</b>	<b>7,731</b>	<b>9,148</b>
	<b>Cash Flow from Investing Activities</b>		
	<i>Applied to</i>		
13,906	Purchase and Development of Property, Plant and Equipment	9,537	11,803
	<i>Provided from</i>		
2	Repayments from Advances	2	14
<b>13,904</b>	<b>Net Cash Flow from Investing Activities</b>	<b>9,535</b>	<b>11,789</b>
	<b>Cash Flow from Financing Activities</b>		
	<i>Provided from</i>		
10,781	Proceeds from Borrowings	7,004	7,841
	<i>Applied to</i>		
5,200	Repayment of Borrowings	5,200	5,200
<b>5,581</b>	<b>Net Cash Flow Financing Activities</b>	<b>1,804</b>	<b>2,641</b>
0	Net increase/(decrease) in Cash	0	0
100	Cash at Start of Period	100	100
<b>100</b>	<b>Balance of Cash at end of year</b>	<b>100</b>	<b>100</b>
<b>100</b>	<b>Cash and Cash Equivalents</b>	<b>100</b>	<b>100</b>

# Prospective Statement of Reserve Fund Movements

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
2,687	Balance 1 July	2,765	4,387
78	Transfer to/from Reserves	61	583
<b>2,765</b>	<b>Council Created Reserves</b>	<b>2,826</b>	<b>4,970</b>

N.B. 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

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
42,505	Balance 1 July	48,086	47,102
10,781	Loans Raised	7,004	7,841
(5,200)	Loans Repaid	(5,200)	(5,200)
<b>48,086</b>	<b>Balance 30 June</b>	<b>49,890</b>	<b>49,743</b>

Loans raised or repaid in the Public Debt, Cashflow and Balance Sheet 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 Estimated Revenue and Expenses Statement.

The EAP 2013/14 opening balance at 1 July 2013 (above) is based on current financial data and not the LTP 2013/14 projected closing balance at 30 June 2013 (which represented Council's estimates at the time of developing the LTP 2012-2022).

# Reconciliation of Summary Cost of Service Statement to Prospective Comprehensive Income Statement

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
	<b>From Summary Cost of Service Statement</b>		
12,881	Net Operating Cost/Surplus	15,036	13,102
	Plus Rates Revenue		
(2,129)	General Rates	(2,276)	(2,134)
(3,879)	UAGC	(4,095)	(3,985)
(10,312)	Targeted Rates	(11,088)	(10,730)
<b>(3,439)</b>	<b>Net (Surplus)/Deficit</b>	<b>(2,423)</b>	<b>(3,747)</b>
	<b>From Prospective Comprehensive Income Statement</b>		
<b>3,439</b>	<b>Net Surplus/(Deficit)</b>	<b>2,423</b>	<b>3,747</b>
<b>0</b>	<b>Variance</b>	<b>0</b>	<b>0</b>

# Prospective Statement of Capital Expenditure

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's
	<b>Community Service</b>		
306	Parks and Reserves	99	99
69	Housing and Other Property	142	722
229	Recreation and Culture	398	398
205	Public Amenities	123	123
<b>809</b>		<b>762</b>	<b>1,452</b>
	<b>Community Development</b>		
1	Community Development	0	0
<b>1</b>		<b>0</b>	<b>0</b>
	<b>Solid Waste Management</b>		
6	Landfill Management	96	96
<b>6</b>		<b>96</b>	<b>96</b>
	<b>Stormwater</b>		
122	Te Kuiti Stormwater	106	362
5	Rural Stormwater	5	5
<b>127</b>		<b>111</b>	<b>367</b>
	<b>Sewerage</b>		
5,442	Te Kuiti	803	671
8	Te Waitere	10	10
0	Benneydale	0	78
0	Piopio	101	101
<b>5,450</b>		<b>914</b>	<b>860</b>
	<b>Water Supply</b>		
486	Te Kuiti	2,475	3,242
1,204	Mokau	10	810
443	Piopio	41	41
72	Benneydale	3	3
<b>2,205</b>		<b>2,529</b>	<b>4,096</b>
	<b>Roads and footpaths</b>		
4,642	Subsidised Roads	4,572	4,435
213	Non-subsidised Roads	320	265
<b>4,855</b>		<b>4,892</b>	<b>4,700</b>
<b>13,453</b>	<b>Capital Expenditure Directly Attributable to Groups of Activities</b>	<b>9,304</b>	<b>11,571</b>
	<i>Plus</i>		
	<b>Corporate Support</b>		
452	Corporate Support	230	232
<b>13,905</b>	<b>Total Capital and Renewal Expenditure</b>	<b>9,534</b>	<b>11,803</b>

# Funding Impact Statement

## Introduction

Council is required under Schedule 10(15) 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 as well as the detailed rate requirement for the 2013/14 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](http://www.waitomo.govt.nz)**

## Rates Remissions and Postponements

### Remissions

Council is required to have a policy on rates remissions and postponements. Council has developed a remissions policy as per LGA (section 102 (3)(a)) and LGRA (Section 85). It includes the objectives of the remissions targeting each of social, cultural, environmental and economic well-beings. Remissions categories include Properties Used Jointly as a Single Unit, Community Organisations, Financial Hardship, Organisations Providing Care for the Elderly, Clubs and Societies, New Subdivisions, Council Properties and Maori Freehold Land.

The value of these remissions is \$244,000 for 2013/14 year.

### Postponements

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

## Reconciliation of Rates adjustment between General Rate and UAGC

	Year 2013/14	
	General Rate	UAGC
	\$000's	\$000's
AS PER SUMMARY OF ESTIMATED REVENUE AND EXPENSES STATEMENT (PAGE 46)	2,135	3,985
* Section 101(3)(b) Adjustment	887	(887)
<b>Subtotal</b>	<b>3,022</b>	<b>3,098</b>
<b>Add - GST @ 15%</b>	453	465
<b>Total Requirement (incl GST) (as per Sections 3 and 4 - Funding Impact Statement)</b>	<b>3,475</b>	<b>3,563</b>

\* See 1. Statement of Funding Sources

## Separately Used or Inhabited Part of a Rating Unit

In accordance with Schedule 3 (7) of the Local Government (Rating) Act 2002 the Council has resolved that the basis of calculating liability for certain targeted uniform annual charges (TUACs), will be the number of 'separately used or inhabited parts' (SUIPs) of rating units.

Council levies TUACs 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 Roading
- Te Kuiti Swimming Pool
- Marokopa Community Centre
- Uniform Annual General Charge (UAGC).

## Definition

Rating units, parts or portions of rating units are terms used to define separately used or inhabited rating units and include 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 intended to form the separately used or inhabited part of the rating unit 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 separately used or inhabited part.

### 1. STATEMENT OF FUNDING SOURCES

The table on the following page provides a summary of the funding sources for 2013/14. Council's Revenue and Financing Policy and work programmes form the basis for the funding forecast. The table is produced on a GST exclusive basis.

The Statement of Funding Sources and the associated Funding Impact Statement provide for an overall funding adjustment. That adjustment is made in the interests of Community Well-being (as provided for by section 101 (3) (b) of the Local Government Act 2002) and applies only to the 2013/14 financial year. This adjustment results in the transfer of \$887,000\* from the Uniform Annual General Charge to the General Rate in an effort to maintain a funding equity between urban and rural ratepayers within the Waitomo District and their respective contribution to those services with a high element of public good.

### 2. FUNDING CAP FOR UNIFORM ANNUAL CHARGE

Section 21 of the Local Government (Rating) Act 2002 requires that certain rates must not exceed 30% of total rates revenue. Those rates include Uniform Annual General Charges and Target Rates that are set on a uniform basis. The threshold for levying rates under the 30% limit is referred to as the Funding Cap.

