



**MOVING
FORWARD
TOGETHER**



Annual Plan 2017/2018

Te Riipoata-a tau 2017/2018

Contents page

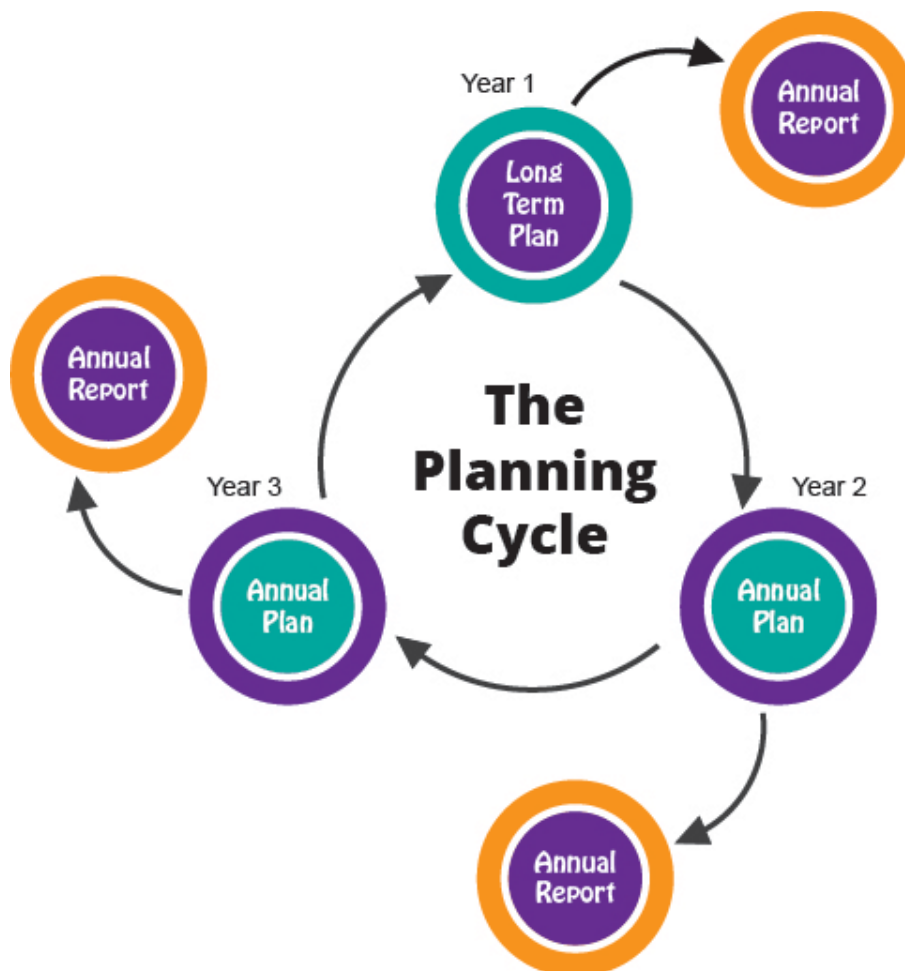
- Summary 1
- Wastewater consultation process summary..... 2
- What we do 3
- Where do your rates go?..... 4
- Key projects for 2017/18 6
- Funding Impact Statement (FIS)..... 9
- Rating Base Information 16
- Rates Breakdown Indicator Properties..... 25
- Financial Planning..... 26
 - Prospective funding impact statement - Whole of Council..... 26
 - Prospective statement of comprehensive revenue and expense..... 27
 - Prospective statement of financial position 29
 - Prospective statement of changes in net assets/equity 30
 - Prospective statement of reserve funds..... 31
 - Prospective cash flow statement..... 34
- Disclosure statement 35
- Statement of accounting policies for the year ending 30 June 2018..... 37
- Glossary..... 49

Summary

Waikato district is in the middle of the 'golden triangle' between Auckland, Hamilton and Tauranga. Its location means that the Waikato benefits from the current and projected growth of these cities especially with regards to land, transport, access to resources, people, homes and businesses.

However, with the benefits of growth there are also costs. Waikato District Council has to find the balance between supporting development in our growth areas (which increases costs – particularly in the early stages of growth) and ensuring non-growth areas continue to have existing, or possibly improved, services.

It is this balance that is considered when planning for our Long Term Plan, which is a 10 year plan produced by Council every three years. An annual plan is then produced in the two years between each Long Term Plan and outlines what we intend to achieve in each of those financial years, how much it will cost, and how it will be funded (including the setting of rates). The 2017/18 Annual Plan outlines our plans for the next financial year.



Council is required consult with residents and ratepayers when there are significant changes to the work programmes that we agreed with you through our Long Term Plan 2015-25.

This year there was one significant issue identified and consulted on in relation to wastewater. This is summarised on the following page.

Wastewater consultation process summary

The current level of service is no more than 5 dry-weather wastewater overflows per 1,000 connections and council has indicated an aspiration to move to a level of service of no more than 3 dry-weather overflow per 1,000 connections.

Since August 2014 there have been three high profile overflows that have closed the Raglan Harbour for swimming and fishing. While the overall dry-weather overflow results for this period were below the level of service limit, (3.3 in 2014/15, 2.9 in 2015/16), the Council recognises that pollution of waterways can affect health, the environment and the economy.

In December 2016 the Council passed a resolution to commit \$1.7 million in the current financial year to undertake recommended condition assessment and telemetry system improvements underway (generator purchases, security of the connection between the Ngaruawahia office and the Raglan SCADA network), and to consult with the community on undertaking further work in 2017/18 to enable service level improvement planning for the long term.

On 29 March 2017 Council resolved to consider and approve the Annual Plan Consultation Document 2017/18 for public notification and consultation, in accordance with section 83 of the Local Government Act 2002 (special consultative procedure) provisions.