For the purposes of calculating the Funding Cap, uniform charges that are levied on the district as a whole are included in the calculation. Council is not in breach of the Funding Cap for this Annual Plan. The adjusted Funding Cap for the 2013/14 year is 21.3% - (26.5% prior to the adjustment).

# Statement of Funding Sources

LTP 2012/13 \$000's		LTP 2013/14 \$000's	EAP 2013/14 \$000's	VARIANCE TO LTP \$000's
	<b>Targeted Rates</b>			
1,958	Sewerage	2,179	2,057	(122)
1,416	Water	1,519	1,535	16
452	Targeted Services	476	472	(4)
172	District Development Rate	177	138	(39)
13	Piopia Retirement Village Contribution	14	14	0
5,046	Roads and Footpaths	5,357	5,399	42
634	Solid Waste Management	723	485	(238)
237	Solid Waste Collection	244	244	0
380	Stormwater	396	382	(14)
4	Marokopa Hall	4	4	0
<b>10,312</b>	<b>Total Targeted Rates</b>	<b>11,089</b>	<b>10,730</b>	<b>(359)</b>
3,080	UAGC	4,095	3,098	(997)
2,928	General Rates	2,276	3,021	745
<b>16,320</b>	<b>Total Rates</b>	<b>17,460</b>	<b>16,849</b>	<b>(611)</b>
	<i>Percentage Rate Increase</i>	<i>7.0%</i>	<i>3.2%</i>	
	<b>Other Revenue</b>			
6,569	Subsidies	6,290	7,120	830
0	Investment Income	0	0	0
5	Interest Revenue	5	107	102
310	Rates Penalties Revenue	320	400	80
3,602	Fees and Charges	3,964	3,867	(97)
<b>10,486</b>	<b>Total Other Revenue</b>	<b>10,579</b>	<b>11,494</b>	<b>915</b>
	<b>Other Funding Sources</b>			
7,174	Internal Loans Raised	3,874	4,733	859
<b>7,174</b>	<b>Total Other Funding</b>	<b>3,874</b>	<b>4,733</b>	<b>859</b>
<b>33,980</b>	<b>Total Funds Used</b>	<b>31,913</b>	<b>33,076</b>	<b>1,163</b>
18,661	Operating Expenditure	20,467	19,292	(1,175)
13,906	Capital Expenditure (Including Corporate Support)	9,537	11,803	2,266
1,335	Loan Repayments	1,848	1,371	(477)
0	External Loans Repaid	0	0	0
78	Reserve Transfers	61	610	549
<b>33,980</b>		<b>31,913</b>	<b>33,076</b>	<b>1,163</b>

### 3. GENERAL RATE

#### Description and Use

The General Rate is assessed as a rate per \$100 of capital value across the District. 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
- District Libraries
- District Swimming Pool
- Arts Culture and Heritage
- Aerodrome
- Public Facilities
- Community Service
- District Development
- Regulation
- Waste Minimisation
- Resource Management

#### Requirement in 2013/14 (incl. GST)

	Rate per \$100 capital value	Total Revenue Requirement (\$000)
General Rate District (CV)	0.12224	3,475

### 4. UNIFORM ANNUAL GENERAL CHARGE

#### Description and Use

Council will set a Uniform Annual General Charge (UAGC) on each separately used or inhabited part of a rating unit under Section 15(1)(b) of the LGRA, across the District. 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
- District Swimming Pool
- Arts, Culture and Heritage
- Housing and Other Property
- Public Facilities
- Community Development
- Regulation
- Solid Waste
- Resource Management
- Waste Minimisation
- Subsidised Roding

#### Requirement in 2013/14 (incl. GST)

Uniform Annual General Charge	Charge	Total Revenue Requirement (\$000)
UAGC	\$650	3,563

### 5. TARGETED RATES

#### Description and Use

Targeted Rates are set on rateable assessments differentiated by some factor, such as geographic location or provision of service. The titles of 'Targeted Rate' and 'TUAC' (Targeted Uniform Annual Charge) are used by this Council, where TUAC is a Targeted Rate based strictly on a uniform amount set per separately used or inhabited portion of a rating unit.

#### 5.1 Targeted Rates Differentiated on Location

Council will use location (Schedule 2(6); LGRA) to assess every rating unit or part of a rating unit for the Targeted Services TUAC, Piopio Sewerage TUAC, Piopio Retirement Village Contribution and Stormwater TUAC.

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

1. Te Kuiti Urban Rating Area	All rating units situated within the Te Kuiti Urban Ward as defined by the Basis of Election for the 2010 Triennial Elections.
2. Te Kuiti Urban and Periphery Rating Area	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 <b>Appendix One, Revenue and Financing Policy</b> )
3. Rural Rating Area	All rating units situated within the Rural Ward as defined by the Basis of Election for the 2010 Triennial Elections.
4. Piopio Wider Benefit Rating Area	All rating units situated in the rural areas around Piopio Township that are deemed to indirectly benefit from the Piopio Sewerage reticulation network. (Refer <b>Appendix Two, Revenue and Financing Policy</b> )

#### (a) Targeted Services TUAC - Te Kuiti Urban and Rural Rating Area

#### Description and Use

Council will set a Targeted Services TUAC on every separately used or inhabited portion of a rating unit in the District, differentiated by rating areas, to fund the Unsubsidised Roding Activity and part fund the Swimming Pool Activity. The Rating Areas for the purpose of levying the Targeted Services TUAC will be the Te Kuiti Urban and Periphery Rating Area and the Rural Rating Area (rest of the District).

#### Requirement in 2013/14 (incl. GST)

Targeted Services TUAC	Charge	Total Revenue Requirement (\$000)
Te Kuiti Urban and Periphery	\$187	433
Rural	\$35	109

**(b) Targeted Services TUAC - Piopio Wider Benefit Rating Areas**

Council will set a Targeted Services TUAC on every separate 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 2013/14 (incl. GST)*

Targeted Services TUAC	Charge	Total Revenue Requirement (\$000)
TUAC	\$9	5

**(c) Targeted Services TUAC – Piopio Township and Piopio Wider Benefit Rating Areas (Piopio Retirement Village Contribution)**

Council will set a Targeted Services TUAC on every 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 2013/14 (incl. GST)*

Targeted Services TUAC	Charge	Total Revenue Requirement (\$000)
TUAC	\$21	16

**(d) Rural Stormwater TUAC**

*Description and Use*

Council will set a TUAC on every separately used or inhabited portion of a rating unit in the rural areas of the District to fund the Rural Stormwater Activity. The Rating Area for the purpose of levying the Rural Stormwater TUAC will be the Rural Rating Area (rest of the District).

*Requirement in 2013/14 (incl. GST)*

Rural Stormwater TUAC	Charge	Total Revenue Requirement (\$000)
Rural Rating Area	\$12	41

**(e) Te Kuiti Urban Stormwater TUAC and Targeted Rate**

*Description and Use*

- (i) Council will set a TUAC on every separate rating unit in the Te Kuiti Urban area to partly fund the Urban Stormwater Activity. The Rating Area for the purpose of levying the Urban Stormwater TUAC will be the Te Kuiti Urban Rating Area.
- (ii) Council will set a Targeted Rate to be assessed as a rate per \$100 of Capital value on every separate

rating unit in the Te Kuiti Urban area to partly fund the Urban Stormwater Activity. The Rating Area for the purpose of levying the Urban Stormwater Targeted Rate will be the Te Kuiti Urban Rating Area.

*Requirement in 2013/14 (incl. GST)*

Urban Stormwater	Charge	Total Revenue Requirement (\$000)
TUAC	\$150	267
Targeted Rate	0.04457	131

**(f) Marokopa Community Centre TUAC**

Council will set a TUAC levied on every separately used or inhabited portion of a rating unit within the defined Marokopa Community Centre rating area.

*Requirement in 2013/14 (incl. GST)*

Marokopa Community Centre TUAC	Charge	Total Revenue Requirement (\$000)
TUAC	\$24	5

**5.2 Targeted Rates Differentiated on Service Provision**

*Description and Use*

Council will use provision or availability to the land of a service (Schedule 2(5); LGRA) to assess service charges for Water Supply and Sewerage:

<b>Water</b>	<u>Ability to connect (serviceable):</u> The rating unit is within 100m of water main and practicably serviceable in the opinion of Council.
<b>Sewerage</b>	<u>Ability to connect (serviceable):</u> The rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Council.

**5.3 Water Rates**

*Description and Use*

Council will set a TUAC for Water Supply on every community that has a Council water supply network, differentiated on the basis of supply area.

The annual charges are levied either on the basis of a separately used or inhabited portion of a rating unit within a community that is connected, or on the basis of a rating unit that has the ability to connect (serviceable) to a Council water supply network.

*Requirement in 2013/14 (incl. GST)*

Water Supply (TUAC)	Charge		Total Revenue Requirement (\$000)
	Per connected rating unit	Per serviceable rating unit	
Te Kuiti	\$501	\$250	1,024
Piopio	\$899	\$450	223
Benneydale	\$1,400	\$700	162
Mokau	\$1,400	\$700	296

Any rating unit situated in Te Kuiti, Piopio, Benneydale or Mokau that has been fitted with a water meter and is defined as being an extraordinary water user will be charged based on the volume of water consumed over and above an annual consumption of 292m<sup>2</sup> per household/ SUIP.

**Requirement in 2013/14 (incl. GST)**

Community	2013/14 Charge per cubic metre (including GST)
Te Kuiti	\$1.60
Piopio	\$2.10
Benneydale	\$4.85
Mokau	\$9.20

**5.4 Subsidy Rate for Mokau Water Supply**

**Description and Use**

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

Subsidy for Mokau Water Supply	Charge	Total Revenue Requirement (\$000)
No of Properties = 4596	13	61

**5.5 Sewerage Rates**

**Description and Use**

Council will set TUACs to provide for the collection and disposal of sewage levied either on the basis of a separately used or inhabited portion of a rating unit within a community that is connected or, on the basis of a rating unit that has the ability to connect (serviceable) to a Council sewerage reticulation network differentiated by supply area.

**Requirement in 2013/14**

Sewerage TUAC	Charge		Total Revenue Requirement (\$000)
	Per connected rating unit	Per serviceable rating unit	
Benneydale	\$1,100	\$550	119
Te Waitere	\$1,100	\$550	16
Te Kuiti	\$900	\$450	1,517
Piopio	\$1,100	\$550	243

A Trade Waste Contribution TUAC will also be levied on every 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.

Trade Waste Contribution	Charge	Total Revenue Requirement (\$000)
	Per connected rating unit	
Te Kuiti	\$39	181

**Te Kuiti**

In Te Kuiti, Council will set a TUAC levied on every separately used or inhabited part of a rating unit that is connected or has the ability to connect to the Council sewerage reticulation network.

All non-residential properties will be charged one base charge for up to three pans and per pan for every pan over and above this threshold. The base charge will be categorised by the businesses hours of operation as calculated below.

Category	Calculation factor per pan	Base Charge	Total Revenue Requirement (\$000)
Business hours more than 40 hours	0.76	\$684	44
Business hours equal to 40 hours	0.36	\$324	45
Business hours less than 40 hours	0.20	\$180	6

Non-residential properties are categorised by their hours of operation and the charge per pan is calculated as follows:

Category	Calculation factor per pan	Charge per pan	Total Revenue Requirement (\$000)
Business hours more than 40 hours	0.76	\$684	102
Business hours equal to 40 hours	0.36	\$324	17
Business hours less than 40 hours	0.20	\$180	27

**5.6 Subsidy Rate for Te Waitere Sewerage**

**Description and Use**

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

Subsidy for Te Waitere Sewerage	Charge	Total Revenue Requirement (\$000)
No of Properties = 4596	\$4	18



## 5.7 Subsidy Rate for Benneydale Sewerage

### Description and Use

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

Subsidy for Benneydale Sewerage	Charge	Total Revenue Requirement (\$000)
No. of Properties = 4596	\$5	25

## 6 Roads and Footpaths Rate

### Description and Use

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

### Requirement in 2013/14 (incl. GST)

District Roding Rate	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Roads and Footpaths Rate	0.21840	6,209

## 7 Solid Waste Collection

### Description and Use

Council will set a TUAC levied on every separately used or inhabited part of a rating unit to which Council provides a kerbside collection and recycling service to fund the cost of the services. Council operates kerbside collection and kerbside recycling in Te Kuiti, Piopio, Mokau and Waitomo (part of) townships.

### Requirement in 2013/14 (incl. GST)

Solid Waste Collection (TUAC)	Charge	Total Revenue Requirement (\$000)
Te Kuiti	\$70	139
Waitomo	\$95	53
Piopio	\$161	37
Mokau	\$188	53

## 8 Solid Waste Management

### Description and Use

Council will set a TUAC to part fund the activity of Solid Waste Management. This TUAC will be levied on every separately used or inhabited portion of a rating unit District wide.

### Requirement in 2013/14 (incl. GST)

Solid Waste Management (TUAC)	Charge	Total Revenue Requirement (\$000)
Solid Waste	\$100	557

## 9 District Development Rate

### Description and Use

Council will set a District Development Rate as a rate per \$100 capital values across Commercial and Rural Businesses to part fund Economic Development, Visitor Information Centre, District and Regional Promotion and Event Co-ordination. Rationale for use of the rate is contained in the Revenue and Financing Policy.

### Requirement in 2013/14 (incl. GST)

District Development Rate	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Commercial and Industrial Businesses	0.02677	79
Rural Businesses	0.00414	79

## 10 Rates Payments

Rates are payable by four instalments due on:

Rates	Due Date
1 <sup>st</sup> Instalment	30 August 2013 (Friday)
2 <sup>nd</sup> Instalment	29 November 2013 (Friday)
3 <sup>rd</sup> Instalment	28 February 2014 (Friday)
4 <sup>th</sup> Instalment	30 May 2014 (Friday)

The due date for rates payments is the last working day of the month. Any portion of the current instalment remaining unpaid after this due date will incur a penalty.

### Penalties

A first additional charge of 10% will be added to the amount of any instalment unpaid at the close of business, being 5.00pm on the last day for payment.

A further additional charge of 10% will be added to all rates remaining unpaid (including all rates levied in any previous financial year) on 1 July 2013 and a continuing charge of 10% will be added thereafter to all rates remaining unpaid at twelve monthly intervals.