The Consultation Document outlined three options for addressing the risks of wastewater overflows and was notified for public consultation on 05 April 2017, with submissions closing on 15 May 2017. In total, 465 formal submissions were received to the Annual Plan 2017/18 Consultation Document, with 14 submitters of those heard at a hearing on 31 May 2017.

After deliberation, Council decided to proceed with the median option to prepare long term plans to protect waterways and environmentally sensitive areas with a vision of allowing no more than three dry weather overflows per 1,000 connections. On 28 June Council approved the Annual Plan for 2017/18 with an increase in the general and UAGC average rate of 2.75% for 2017/18 and an increase in the planned single district wide targeted rate for wastewater to \$896.62.

You'll find more information on our website: <https://www.waikatodistrict.govt.nz/annualplan>

What we do

The following pages provide information about our work programme – the key projects and activities we have decided on for the 2017/18 year and their associated budgets.

Our eight groups of activities contribute to keeping our district running, providing the services and facilities needed to meet residents' needs. These are: Governance, Sustainable Environment, Sustainable Communities, Roading, Stormwater, Wastewater, Water Supply and Organisational Support.

Sustainable environment includes animal control, building quality, strategic and district planning, solid waste and environmental health. Sustainable communities includes economic development, grants and donations, parks, property and facilities, emergency management and customer and partnership focus.

Seven of the activity groups listed above are externally focussed. The eighth, the organisational support activity group is internally focussed and is not an official group of activities as required under the Local Government Act, however, it includes a significant amount of the work we do and provides a complete picture of the activities we provide. It includes communications, business improvement, human resources, health and safety, finance and treasury, rates, information management, legal counsel and corporate property.

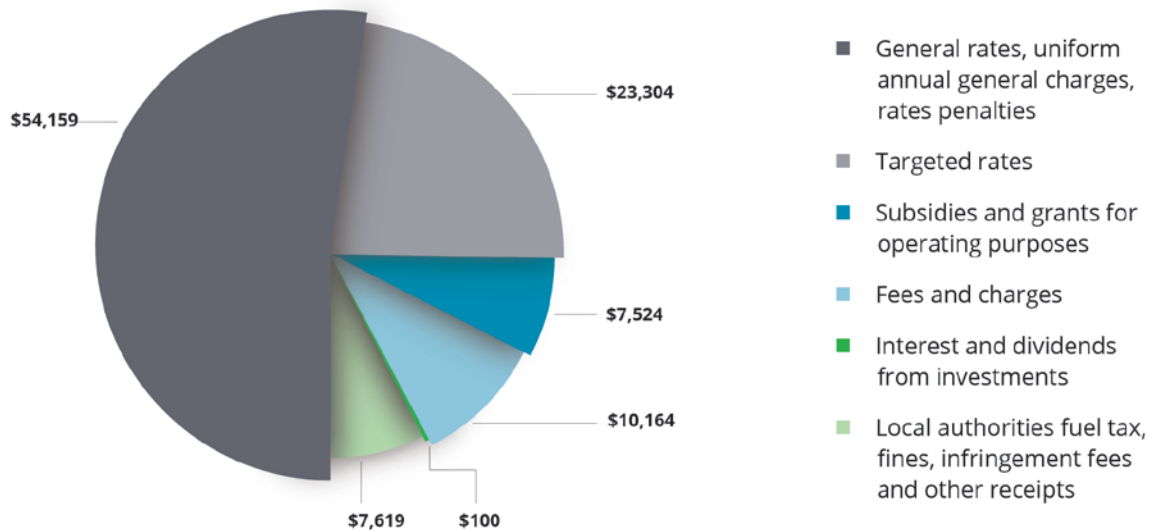
While many of the activities relate to legislation, for example the Building Act 2004 and the Resource Management Act 1991, they also contribute to the community's social, cultural, environmental and economic well-being and therefore they contribute to community outcomes in some way, either directly or indirectly.

Please see our Long Term Plan 2015-25 available on our website at www.waikatodistrict.govt.nz/LTP or at any Council Office or Library for more information, including:

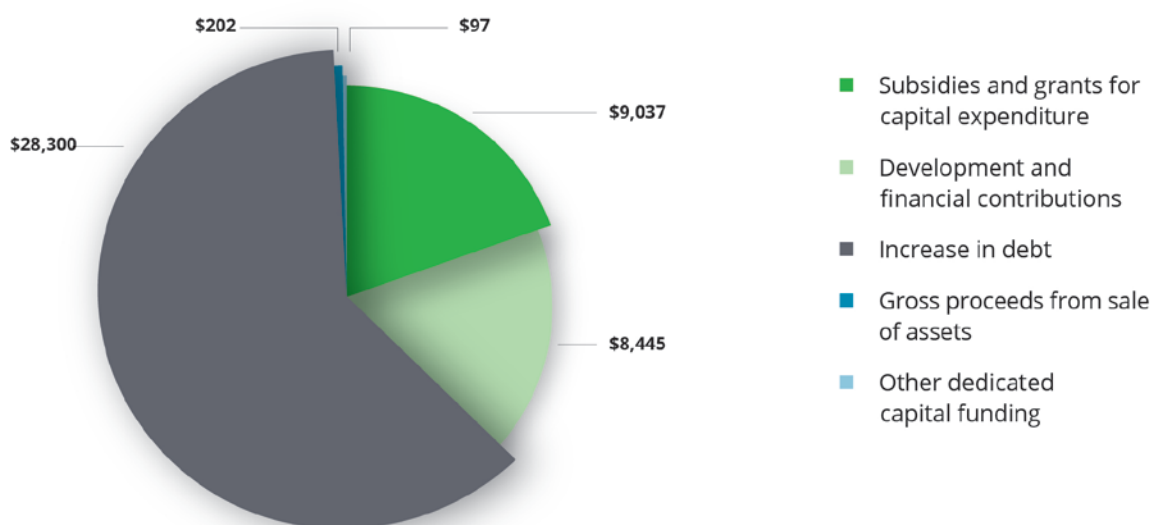
- Our Vision
- Our Community Outcomes and Goals
- Financial Strategy - how we fund it
- Infrastructure Strategy
- Outline of the groups of activities
 - Key Projects
 - Significant Effects
 - Levels of Service and Performance Measures.

WHERE DO YOUR RATES GO?

HOW IS OUR OPERATIONAL EXPENDITURE FUNDED? (NZ \$'000):



HOW IS OUR CAPITAL EXPENDITURE FUNDED? (NZ \$'000):



HOW WE WILL SPEND EVERY \$1 WE RECEIVE IN GENERAL RATES



ANIMAL CONTROL
1.9 CENTS

ENVIRONMENTAL HEALTH
1.9 CENTS



RESOURCE MANAGEMENT



AREA OFFICES AND OTHER PROPERTIES

10.2 CENTS



GRANTS AND DONATIONS/ COMMUNITY LIASON
1.4 CENTS

ROADING
36.4 CENTS



COMMUNITY AND SAFETY

0.4 CENTS



LIBRARIES
3.7 CENTS



SOLID WASTE MANAGEMENT*
1.2 CENTS



STORM WATER*
0.1 CENTS



CORPORATE AND COUNCIL LEADERSHIP

10.7 CENTS

PARKS AND RESERVES

21.8 CENTS



WASTE WATER*
0.4 CENTS



WATER SUPPLY*
0.4 CENTS



*The bulk of our spending on these services will come from targeted rates on properties that benefit from the services.

Key projects for 2017/18

Projects	Description	Total cost for 2017/18 (\$'000)
Sustainable Environment		
Solid Waste - Te Kauwhata resource Recovery Centre Upgrade	Create a resource recovery centre	16
Sustainable Communities		
Playground Programme	As per Playground Strategy, comprehensive programme to reach levels of service for provision of playgrounds	457
Boat Ramps and Jetties	Bringing Council owned boat ramps up to compliance levels.	384
Tamahere Recreation Reserve	Development of the recreation reserve at Tamahere. Including: <ul style="list-style-type: none"> ▪ Skate park ▪ Playground ▪ Fitness Trail ▪ Sports fields ▪ Basketball half court 	1,613
Roading		
Districtwide – traction seal	Construct traction seal on unsealed roads in areas where there are potential safety issues.	100
Pokeno - Progress with structure plan roads	Will proceed to suit development progress.	571
Pokeno – Town Centre Beautification	Will proceed to suit development progress.	1,494
Raglan - Progress with structure plan roads	Will proceed to suit development progress.	2,040
Stormwater		
Districtwide – stormwater network upgrades to address lack of capacity	Install new pipes to increase capacity of network.	147
Pokeno - extensions of stormwater network to service growth	This work is dependent on growth occurring in Pokeno.	1,003
Pokeno – riparian planting of streams and drainage reserve associated with development	This work is dependent on growth occurring in Pokeno.	139
Raglan – stormwater network extensions and upgrades to address properties in flood hazard areas and to improve amenity value.	Plan and implement works based on the stormwater catchment management plan.	366
Te Kauwhata – Amo St Stormwater Upgrade	Install pipes to service un-reticulated properties.	136
Tuakau - extensions of stormwater	Council to construct network to meet	281

Projects	Description	Total cost for 2017/18 (\$'000)
network to service growth	future growth needed. This work is dependent on growth occurring in Tuakau.	
Wastewater		
Horotiu – Install a wastewater pump station	Council to construct a pump station and rising main to service growth areas. This work is dependent on growth occurring in Horotiu.	39
Meremere – meet treatment levels of service and comply with resource consent conditions.	Upgrade the wastewater treatment plant to meet levels of service and comply with resource consent conditions.	2,176
Ngaruawahia – meet treatment levels of service and comply with resource consent conditions.	Upgrade the wastewater treatment plant to meet levels of service and comply with resource consent conditions.	486
Raglan – meet treatment levels of service and comply with resource consent conditions.	Upgrade the wastewater treatment plant to meet levels of service and comply with resource consent conditions.	1,197
Tuakau - extensions of wastewater network to service growth.	Council and developer led construction of network to meet future growth needed. This work is dependent on growth occurring in Tuakau.	276
Water Supply		
Huntly – Improve public health grading	Upgrade the water treatment plant to improve public health grading.	607
Huntly – provide additional storage	Install reservoir to meet future growth needs and levels of service.	1,320
Pokeno – continue extensions of water supply network to service growth	Council and developer led construction of network to meet future growth is needed. This work is dependent on growth occurring in Pokeno.	184
Mid Waikato (Te Kauwhata) – meet future growth needs.	Upgrade the water treatment plant to meet the future growth requirements. This work is dependent on growth occurring in Mid Waikato	331
Tuakau – continue extensions of water supply network to service growth for Whangarata Business Park and the Tuakau Structure Plan area	Tuakau – continue extensions of water supply network to service growth for Whangarata Business Park and the Tuakau Structure Plan area.	1,640

Projects	Description	Total cost for 2017/18 (\$'000)
Organisational Support		
Council Offices Upgrades	Upgrade of council offices.	83
Libraries renewal and upgrades	Renewal and upgrade of library facilities to meet levels of service.	170
Various IT (software and hardware renewal and upgrades)	Renewal and upgrade of IT systems.	754

Funding Impact Statement (FIS)

The Council will set the following rates for the financial year commencing 01 July 2017 and ending 30 June 2018.

All amounts (except where otherwise stated) are inclusive of GST.