# Rates Example 2012/13

	Te Kuiti Residential \$160,000 2012/2013	Te Kuiti Commercial \$260,000 2012/2013	Te Kuiti Wider Rating Area \$650,000 2012/2013	Waitomo Commercial \$1,000,000 2012/2013	Benneydale Residential \$45,000 2012/2013	Piopio Residential \$134,000 2012/2013	Piopio Life style \$385,000 2012/2013	Mokau Residential \$240,000 2012/2013	Drystock Rural \$3,815,000 2012/2013	Dairy Farm Rural \$3,150,000 2012/2013
(Including GST) Capital Value \$ as at September 2009										
Uniform Annual General Charge (UAGC)	650	650	650	1,300	650	650	650	650	650	1,950
General Rate	175	284	711	1,094	49	147	421	263	4,173	3,446
District Wide Roading Rate	302	490	1,225	1,885	85	253	726	452	7,192	5,938
Targeted Services Rate (Urban)	178	178	178	-	-	-	-	-	-	-
Targeted Services Rate (Rural)	-	-	-	68	34	34	34	34	34	102
Subsidy Rate for Te Waitere Sewerage	4	4	4	4	4	4	4	4	4	4
Subsidy Rate for Benneydale Sewerage	4	4	4	4	4	4	4	4	4	4
Stormwater (Urban)	199	199	-	-	-	-	-	-	-	-
Stormwater (Rural)	-	-	11	22	11	11	11	11	11	33
Water Supply	474	474	-	-	1,327	926	-	1,400	-	-
Sewerage	868	660	-	-	1,100	1,100	-	-	-	-
Piopio Wider Rating Area - Sewerage	-	-	-	-	-	-	29	-	29	29
Piopio Retirement Village Contribution	-	-	-	-	-	21	21	-	21	21
Te Kuiti Trade Waste Contribution	32	32	32	32	32	32	32	32	32	32
Solid Waste Management - District	131	131	131	262	131	131	131	131	131	393
Solid Waste Collection and Recycling	69	69	95	-	-	152	-	184	-	-
District Development Rate - Commercial	-	84	-	324	-	-	-	-	-	-
District Development Rate - Rural Business	-	-	-	-	-	-	-	-	180	148
<b>Total Rates</b>	<b>3,086</b>	<b>3,259</b>	<b>3,041</b>	<b>4,995</b>	<b>3,427</b>	<b>3,465</b>	<b>2,063</b>	<b>3,165</b>	<b>12,461</b>	<b>12,100</b>

# Rates Example 2013/14

(Including GST)  
Capital Value \$ as at  
September 2012

	Te Kuiti Residential \$170,000 2013/2014	Te Kuiti Commercial \$255,000 2013/2014	Te Kuiti Wider Rating Area \$630,000 2013/2014	Waitomo Commercial \$990,000 2013/2014	Benneydale Residential \$44,000 2013/2014	Piopio Residential \$127,000 2013/2014	Piopio Life style \$365,000 2013/2014	Mokau Residential \$270,000 2013/2014	Drystock Rural \$3,075,000 2013/2014	Dairy Farm Rural \$3,250,000 2013/2014
Uniform Annual General Charge (UAGC)	650	650	650	1,300	650	650	650	650	650	1,950
General Rate	208	312	770	1,210	54	155	446	330	3,759	3,973
District Wide Roading Rate	371	557	1,376	2,162	96	277	797	590	6,716	7,098
Targeted Services Rate (Urban)	187	187	187	-	-	-	-	-	-	-
Targeted Services Rate (Rural)	-	-	-	70	35	35	35	35	35	105
District Development Rate - Commercial	-	68	-	265	-	-	-	-	-	-
District Development Rate - Rural Business	-	-	-	-	-	-	-	-	127	135
Subsidy Rate for Te Waitere Sewerage	4	4	4	4	4	4	4	4	4	4
Subsidy Rate for Benneydale Sewerage	5	5	5	5	5	5	5	5	5	5
Subsidy Rate for Mokau Water	13	13	13	13	13	13	13	13	13	13
Stormwater Urban Fixed Charge	150	150	-	-	-	-	-	-	-	-
Stormwater Urban Capital Value	76	114	-	-	-	-	-	-	-	-
Stormwater (Rural)	-	-	12	24	12	12	12	12	12	36
Water Supply	501	501	-	-	1,400	899	-	1,400	-	-
Sewerage	900	684	-	-	1,100	1,100	-	-	-	-
Piopio Wider Rating Area - Sewerage	-	-	-	-	-	-	9	-	9	9
Piopio Retirement Village Contribution	-	-	-	-	-	21	21	-	21	21
Te Kuiti Trade Waste Contribution	39	39	39	39	39	39	39	39	39	39
Solid Waste Management - District	100	100	100	200	100	100	100	100	100	300
Solid Waste Collection and Recycling	70	70	95	-	-	161	-	188	-	-
<b>Total Rates 2013/14</b>	<b>3,274</b>	<b>3,454</b>	<b>3,251</b>	<b>5,292</b>	<b>3,508</b>	<b>3,471</b>	<b>2,131</b>	<b>3,366</b>	<b>11,490</b>	<b>13,688</b>
<b>Total Rates (Actual) 2012/13</b>	<b>3,086</b>	<b>3,259</b>	<b>3,041</b>	<b>4,995</b>	<b>3,427</b>	<b>3,465</b>	<b>2,063</b>	<b>3,165</b>	<b>12,461</b>	<b>12,100</b>
<b>Change (%)</b>	<b>6.1%</b>	<b>6.0%</b>	<b>6.9%</b>	<b>5.9%</b>	<b>2.4%</b>	<b>0.2%</b>	<b>3.3%</b>	<b>6.4%</b>	<b>-7.8%</b>	<b>13.1%</b>

Please note in comparing Rates Examples between 2012/13 and 2013/14 year that rates changes for individual properties in the 2013/14 financial year also reflect the effect of the District Revaluation (further described in the Strategic Considerations - Section A).

# Funding Impact Statements (Local Government (Financial Reporting) Regulations 2011)

The following information is presented in compliance with the Local Government (Financial Reporting) Regulations 2011 and should not be relied upon for any other purpose than compliance with the Regulations. It is not prepared in compliance with generally accepted accounting practice.

COUNCIL	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	6,318	6,691	6,518
Targeted rates (other than a target rate for water supply)	10,312	11,089	10,728
Subsidises and grants for operating purposes	2,597	2,765	2,809
Fees, charges, and targeted rates for water supply	3,361	3,718	3,501
Interest and Dividends from Investments	5	5	107
Local authorities fuel tax, fines, infringement fees and other receipts	141	145	202
<b>Total operating funding (A)</b>	<b>22,734</b>	<b>24,413</b>	<b>23,865</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	16,264	17,650	16,816
Finance costs	2,747	3,163	2,710
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>19,011</b>	<b>20,813</b>	<b>19,526</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>3,723</b>	<b>3,600</b>	<b>4,339</b>
<b>Sources of capital funding</b>			
Subsidises and grants for capital expenditure	3,970	3,523	4,450
Development and financial contributions	0	0	0
Increase (decrease) in debt	7,174	3,874	4,732
Gross proceeds from sale of assets	100	103	100
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>11,244</b>	<b>7,500</b>	<b>9,282</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	7,576	3,750	5,496
Capital expenditure - to replace existing assets	5,903	5,361	6,098
Increase (decrease) in reserves	1,488	1,989	2,027
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>14,967</b>	<b>11,100</b>	<b>13,621</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,723)</b>	<b>(3,600)</b>	<b>(4,339)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

LEADERSHIP AND INVESTMENTS	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,483	2,580	2,277
Targeted rates (other than a target rate for water supply)	0	0	0
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	42	49	116
Internal charges and overheads recovered	11,112	12,008	12,212
Local authorities fuel tax, fines, infringement fees and other receipts	5	6	106
<b>Total operating funding (A)</b>	<b>13,642</b>	<b>14,643</b>	<b>14,711</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,624	6,068	6,103
Finance costs	2,722	3,138	2,685
Internal charges and overheads applied	5,065	5,446	5,697
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>13,411</b>	<b>14,652</b>	<b>14,485</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>231</b>	<b>(9)</b>	<b>226</b>
<b>Sources of capital funding</b>			
Subsidises and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	232	0
Gross proceeds from sale of assets	100	103	100
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>100</b>	<b>335</b>	<b>100</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	452	184	184
Capital expenditure - to replace existing assets	0	46	46
Increase (decrease) in reserves	(121)	96	96
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>331</b>	<b>326</b>	<b>326</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(231)</b>	<b>9</b>	<b>(226)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