General rate

The Council proposes to set a General Rate on the capital value of rateable land within its district. The General Rate required to undertake the work programme outlined in the second year of the Long Term Plan 2015-25 is proposed to be \$0.0024480 in the dollar of capital value. This work programme covers Animal Control, Community and Safety, Corporate and Council Leadership, Environmental Health, Community Liaison, Libraries, Parks and Reserves, Resource Management, Roading, Solid Waste management, Stormwater, Wastewater and Water Supply.

Uniform Annual General Charge (UAGC)

The Council proposes to set a UAGC of \$454.49 per rating unit in the 2017/2018 year.

The Council considered and agreed on a range of services, which a UAGC might fund. The appropriate services are viewed as people-related, rather than property-related, including libraries, parks and reserves, public cemeteries, public swimming pools, public toilets, community centres, community liaison, grants and donations, safer communities, animal control, civil defence and safety, building control, environmental health, resource management planning, environmental consents planning, area offices and democracy/local government.

At \$454.49 the UAGC along with other fixed charges will contribute approximately 21.4 percent of the total rates revenue expected to be collected by the Council. The legislative maximum for rates revenue collected from the UAGC and targeted rates set on a uniform basis is 30 per cent as per the Local Government (Rating) Act (LGRA). The Council considered that the amount of the UAGC was fair and equitable and took into account the needs of our diverse community.

Rating of separately used or inhabited parts of a rating unit

Objective: To fairly apportion charges to properties containing multiple residences or multiple uses.

Conditions and Criteria: The Council will raise multiple charges against each separately used or inhabited part of a rating unit.

Definition: The basis of a unit of separate use or inhabitation is that the part can be separately let and permanently occupied by the owner or any other person having the right to use or inhabit that part by virtue of a lease, tenancy, licence or any other agreement.

For the purpose of this definition, where the use or inhabitation is an accessory one or is ancillary to another property or part thereof, it is not a separately used or inhabited part. For example:

- Not separately used or inhabited parts of a rating unit.
- A residential sleep-out or granny flat without independent kitchen facilities.
- A hotel room with or without kitchen facilities.
- Motel rooms with or without kitchen facilities.
- Individual storage garages/sheds/partitioned areas of a warehouse.

- Individual offices/premises of partners in a partnership.

These are separately used or inhabited parts of a rating unit:

- Houses/flats/apartments.
- Flats that share kitchen/bathroom.

Targeted Rates

Targeted Community Facilities Rates

The Council proposes to set targeted rates for the purpose of covering the costs of maintenance and operation of community facilities in the respective defined rating areas of Huntly (urban), Ngaruawahia and Raglan. This rate is a fixed amount per rating unit on all rating units within the defined catchment area.

Huntly Pool (Rural)

The Council proposes to set a targeted rate for the purpose of covering part of the costs of maintenance and operation of the Huntly Pool. This rate is a fixed amount per rating unit on all rating units within the defined catchment area.

Targeted Hall or Community Centres

The Council proposes to set targeted rates for the purpose of covering the costs of maintenance and operation of halls, other facilities and community centres in the respective defined rating areas. This rate is a fixed amount per separately used or inhabited part of a rating unit within the defined hall/community centre area (except for the Te Kohanga rate which is an amount in dollar of land value). The targeted rates are specific to individual areas.

Refuse & Recycling

District wide refuse and recycling collection

The Council proposes to set a targeted rate for household refuse collection, recycling and disposal where the refuse collection service is provided. The rate is a fixed amount per separately used or inhabited part of a residential rating unit within the serviced area.

Raglan recycling collection

The Council proposes to set a targeted rate for the purpose of covering the costs of recycling and waste minimisation where the service is provided in Raglan. This rate is a fixed amount per separately used or inhabited part of a residential rating unit within the area.

Te Mata/Te Uku recycling collection point

The Council proposes to set a targeted rate for the purpose of covering the costs of recycling collection points for the Te Mata and Te Uku area. This rate is a fixed amount per separately used or inhabited part of a residential rating unit within the area.

Tuakau refuse and recycling collection

The Council proposes to set a targeted rate for refuse collection, recycling and disposal in the Tuakau area. The rate is a fixed amount per wheelie bin supplied to each rating unit within the serviced area.

Water Supply

The Council proposes to set targeted rates to fund expenditure on water activities.

Temporary non-metered targeted rate

This rate is assessed on rating units in the urban centres of Huntly, Ngaruawahia and Raglan without a water meter and is differentiated based on the provision (connected to the supply) or availability/serviceability (rating unit situated within 100 metres of any part of the waterworks) of a water supply service to a rating unit.

The rate is a fixed amount of \$213.83 per separately used or inhabited part of a rating unit for the fixed component of the charge and \$335.59 per separately used or inhabited part of a rating unit in lieu of the usage component of the charge where connected.

Availability

The rate is a fixed amount of \$213.83 per rating unit for availability/serviceability (rating unit situated within 100 metres of any part of the waterworks) of a water supply service to a rating unit.

Metered – connection charge targeted rate

The rate is a fixed amount of \$213.83 per separately used or inhabited part of a rating unit.

The Council also proposes to set rates per cubic metre of water supplied to rating units (see below).

Water by Meter

The Council proposes to set targeted rates to fund expenditure on water activities for metered water supply. The rates are an amount per unit of water (cubic metre) consumed or supplied as measured or controlled by a meter. The rate for 2017/2018 is \$1.82 per cubic metre.

Wastewater

The Council proposes to set a District Wide targeted rate to fund expenditure on wastewater activities for those properties that receive the wastewater service.

The rates are differentiated by residential or commercial use.

Properties in the residential differential are further differentiated by connection or availability of the service.

For the purposes of this rate:

- Residential is defined as any part of a rating unit that is used primarily for residential purposes. This is the base differential.
- Availability is defined as any rating unit situated within 30 metres of a public wastewater drain to which it is capable of being effectively connected - set as 50 per cent of the fixed amount for connected properties.
- Commercial (commercial) is defined as any part of a rating unit that is not categorised as residential, commercial (non-rateable) or commercial (assistance for the elderly). The rates are set and assessed as 100 per cent of the residential connected differential for rating units with up to two pans, and 50 per cent of the residential connected rate for the third and subsequent pans for the additional use they make of the wastewater systems.
- Commercial (non-rateable) is defined as organisations classified by the Act as fully non-rateable or organisations that are not-for-profit as determined by the Council. The rates are set and assessed as 100 per cent of the residential connected differential for rating units with up to two pans, and 10 per cent of the connected rate for the third and subsequent pans in accordance with the Council's aim to assist not-for-profit organisations.

- Commercial (assistance for the elderly) is defined as organisations that are supportive of the elderly, including retirement homes, rest homes and Council - owned pensioner flats, as determined by the Council. The rates are set and assessed as 100 per cent of the residential connected differential for rating units with up to two pans and 20 per cent of the connected rate for the third and subsequent pans in accordance with the Council's aim of assisting with the elderly.

Urban stormwater

The Council proposes to set a targeted rate to fund expenditure on stormwater activities for stormwater catchments in Horotiu, Huntly, Matangi, Meremere, Ngaruawahia, Pokeno, Port Waikato, Raglan, Taupiri, Te Kauwhata and Tuakau based on the availability of drainage to land as a fixed amount per rating unit.

Land drainage – Travers Road

The Council proposes to set a targeted rate to fund expenditure on drainage activities based on the degree of benefit received from the Travers Road drainage system. This charge is assessed as an amount per hectare of land. The rate is set on a differential basis.

The differential categories are based on classifications:

Class A

Class B

Class C.

Tamahere rural stormwater – availability and land drainage

The Council proposes to set a targeted rate to fund expenditure on rural stormwater activities for the Tamahere stormwater rating area based on the availability of drainage to land. This targeted rate is a fixed amount per rating unit across the scheme.

In addition to this targeted rate, ratepayers in the Tamahere stormwater rating area will also be liable for a Land Drainage targeted rate to fund expenditure on drainage activities received from the Tamahere drainage system. This charge is an amount per hectare of land.

Tamahere stormwater infrastructural development (structure plan)

The Council proposes to set a targeted rate to fund extensions to the existing stormwater infrastructure in Tamahere to ensure that the potential for high water flows to cause erosion in the gully system is minimised. This rate is a fixed amount per rating unit across the Tamahere structure plan catchment for a period of 10 years up to and including the rating year 2017/2018.

Community board charges

The Council proposes to set a targeted rate for the purpose of covering the direct costs of operating all the community boards within the district. This rate is a fixed amount per rating unit for all rating units within the Onewhero-Tuakau, Huntly, Taupiri, Ngaruawahia and Raglan community boards' catchments.

Capital works targeted rates

The Council proposes to set targeted rates for the purpose of funding the capital cost and interest charges of specific capital work. Council initially provided ratepayers with an option on whether to pay for the cost of the capital work by a single payment over 3 instalments in a year or via targeted rates over an expected period of 10 years.

Council annually provides ratepayers with an option to pay off the balance of the rating unit's anticipated liability for targeted rates as at the 30th of June of the preceding financial year.

The targeted rates only apply to those rating units for which liability has not been discharged.

Pokeno wastewater scheme

A charge of \$13,619 per rating unit was made for the purpose of covering the capital cost of the wastewater system.

For rating units that have not discharged their liability by way of lump sum contribution, the Council will set a targeted rate as:

- a fixed amount per rating unit of \$1,961.55 (inclusive of GST) (comprising \$1,361.90 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Rangiriri wastewater scheme

A charge of \$2,812.50 per rating unit was made for the purpose of covering the capital cost of the wastewater system.

For rating units that have not discharged their liability by way of lump sum contribution, the Council will set a targeted rate as:

- a fixed amount per rating unit of \$287.50 (inclusive of GST) (comprising \$250.00 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Te Ohaki Road wastewater scheme

A charge of \$3,220.00 per rating unit was made for the purpose of covering the capital cost of the wastewater system.

For rating units that have not discharged their liability by way of lump sum contribution, the Council will set a targeted rate as:

- a fixed amount per rating unit of \$374.23 (inclusive of GST) (comprising \$280.00 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Tauwhare Pa wastewater scheme

A charge of \$4,637.16 per rating unit was made for the purpose of covering the capital cost of the wastewater system.

For rating units that have not discharged their liability by way of lump sum contribution, the Council will set a targeted rate as:

- a fixed amount per rating unit of \$538.94 (inclusive of GST) (comprising \$403.23 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Te Ohaki Road water scheme

A charge of \$2,817.50 per rating unit was made for the purpose of covering the capital cost of the wastewater system.

For rating units that have not discharged their liability by way of lump sum contribution, the Council will set a targeted rate as:

- a fixed amount per rating unit of \$392.75 (inclusive of GST) (comprising \$245.00 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Lump Sum contributions

Whaanga Coast wastewater scheme contributions

A charge of \$15,390 per rating unit was made for the purpose of covering the capital cost of the wastewater system.

For rating units that have not discharged their liability by way of lump sum contribution, the Council will set a targeted rate as:

- a fixed amount per rating unit of \$2,002.64 (inclusive of GST) (comprising \$1,338.26 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Lump sum contributions generally

The Council will not accept lump sum contributions in respect of any targeted rate, except where stated explicitly in this Funding Impact Statement.