COMMUNITY SERVICE	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,336	2,592	2,774
Targeted rates (other than a target rate for water supply)	238	244	230
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	381	399	387
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	10	10
<b>Total operating funding (A)</b>	<b>2,965</b>	<b>3,245</b>	<b>3,401</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,355	1,489	1,261
Finance costs	0	0	0
Internal charges and overheads applied	1,115	1,181	1,606
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,470</b>	<b>2,670</b>	<b>2,867</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>495</b>	<b>575</b>	<b>534</b>
<b>Sources of capital funding</b>			
Subsidises and grants for capital expenditure	0	0	201
Development and financial contributions	0	0	0
Increase (decrease) in debt	449	501	1,024
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>449</b>	<b>501</b>	<b>1,225</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	246	206	896
Capital expenditure - to replace existing assets	563	556	556
Increase (decrease) in reserves	135	314	307
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>944</b>	<b>1,076</b>	<b>1,759</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(495)</b>	<b>(575)</b>	<b>(534)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

COMMUNITY DEVELOPMENT	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	812	823	782
Targeted rates (other than a target rate for water supply)	185	191	151
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	227	214	170
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	62
<b>Total operating funding (A)</b>	<b>1,224</b>	<b>1,228</b>	<b>1,165</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	748	792	760
Finance costs	0	0	0
Internal charges and overheads applied	470	490	427
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,218</b>	<b>1,282</b>	<b>1,187</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>6</b>	<b>(54)</b>	<b>(22)</b>
<b>Sources of capital funding</b>			
Subsidises 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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	1	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	5	(54)	(22)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>6</b>	<b>(54)</b>	<b>(22)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(6)</b>	<b>54</b>	<b>22</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

REGULATION AND SAFETY	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	323	326	308
Targeted rates (other than a target rate for water supply)	0	0	0
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	400	420	407
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	3	2
<b>Total operating funding (A)</b>	<b>725</b>	<b>749</b>	<b>717</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	242	274	262
Finance costs	0	0	0
Internal charges and overheads applied	478	469	458
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>720</b>	<b>743</b>	<b>720</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>5</b>	<b>6</b>	<b>(3)</b>
<b>Sources of capital funding</b>			
Subsidises 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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
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	5	6	(3)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>6</b>	<b>(3)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(5)</b>	<b>(6)</b>	<b>3</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



<b>SOLID WASTE MANAGEMENT</b>	<b>LTP 2012/13 \$000's</b>	<b>LTP 2013/14 \$000's</b>	<b>EAP 2013/14 \$000'S</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	14	15	10
Targeted rates (other than a target rate for water supply)	871	967	728
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	1,069	1,147	1,111
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>1,954</b>	<b>2,129</b>	<b>1,849</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,215	1,378	1,197
Finance costs	25	25	25
Internal charges and overheads applied	567	578	545
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,807</b>	<b>1,981</b>	<b>1,767</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>147</b>	<b>148</b>	<b>82</b>
<b>Sources of capital funding</b>			
Subsidises and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1	52	52
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1</b>	<b>52</b>	<b>52</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	6	96	96
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	142	104	38
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>148</b>	<b>200</b>	<b>134</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(147)</b>	<b>(148)</b>	<b>(82)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

STORMWATER	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a target rate for water supply)	380	396	382
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>380</b>	<b>396</b>	<b>382</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	136	142	112
Finance costs	0	0	0
Internal charges and overheads applied	89	92	90
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>225</b>	<b>234</b>	<b>202</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>155</b>	<b>162</b>	<b>180</b>
<b>Sources of capital funding</b>			
Subsidises 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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
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	127	111	367
Increase (decrease) in reserves	28	51	(187)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>155</b>	<b>162</b>	<b>180</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(155)</b>	<b>(162)</b>	<b>(180)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

RESOURCE MANAGEMENT	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	118	108	118
Targeted rates (other than a target rate for water supply)	0	0	0
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	73	83	80
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>191</b>	<b>191</b>	<b>198</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	80	91	88
Finance costs	0	0	0
Internal charges and overheads applied	111	100	110
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>191</b>	<b>191</b>	<b>198</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sources of capital funding</b>			
Subsidises 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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
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	0	0
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

SEWERAGE	LTP 2012/13 \$000's	LTP 2013/14 \$000's	EAP 2013/14 \$000'S
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a target rate for water supply)	1,958	2,179	2,057
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	535	726	629
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,493</b>	<b>2,905</b>	<b>2,686</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,232	1,451	1,368
Finance costs	0	0	0
Internal charges and overheads applied	668	1,005	850
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,900</b>	<b>2,456</b>	<b>2,218</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>593</b>	<b>449</b>	<b>468</b>
<b>Sources of capital funding</b>			
Subsidises and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	5,442	905	772
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>5,442</b>	<b>905</b>	<b>772</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	5,260	705	572
Capital expenditure - to replace existing assets	190	210	288
Increase (decrease) in reserves	585	439	380
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>6,035</b>	<b>1,354</b>	<b>1,240</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(593)</b>	<b>(449)</b>	<b>(468)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>WATER SUPPLY</b>	<b>LTP 2012/13 \$000's</b>	<b>LTP 2013/14 \$000's</b>	<b>EAP 2013/14 \$000'S</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a target rate for water supply)	1,416	1,519	1,535
Subsidises and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	562	608	529
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>1,978</b>	<b>2,127</b>	<b>2,064</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,244	1,299	1,272
Finance costs	0	0	0
Internal charges and overheads applied	448	524	489
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,692</b>	<b>1,823</b>	<b>1,761</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>286</b>	<b>304</b>	<b>303</b>
<b>Sources of capital funding</b>			
Subsidises and grants for capital expenditure	1,124	780	1,588
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,082	1,746	2,505
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>2,206</b>	<b>2,526</b>	<b>4,093</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	1,512	2,353	3,598
Capital expenditure - to replace existing assets	694	177	499
Increase (decrease) in reserves	286	300	299
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,492</b>	<b>2,830</b>	<b>4,396</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(286)</b>	<b>(304)</b>	<b>(303)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>ROADS AND FOOTPATHS</b>	<b>LTP 2012/13 \$000's</b>	<b>LTP 2013/14 \$000's</b>	<b>EAP 2013/14 \$000'S</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	233	247	249
Targeted rates (other than a target rate for water supply)	5,264	5,592	5,645
Subsidises and grants for operating purposes	2,597	2,765	2,809
Fees, charges, and targeted rates for water supply	72	73	72
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	129	133	129
<b>Total operating funding (A)</b>	<b>8,295</b>	<b>8,810</b>	<b>8,904</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,388	4,666	4,393
Finance costs	0	0	0
Internal charges and overheads applied	1,675	1,697	1,731
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>6,063</b>	<b>6,363</b>	<b>6,124</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>2,232</b>	<b>2,447</b>	<b>2,780</b>
<b>Sources of capital funding</b>			
Subsidises and grants for capital expenditure	2,846	2,743	2,661
Development and financial contributions	0	0	0
Increase (decrease) in debt	201	437	379
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>3,047</b>	<b>3,180</b>	<b>3,040</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	100	206	150
Capital expenditure - to replace existing assets	4,756	4,686	4,550
Increase (decrease) in reserves	423	735	1,120
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5,279</b>	<b>5,627</b>	<b>5,820</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,232)</b>	<b>(2,447)</b>	<b>(2,780)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 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 Balance Sheet.