Due Dates

The Waikato District Council due dates for rate payments for the 2017/18 year (excluding water by meter rates) shall be due in three equal instalments as follows:

First Instalment	25 September 2017
Second Instalment	23 January 2018
Third Instalment	23 May 2018

A penalty of 10% on so much of any rates instalment that has been assessed after 01 July 2017 and which is unpaid after the due date for payment, will be applied on the penalty dates as follows:

First instalment	26 September 2017
Second instalment	24 January 2018
Third instalment	24 May 2018

The Waikato District Council water by meter rates shall be invoiced separately and payable in two instalments each year. For the 2017/18 financial year, the meter reading dates and the payment due dates of instalments for each area are:

Area	Reading Date 1	Payment Due Date 1	Reading Date 2	Payment Due Date 2
Ngaruawahia	July 2017	01 September 2017	January 2018	02 March 2018
Taupiri	July 2017	01 September 2017	January 2018	02 March 2018
Horotiu	July 2017	01 September 2017	January 2018	02 March 2018
Huntly	August 2017	06 October 2017	February 2018	06 April 2018
North Waikato	September 2017	03 November 2017	March 2018	04 May 2018
Port Waikato	September 2017	03 November 2017	March 2018	04 May 2018
Onewhero	September 2017	03 November 2017	March 2018	04 May 2018
Tuakau	September 2017	03 November 2017	March 2018	04 May 2018
Pokeno	September 2017	03 November 2017	March 2018	04 May 2018

Southern Districts	October 2017	01 December 2017	April 2018	01 June 2018
Western Districts	October 2017	01 December 2017	April 2018	01 June 2018
Raglan	November 2017	05 January 2018	May 2018	06 July 2018
Te Akau	November 2017	05 January 2018	May 2018	06 July 2018

A penalty of 10% on so much of any water by meter instalment that has been assessed after 01 July 2017 and which is unpaid after the due date for payment will be applied on the following dates:

Area	Penalty date 1	Penalty date 2
Ngaruawahia	04 September 2017	05 March 2018
Taupiri	04 September 2017	05 March 2018
Horotiu	04 September 2017	05 March 2018
Huntly	09 October 2017	09 April 2018
North Waikato	06 November 2017	07 May 2018
Port Waikato	06 November 2017	07 May 2018
Onewhero	06 November 2017	07 May 2018
Tuakau	06 November 2017	07 May 2018
Pokeno	06 November 2017	07 May 2018
Southern Districts	04 December 2017	04 June 2018
Western Districts	04 December 2017	04 June 2018
Raglan	08 January 2018	09 July 2018
Te Akau	08 January 2018	09 July 2018

Rating Base Information

Rates for the financial year commencing 1 July 2017 to 30 June 2018 (All figures are inclusive of GST)

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
General Rate	All rateable land in the district	Work programme as highlighted in the annual plan including Animal Control, Community and Safety, Corporate and Council Leadership, Environmental Health, Community Liaison, Libraries, Parks and Reserves, Resource Management, Rooding, Solid Waste management, Stormwater, Wastewater and Water Supply	Uniform rate in the dollar of capital value	0.0024480	48,107
Uniform annual general charge (UAGC)		People related activities including but not limited to libraries, parks and reserves, public cemeteries, public swimming pools, public toilets, community centres, community liaison, grants and donations, safer communities, animal control, civil defence and safety, building control, environmental health, resource management planning, environmental consents planning, area offices and democracy/ local government.	Fixed amount per rating unit	454.49	12,923

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
Targeted catchment facilities rates (apply to all rating units within each ward catchment area).	Huntly Community Facilities (urban catchment)	Covers the cost of maintenance and operation of community facilities.	Fixed amount per rating unit	42	127
	Ngaruawahia Community Facilities			25	63
	Raglan Community Facilities			25	52
Huntly pool rural	Based on location of rating unit in catchment area	Covers the cost of maintenance and operation of community facilities.	Fixed amount per rating unit	16	3
	Te Kohanga		Uniform rate in the dollar of land value	0.000026	3
	Aka Aka			23	4
	Eureka			35	8
	Glen Murray			50	6
	Gordonton			26	14
	Horsham Downs			35	14
	Karioitahi			28.74	1
	Mangatangi			30	5
	Mangatawhiri			58.5	12
	Maramarua			24	8
	Matangi			24	24
	Meremere			24	4
	Naike			40.89	4

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
	Ohinewai			24	3
	Opuatia			32	3
Targeted hall or community centre rates (apply to all rating units within each hall catchment area).	Orini	Covers the cost of maintenance and operation of halls, other facilities and community centres.	Fixed amount per separately used or inhabited part of a rating unit	26	5
	Otaua			50	8
	Pokeno			23	12
	Port Waikato			25	11
	Pukekawa			40	16
	Puketaha			38	12
	Ruawaro			29	7
	Tamahere			70	88
	Taupiri			24	13
	Tauwhare			30	9
	Te Akau/Waingaro			32	7
	Te Hoe			30	4
	Te Kowhai			50	39
	Te Mata			24	5
	Tuakau			46.13	82
	Whangarata			46	3
	Waikaretu			50	3
	Whitikahu			53	9

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
Tuakau refuse and recycling collection	Rating units within serviced areas		Fixed amount per wheelie bin.	131.15	243
Raglan recycling collection	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	111.11	211
Te Mata/Te Uku recycling collection points	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	40.24	29
District wide refuse and recycling collection	Residential rating units within serviced areas. (Eureka, Glen Afton/Pukemiro, Gordonton and surrounds, Horotiu, Horsham Downs, Huntly and surrounds, Meremere, Ngaruawahia and surrounds, Pukekawa, Rangiriri and surrounds, Rotokauri, Tamahere and surrounds, Taupiri and surrounds, Te Kauwhata and surrounds, Te Kowhai, Whatawhata)		Fixed amount per separately used or inhabited part of a rating unit	131.15	2,560