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

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

	Projected Reserve Balance 30 June 2013	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Reserve Balance 30 June 2014
<b>Operational Reserves (1)</b>				
<b>Leadership</b>				
Leadership	(62)		31	(31)
Investments	3,225	(23)	30	3,232
	<b>3,163</b>	<b>(23)</b>	<b>61</b>	<b>3,201</b>
<b>Community Service</b>				
Parks and Reserves	(219)		4	(215)
Housing and Other Property	326	(35)	46	337
Recreation and Culture (Library)	119			119
Recreation and Culture (Swimming Pool)	83			83
Recreation and Culture (Culture and Arts Centre)	(143)			(143)
Recreation and Culture (Aerodrome)	(62)	(4)		(66)
Public Amenities	(114)			(114)
Safety	(35)			(35)
	<b>(45)</b>	<b>(39)</b>	<b>50</b>	<b>(34)</b>
<b>Community Development</b>				
Community Development	(557)	(24)	49	(532)
	<b>(557)</b>	<b>(24)</b>	<b>49</b>	<b>(532)</b>
<b>Regulation</b>				
Regulation	80	(4)	9	85
	<b>80</b>	<b>(4)</b>	<b>9</b>	<b>85</b>
<b>Solid Waste Management</b>				
Collection	(6)			(6)
Management (Landfill and Transfer Stations)	(514)	(8)		(522)
Management (Waste Minimisation)	(94)		5	(89)
	<b>(614)</b>	<b>(8)</b>	<b>5</b>	<b>(617)</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	(111)			(111)
Rural Stormwater	(121)			(121)
	<b>(232)</b>	<b>0</b>	<b>0</b>	<b>(232)</b>
<b>Resource Management</b>				
District Plan Administration	74			74
	<b>74</b>	<b>0</b>	<b>0</b>	<b>74</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	240			240
Te Waitere Sewerage	(58)			(58)
Benneydale Sewerage	145			145
Piopio Sewerage	(399)			(399)
	<b>(72)</b>	<b>0</b>	<b>0</b>	<b>(72)</b>
<b>Water Supply</b>				
Te Kuiti Water	477			477
Mokau Water	393			393
Piopio Water	186			186
Benneydale Water	134			134
	<b>1,190</b>	<b>0</b>	<b>0</b>	<b>1,190</b>
<b>Roads and Footpaths</b>				
Subsidised Roads	2,168			2,168
Non Subsidised Roads	(522)			(522)
	<b>1,646</b>	<b>0</b>	<b>0</b>	<b>1,646</b>
<b>Corporate Support</b>				
Gratuities	(83)			(83)
Long service leave	(35)			(35)
Natural disaster	(426)			(426)
	<b>(544)</b>	<b>0</b>	<b>0</b>	<b>(544)</b>
<b>Total Operational Reserves</b>	<b>4,089</b>	<b>(98)</b>	<b>174</b>	<b>4,165</b>



	Projected Reserve Balance 30 June 2013	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Reserve Balance 30 June 2014
<b>Depreciation Reserves (2)</b>				
<b>Community Service</b>				
Parks and Reserves	176	(31)	30	175
Housing and Other Property (Housing)	(90)	(71)	57	(104)
Housing and Other Property (Community halls)	(700)	(128)	15	(813)
Housing and Other Property (Other Land and Buildings)	(334)	(89)	45	(378)
Recreation and Culture (Library)	(375)	(87)	70	(392)
Recreation and Culture (Swimming Pool)	74	(21)	24	77
Recreation and Culture (Culture and Arts Centre)	(35)	(137)	171	(1)
Recreation and Culture (Aerodrome)	(5)	(9)	6	(8)
Public Amenities	(64)	(61)	68	(56)
	<b>(1,353)</b>	<b>(634)</b>	<b>486</b>	<b>(1,501)</b>
<b>Community Development</b>				
I-site	(27)	(5)	3	(29)
	<b>(27)</b>	<b>(5)</b>	<b>3</b>	<b>(29)</b>
<b>Regulation</b>				
Animal Control	14	(2)	6	18
	<b>14</b>	<b>(2)</b>	<b>6</b>	<b>18</b>
<b>Solid Waste Management</b>				
Landfill and Transfer Stations	32	(80)	202	154
	<b>32</b>	<b>(80)</b>	<b>202</b>	<b>154</b>
<b>Stormwater</b>				
Te Kuiti Stormwater	(475)	(175)	373	(277)
Rural Stormwater	(12)	(4)	5	(11)
	<b>(487)</b>	<b>(179)</b>	<b>378</b>	<b>(288)</b>
<b>Sewerage</b>				
Te Kuiti Sewerage	(787)	(657)	585	(859)
Te Waitere Sewerage	5	(5)	10	10
Benneydale Sewerage	(156)	(38)	107	(87)
Piopio Sewerage	(26)	(95)	25	(96)
	<b>(964)</b>	<b>(795)</b>	<b>727</b>	<b>(1,032)</b>
<b>Water Supply</b>				
Te Kuiti Water	(222)	(249)	73	(398)
Mokau Water	(25)	(61)	65	(21)
Piopio Water	(167)	(59)	70	(156)
Benneydale Water	(134)	(34)	20	(148)
	<b>(548)</b>	<b>(403)</b>	<b>228</b>	<b>(723)</b>
<b>Roads and Footpaths</b>				
Subsidised roads	(4,146)	(2,862)	2,376	(4,632)
Unsubsidised roads	191	(78)	9	122
	<b>(3,955)</b>	<b>(2,940)</b>	<b>2,385</b>	<b>(4,510)</b>
<b>Corporate support</b>				
Corporate support	(304)	(185)	137	(352)
Plant	(615)	(72)	93	(594)
	<b>(919)</b>	<b>(257)</b>	<b>230</b>	<b>(946)</b>
<b>Total Depreciation Reserves</b>	<b>(8,207)</b>	<b>(5,295)</b>	<b>4,645</b>	<b>(8,857)</b>

	Projected Reserve Balance 30 June 2013	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Reserve Balance 30 June 2014
<b>Investment Revaluation Reserves (3)</b>				
<b>Leadership and Investments</b>				
Investment Properties (Forestry)	36	0	0	36
	<b>36</b>	<b>0</b>	<b>0</b>	<b>36</b>
<b>Community Service</b>				
Housing and Other Property (Other Land and Buildings)	(305)	(9)	0	(314)
	<b>(305)</b>	<b>(9)</b>	<b>0</b>	<b>(314)</b>
<b>Total Investment Revaluation Reserves</b>	<b>(269)</b>	<b>(9)</b>	<b>0</b>	<b>(278)</b>
<b>Total Reserves</b>	<b>(4,387)</b>	<b>(5,402)</b>	<b>4,819</b>	<b>(4,969)</b>
<b>Net Movement in All Council Created Reserves</b>			<b>(583)</b>	

## Reconciliation of Reserve Funding to Estimated Revenue and Expenses Statements.

Set out below is a high level reconciliation between the Statement of Reserve Funds (pages 74-77) and the net reserve movements shown in the Estimated Revenue and Expenses Statements.

The \$583,000 forecast net movement in reserves shown in the Statement of Reserves Funds (page 53) recognises the total movement in reserves showing in the Estimated Revenue and Expenses Statement (page 46) together with forecast Asset Disposals, Internal Loan Repayments and Funded Depreciation.

It needs to be noted that Internal Loan Repayments amounts are not shown separately in either the Statement of Reserves Funds or the Estimated Revenue and Expenses Statement.