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
Water Supply - Non metered	Temporary connection rate for unmetered properties in the urban centres of Huntly, Ngaruawahia and Raglan.	District wide water activities as per the long term plan.	Fixed amount per separately used or inhabited part of a rating unit	213.83	115
	Temporary water consumption rate for unmetered properties in the urban centres of Huntly, Ngaruawahia and Raglan.		Fixed amount per separately used or inhabited part of a rating unit	335.59	207
	Serviceable properties in the urban centres of Huntly, Ngaruawahia, Pokeno and Raglan.		Fixed amount per rating unit	213.83	98
Water Supply - Metered	Metered rating units in serviced areas	District wide water activities as per the long term plan.	Fixed amount per separately used or inhabited part of a rating unit	213.83	2,785
			Charge Per cubic metre of water consumed (as measured by meter).	1.82	7,068

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
Wastewater	Residential - connected	Wastewater activities	Fixed amount per separately used or inhabited part of a rating unit	896.62	9,449
	Residential - available (not connected but within 30 metres of a public wastewater drain - to which it is capable of effectively being connected)		Fixed amount per rating unit	448.31	473
	Non residential/commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are not-for-profit as determined by the Council) - connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	896.62	-
	Non residential/commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are not-for-profit as determined by the Council) - connected		Additional fixed amount per pan for the third and any subsequent pans.	89.66	86
	Non residential/commercial - Assistance for the elderly (Organisations supportive of the elderly as determined by the Council) - Connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	896.62	-

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
	Non residential/commercial - Assistance for the elderly (Organisations supportive of the elderly as determined by the Council) - Connected		Additional fixed amount per pan for the third and any subsequent pans.	179.32	11
	Non residential/commercial - Commercial - Connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	896.62	-
	Non residential/commercial - Commercial - Connected		Additional fixed amount per pan for the third and any subsequent pans.	448.31	185
Urban Stormwater	Rating units within the stormwater catchment areas (Horotiu, Huntly, Matangi, Meremere, Ngaruawahia, Pokeno, Port Waikato, Raglan, Taupiri, Te Kauwhata and Tuakau).	District wide stormwater activities as per the long term plan.	Fixed amount per rating unit	164	1,725
Travers Road land drainage	Travers Road land drainage - Class A	Land drainage activities.	Amount per hectare of land area	181.04	2
	Travers Road land drainage - Class B			120.70	2
	Travers Road land drainage - Class C			90.52	2
Tamahere structure plan stormwater	Rating units within the Tamahere structure plan catchment area	Existing stormwater infrastructure	Fixed amount per rating unit	189	185

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
Tamahere rural stormwater	Rating units within the Tamahere stormwater catchment area.	Tamahere rural stormwater activities	Fixed amount per rating unit	29.11	24
Tamahere land drainage	Rating units within the Tamahere land drainage catchment area.	Land drainage activities.	Amount per hectare of land area	6.59	10
Community Boards	Huntly ward	Direct costs of operating all the community boards within the district	Fixed amount per rating unit	18.2	55
	Ngaruawahia ward			18.2	47
	Onewhero-Tuakau ward			18.2	71
	Raglan ward			18.2	46
	Taupiri ward			18.2	4
Te Ohaki Capital Water Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work.	Loan Instalments - Fixed amount per connection.	392.75	-
			Balance of Loan - Fixed amount per connection.	2,535.75	63
Pokeno Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work.	Loan Instalments - Fixed amount per connection.	1,961.55	49
			Balance of Loan - Fixed amount per connection.	13,619.00	232
Rangiriri Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work.	Loan Instalments - Fixed amount per connection.	287.50	2

Source	Category	Funding	Basis of Rating	Annual Plan 2017/18 (\$)	Estimated Revenue (\$'000)
			Balance of Loan - Fixed amount per connection.	287.50	-
Te Ohaki Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work.	Loan Instalments - Fixed amount per connection.	374.23	10
			Balance of Loan - Fixed amount per connection.	1,288.00	-
Te Ohaki Capital Wastewater Scheme	Connected Marae in scheme area	Covers the capital cost and interest charges of the work.	Loan Instalments - Fixed amount per connection.	5,939.09	6
Tauwhare Pa Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work.	Loan Instalments - Fixed amount per connection.	538.94	19
			Balance of Loan - Fixed amount per connection.	1,854.86	-
Whaanga Coast Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work.	Loan Instalments - Fixed amount per connection.	2,002.64	40
			Balance of Loan - Fixed amount per connection.	10,773.00	-

Rates Breakdown Indicator Properties

Individual rate increases will vary depending on property type, value and location, and services available. You can see what the impact is for your own property if go to our Rating Information Database at waikatodistrict.govt.nz/rid



Average Capital Value	180,000	230,000	507,000	400,000	250,000	365,000	340,000	358,000
General Rates (Including UAGC)	895.13	1,017.53	1,695.63	1,433.69	1,066.49	1,348.01	1,286.81	1,330.87
Wastewater – Option 2	896.62	896.62	896.62	896.62	896.62	896.62	896.62	896.62
Other Targeted Rates	1,033.63	1,016.63	996.43	996.24	1,015.63	1,037.76	1,016.63	973.43
Total Rates \$	2,825.38	2,930.78	3,588.68	3,326.55	2,978.74	3,282.39	3,200.06	3,200.92
Weekly Rates \$	54.33	56.36	69.01	63.97	57.28	63.12	61.54	61.56
Total \$ Increase over 2016/17	369.30	372.58	233.28	325.73	132.54	290.84	379.78	216.86