Activity	Statement of Reserve Funds	Estimated Revenue and Expenses Statements			
	Total Net Movement	Total Movement (To)/From Reserves	Plus Reserve Funding for Loan Repayments	Less Funded Depreciation to Reserve	Total Net Movement
Leadership	37	(8)	(30)	0	(38)
Community Service	(146)	(328)	(161)	635	146
Community Development	24	(26)	(3)	5	(24)
Regulation	9	(5)	(6)	2	(9)
Solid Waste Management	119	(41)	(158)	80	(119)
Stormwater	199	(366)	(12)	179	(199)
Sewerage	(68)	(394)	(312)	774	68
Water Supply	(174)	(103)	(126)	403	174
Roads and Footpaths	(556)	(1,821)	(563)	2,940	556
	<b>(556)</b>	<b>(3,092)</b>	<b>(1,371)</b>	<b>5,019</b>	<b>556</b>
<b>Add Back</b>					
Corporate Support *	(27)				27
<b>Net Movement in Reserves</b>	<b>(583)</b>		<b>Implied Movement in Cost of Service Statements</b>		<b>583</b>

\* 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 Prospective Statement of Reserve Funds for reconciliation purposes only.

# Accounting Policies

## Statement of Responsibility

**The Exceptions Annual Plan 2013/14 was adopted by Council on 25<sup>th</sup> June 2013.**

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 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 on 25th June 2013.

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

### *Statement of Compliance*

The forecast prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice.

The primary objective of the Council is to provide goods or services for the community for social benefit rather than for making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Statement of Accounting Policies

### *Reporting Entity*

Waitomo District Council is a territorial local authority governed by the Local Government Act 2002.

The primary objective of the Council is to provide goods or services for the community for social benefit rather than for making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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

### *Basis of Preparation*

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These prospective financial statements have been prepared in

accordance with NZ GAAP and comply with other Financial Reporting Standards, as applicable for public benefit entities. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, investment property and forestry assets.

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2012-2022 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue is measured at fair value of the consideration received or receivable.

### *Rates*

Rates are recognised as revenue when rates are levied.

### *Levies and Charges*

Other 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.

### *Other*

Other grants, bequests and assets vested in the Council are recognised as revenue when control over the asset is obtained.

### *Government Grants*

Government grants and subsidies are recognised at their fair value when there is reasonable assurance that the conditions associated with the grant approval have been fulfilled. The Council receives government grants from NZ Transport Agency, (which subsidises part of the Council's costs of maintaining local roading), and subsidies for water and wastewater projects from Ministry of Health.

Council is proposing to apply for grant funding for the revitalisation and restoration of the Railway Buildings in Te Kuiti.

Council is also proposing to apply for grant funding from Ministry of Social Development to support Youth activities.

#### *Interest*

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

#### *Dividends*

Dividends from the subsidiary are recognised in the prospective financial statements on the date that dividends are declared.

#### *Rental Income*

Rental income arising on property owned by the Council is accounted for on a straight-line basis over the lease term.

#### *Construction Contracts*

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and expenditure are recognised by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to costs incurred up to balance date as a percentage of the total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Council's construction activities in general.

Expected losses are recognised immediately as an expense in the profit or loss.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contract costs where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under trade and other payables.

#### **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**

Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

#### **Income Tax**

Income tax expense on the surplus or deficit for the period comprises current tax expense and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly to equity, in which case it is recognised in other comprehensive income or directly to equity. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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

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

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

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

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

#### **Cash and Cash Equivalents**

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

## Inventories

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

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

## Financial Assets

The Council classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the profit or loss.

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

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

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

The four categories of financial assets are:

### *Financial Assets at Fair Value Through Profit or Loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss 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 profit or loss.

Derivative financial instrument assets are included in this class.

## Loans and Receivables

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

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the profit or loss. Loans and receivables are classified as "trade and other receivables" in the Balance Sheet.

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

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.

### *Held to Maturity Investments*

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity.

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 profit or loss.

The Council does not hold any financial assets in this category.

### *Available for Sale*

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

This category encompasses:

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

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate and foreign exchange gains and losses on monetary assets, which are recognised directly in profit and loss. 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 profit and loss (as a reclassification adjustment).

## Impairment of Financial Assets

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

## 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 profit or loss.

The Council designates certain derivatives as either:

- hedges of highly probable forecast transactions (cash flow hedge).
- 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.

### *Cash flow 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 income, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the profit or loss 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 income are classified into the profit or loss in the same period or periods during which the asset acquired or liability assumed affects the profit or loss. However, if it is expected that all or a portion of a loss recognised in other comprehensive income will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the profit or loss.

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 income 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 income from the period when the hedge was effective is reclassified from equity to the profit or loss.

### *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 profit or loss.

## Payables

Trade payables and other payables are recognised when the Group becomes obligated to make future payments resulting from the purchase of goods or services.

## Borrowings

All loans and borrowings are initially recognised at their fair value net of transaction costs.

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

## Good and Service Tax (GST)

All items in the Statement of Comprehensive Income and Balance Sheet are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The Cash Flow Statement is stated inclusive of GST in accordance with NZ IAS 7.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Balance Sheet. 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

The Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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.

### *Financial Guarantee Contracts*

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts

are disclosed as contingent liabilities. The amount of these contingent liabilities is equal to the loan balances guaranteed.

#### *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.

The discount rate of 6% is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

### **Employee Benefits**

#### *Short-Term Benefits*

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

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

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

#### *Long-Term Benefits*

##### Retirement Gratuities

Entitlements that are payable beyond twelve months, such as retirement gratuities have been calculated on an actuarial basis. The calculations are based on the likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of estimated future cash flows. A discount rate of 6% and an inflation rate of 2% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

### **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, the Council recognises finance leases as assets and liabilities in the Balance Sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

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 have been divided into 3 broad categories.

#### *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 and motor vehicles.

#### *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 roads, water reticulation systems, refuse transfer stations, 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.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

#### *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.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, 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 profit or loss. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to retained earnings.

### 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.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and land under roads 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	5-15 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	30-100 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	5-20 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.

### Restricted Assets

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

Buildings	5-100 years
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### Capital Work in Progress

Capital work in progress is not depreciated. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### Revaluation

Those assets that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. If there is a material difference, then off cycle asset classes are revalued.

### Revaluation of Operational Assets

#### Land and Buildings

An independent valuation of the Council's land and buildings was performed by Darroch Valuations, independent registered valuers, to determine the fair market value of the land and buildings at 30 June 2012. Darroch Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo District.

The values of the assets have been considered on a Fair Value basis in accordance with NZ IAS 16 under a highest and best use scenario.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular International Valuation Application 1 and New



Zealand Valuation Guidance Note 1 (effective from 1 October 2009, including changes effective 1 January 2012 to IVS 300 valuations for Financial Reporting).

Land is valued on a fair value basis determined from market based evidence and conditions that prevailed as at 30 June 2012.

All buildings have been valued on either a fair value or depreciated replacement cost basis.

The Total Value for the Waitomo District Council Operational and Restricted Property Portfolio as at 30 June 2012 is reported at:

<b>Improvements Value (30 June 2012)</b> \$9,473,900
<b>Land Value (30 June 2012)</b> \$11,120,400
<b>Total Fair Value (30 June 2012)</b> \$20,594,300

Subsequent additions are at cost less accumulated depreciation.

#### Library Books

A valuation of the Council's library books was carried out as at 1 July 2004 by North Langley and Associates, independent registered valuers, to determine the 'Existing Use' value of the library books.

North Langley and Associates are specialist valuers of plant, machinery and equipment (including chattels and infrastructural assets) and have the appropriate qualifications and relevant experience in the valuation of these types of assets.

The valuation was computed in strict accordance with the guidance notes and background papers issued by the International Assets Valuation Standards Committee of which the NZ Institute of Valuers is a member.

The value of the library books at 1 July 2004, subject to them having a good and marketable title, free from encumbrances, was determined as \$492,800 (excl GST).

Subsequent additions are at cost less accumulated depreciation.

#### Revaluation of Infrastructural Assets

##### Roads

An independent valuation of the Council's roading infrastructure was performed as at 30 June 2012 by AECOM NZ Ltd, independent consulting engineers who have the appropriate qualifications and experience in valuation of land transport assets, to determine the depreciated replacement cost of those assets. The valuation, which conforms to New Zealand Equivalent to International Accounting Standard (NZ IAS) 16 'Property, Plant and Equipment' was determined using the optimised depreciated replacement costs (ODRC) method as described in the NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2, 2006.

The total value of Council's roading infrastructure at 30 June 2012 (as determined using the ODRC valuation method) is reported at \$224,659,672.

#### Sewerage, Water, Stormwater and Solid Waste

A valuation of the Council's water utilities (water, wastewater, stormwater) and solid waste infrastructure was performed by AECOM NZ Ltd, independent consulting engineers who have the appropriate qualifications and experience in valuing community infrastructure, as at 30 June 2012 to determine the depreciated replacement cost of those assets. The valuation, which conforms to New Zealand Equivalent to International Accounting Standard (NZ IAS) 16 'Property, Plant and Equipment' was determined using the optimised depreciated replacement costs (ODRC) method as described in the NZ Infrastructure Asset Valuation and Depreciation Guidelines – Version 2, 2006.

The total value of Council's water utilities and solid waste infrastructure as at 30 June 2012 is reported at:

<b>Asset Class</b>	<b>Optimised Depreciated Replacement Cost @ 30 June 2012</b>
Waste Water Network	\$16,412,332
Water Supply Network	\$13,216,842
Storm Water Network	\$9,449,986
Solid Waste Assets	\$3,317,471

#### Land

An independent valuation of the Council's infrastructural land was performed by Darroch Valuations, independent registered valuers, to determine the fair market value of the land at 30 June 2012.

Darroch Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo District.

The value of the land has been considered on a Fair Market Value basis in accordance with NZ IAS 16 and NZ IAS 40 under a highest and best use scenario.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009), including changes effective 1 January 2012 to IVS 300 valuations for Financial Reporting.

The Total Value for the Waitomo District Council Operational Property Portfolio (Infrastructural Land) as at 1 July 2009 is reported at:

<b>Land Value (30 June 2012)</b>	<b>Total Fair Value (30 June 2012)</b>
\$1,254,500	\$1,254,500

#### Revaluation of Restricted Assets

Restricted assets cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community. They are principally reserves vested under the Reserves Act. Darroch Valuations (independent Registered Valuers) valued restricted assets on 30 June 2012 at fair value based on market based evidence.

## Accounting for Revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis. Any revaluation surpluses and deficits are recognised in the other Comprehensive Income and accumulated as a separate equity in the Revaluation Reserve for that class of asset. Where a revaluation of a class of assets results in a revaluation deficit, and the amount of the deficit is greater than an existing revaluation reserve, the revaluation deficit is recognised in the profit or loss. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

### Intangible Assets

#### Software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Group's website are recognised as an expense as incurred.

#### Amortisation

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

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

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

An independent valuation of Council's forestry assets was performed by North Langley and Associates, independent registered valuers, to determine the fair value less estimated point of sale costs at 30 June 2011.

North Langley and Associates are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation for assets of this nature.

The valuation, which conforms to the New Zealand Professional Practice Standard 2006, and in particular International Valuation Application Standard 1 'Valuation for Financial Reporting' and International Valuation Application Standard 3 'Valuation Reporting'.

### 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 profit or loss.

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.

An independent valuation of the Council's Assets held for sale was performed by Darroch Valuations, independent registered valuers, to determine the fair market value of the investment properties.

Darroch Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo District.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009, including changes that become effective 1 January 2012 to IVS 300 Valuations for Financial Reporting).

Under IVS 300, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. Accordingly, the valuation date is the date of inspection. The valuers considered the use of the valuation for financial reporting at 30 June 2012.

The fair value less costs to sell at 30 June 2012 was \$1,111,732.

### Investment in Unlisted Shares

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

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

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

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

### Investment Property

Investment properties consist of miscellaneous housing properties. Investment properties are held primarily for capital growth, rental or similar income. 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, the Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the profit or loss.

An independent valuation of the Council's investment properties was performed by Darroch Valuations, independent registered valuers, to determine the fair market value of the properties at 30 June 2012.

Darroch Valuations are members of the Property Institute of New Zealand and have the appropriate qualifications and recent experience in the valuation of properties within the Waitomo District.

The value of the investment properties has been considered on a Fair Value basis in accordance with NZ IAS 40.

The valuation was prepared with reference to the Property Institute of New Zealand Professional Practice Standard 2009, and in particular New Zealand Valuation Guidance Note 1 (effective from 1 October 2009, including changes that become effective 1 January 2012 to IVS 300 Valuations for Financial Reporting).

The Total Value for the Waitomo District Council Investment Properties as at 30 June 2011 is reported at:

<b>Improvements Value (30 June 2012)</b>	\$356,500
<b>Land Value (30 June 2012)</b>	\$306,000
<b>Total Fair Value (30 June 2012)</b>	\$662,500

### Overhead Allocation

All overhead costs have been allocated to significant activities.

Overhead costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers and floor area.

### Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or where there is an indication that the asset is impaired. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

If an asset's carrying amount exceeds its recoverable amount the asset is 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 profit or loss.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in Profit or loss, a reversal of the impairment loss is also recognised in the profit or loss.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the profit or loss.

### Equity

Equity is the community's interest in the Council, and is measured as the difference between total assets and total liabilities. Equity is dis-aggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Other reserves
- Asset revaluation reserves

Retained earnings do not represent cash available to offset future rate increases, but rather represent the community's investment in publicly owned assets resulting from past surpluses.

### Reserves

#### *Restricted reserves*

Restricted reserves are a component of equity generally representing a particular use to which various parts of 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*

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*

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

### *Hedging reserves*

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

## **Statement of Cash Flows**

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

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current investments.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

## **Budget Figures**

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

## **Critical Accounting Estimates and Judgements**

In preparing these financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. 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*

Note 16 of Council's 2011/12 Annual Report discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

### *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 that are 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 Profit or loss. 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.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

### *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 profit or loss, and carrying amount of the asset in the Balance Sheet. The Council minimises the risk of this estimation uncertainty by:

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

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

## Deferred Tax Asset

### Recognition

Determining whether or not to recognise a deferred tax asset requires estimation of future cash flows. Any significant deviation from the assumptions used in forecasting future cash flows may effect the carrying value of the asset.

### Recoverability

It is unlikely the Council will be able to benefit from its deferred tax assets resulting from its accumulated tax losses. As such most of the Council's deferred tax balances, have been written off to profit and loss. In addition to that, Council is unlikely to receive taxable income from which to offset its accumulated tax losses and continues to not recognise a deferred tax asset.

### **Changes in accounting policies**

There have been no changes in accounting policies.

### **Cautionary Note**

The information in the prospective financial statements is uncertain and the preparation requires the exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the events and information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or the Council may subsequently take actions that differ from the proposed courses of action on which the prospective financial statements are based.

The information contained within these prospective financial statements may not be suitable for use in another capacity.

### Future changes to financial reporting standards

The minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about our new or amended NZ IFRS that exclude public benefit entities from their scope.

## **Assumptions underlying Prospective Financial Information**

The financial information contained within these policies and documents is prospective financial information in terms of FRS 42: Prospective Financial Information. The purpose for which it has been prepared is to enable the public to participate in the decision making processes as to the services to be provided by the Waitomo District Council over the 2013/14 financial year, and to provide a broad accountability mechanism of the Council to the Community.