RESIDENTIAL							
Huntly	Ngaruawahia	Pokeno	Raglan	Taupiri	Tuakau	Horotiu	Te Kauwhata
180,000	230,000	507,000	400,000	250,000	365,000	340,000	358,000
895.13	1,017.53	1,695.63	1,433.69	1,066.49	1,348.01	1,286.81	1,330.87
896.62	896.62	896.62	896.62	896.62	896.62	896.62	896.62
1,033.63	1,016.63	996.43	996.24	1,015.63	1,037.76	1,016.63	973.43
2,825.38	2,930.78	3,588.68	3,326.55	2,978.74	3,282.39	3,200.06	3,200.92
54.33	56.36	69.01	63.97	57.28	63.12	61.54	61.56
369.30	372.58	233.28	325.73	132.54	290.84	379.78	216.86



Average Capital Value	370,000	170,000	175,000	140,000	215,000	370,000	62,500	300,000
General Rates (Including UAGC)	1,360.25	870.65	882.89	797.21	980.81	1,360.25	607.49	1,188.89
Wastewater – Option 2	896.62	896.62	896.62	896.62	896.62	896.62	896.62	896.62
Other Targeted Rates	997.43	155.50	997.43	833.43	809.43	181.50	173.50	154.31
Total Rates \$	3,254.30	1,922.77	2,776.94	2,527.26	2,686.86	2,438.37	1,677.61	2,239.82
Weekly Rates \$	62.58	36.98	53.40	48.60	51.67	46.89	32.26	43.07
Total \$ Increase over 2016/17	140.40	105.77	127.62	125.33	207.49	118.87	233.09	190.67

RESIDENTIAL							
Matangi	Maramarua	Meremere	Tauwhare Pa	Rangiriri	Te Kowhai	Te Ohaaki	Whaanga Coast
370,000	170,000	175,000	140,000	215,000	370,000	62,500	300,000
1,360.25	870.65	882.89	797.21	980.81	1,360.25	607.49	1,188.89
896.62	896.62	896.62	896.62	896.62	896.62	896.62	896.62
997.43	155.50	997.43	833.43	809.43	181.50	173.50	154.31
3,254.30	1,922.77	2,776.94	2,527.26	2,686.86	2,438.37	1,677.61	2,239.82
62.58	36.98	53.40	48.60	51.67	46.89	32.26	43.07
140.40	105.77	127.62	125.33	207.49	118.87	233.09	190.67



	LIFESTYLE	RURAL	INDUSTRIAL	COMMERCIAL
Average Capital Value	625,000	850,000	1,350,000	1,230,000
General Rates (Including UAGC)	1,984.49	2,535.29	3,759.29	3,465.53
Wastewater – Option 2	–	–	1,306.96	896.62
Other Targeted Rates	161.50	809.43	885.13	885.13
Total Rates \$	2,145.99	3,344.72	5,951.38	5,247.28
Weekly Rates \$	41.27	64.32	114.45	100.91
Total \$ Increase over 2016/17	56.77	93.04	403.90	270.30

Note 1: Average Capital Value is per the 2014 rating valuation.

Note 2: Residential properties not connected, but within 30 metres of a public wastewater drain, are charged a wastewater 'availability' rate which is 50% of the wastewater rate for 'connected' properties.

Note 3: The wastewater rate shown for non-residential properties is for the first two pans. Additional rates are charged for the third and any subsequent pans.

Financial Planning

Prospective funding impact statement - Whole of Council

A forecast for the year ending 30 June 2018

	Annual plan 2016/17	LTP 2017/18	Annual plan 2017/18
	NZ \$'000	NZ \$'000	NZ \$'000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	51,604	53,759	54,159
Targeted rates	21,557	23,225	23,304
Subsidies and grants for operating purposes	8,047	8,380	7,524
Fees and charges	9,725	9,800	10,164
Interest and dividends from investments	500	600	100
Local authorities fuel tax, fines, infringement fees and other receipts	7,976	5,870	7,619
Total operating funding	99,409	101,634	102,870
Applications of operating funding			
Payments to staff and suppliers	74,556	72,830	77,398
Finance costs	3,588	4,934	4,393
Other operating funding applications	2,355	2,574	2,792
Total applications of operating funding	80,499	80,338	84,583
Surplus (deficit) of operating funding	18,910	21,296	18,287
Sources of capital funding			
Subsidies and grants for capital expenditure	9,494	9,091	9,037
Development and financial contributions	8,217	8,445	8,445
Increase (decrease) in debt	19,142	21,120	28,300
Gross proceeds from sale of assets	217	202	202
Lump sum contributions	-	-	-
Other dedicated capital funding	93	97	97
Total sources of capital funding	37,163	38,955	46,081
Applications of capital funding			
Capital expenditure			
- to meet additional demand	9,360	12,120	11,549
- to improve the level of service	12,945	14,490	15,741
- to replace existing assets	25,826	27,415	27,409
Increase (decrease) in reserves	7,700	5,706	9,307
Increase (decrease) of investments	242	520	362
Total applications of capital funding	56,073	60,251	64,368
Surplus (deficit) of capital funding	(18,910)	(21,296)	(18,287)
Funding balance	-	-	-

Prospective statement of comprehensive revenue and expense

A forecast for the year ending 30 June 2018

	Annual plan 2016/17	LTP 2017/18	Annual plan 2017/18
	NZ \$'000	NZ \$'000	NZ \$'000
Revenue			
Rates	73,161	76,984	77,463
Development and financial contributions	8,217	8,445	8,445
Subsidies and grants	17,541	17,471	16,561
Finance revenue	100	100	100
Other revenue	20,643	16,266	17,879
Total revenue	119,662	119,266	120,448
Expenses			
Depreciation and amortisation expense	24,462	24,258	26,948
Personnel expenses	28,028	28,170	29,477
Finance costs	3,588	4,934	4,393
Other expenses	48,799	47,152	50,631
Total operating expenses	104,877	104,514	111,449
Surplus (deficit) before tax	14,785	14,752	8,999
Other comprehensive revenue and expense			
Gain (loss) on property revaluations	25,507	48,311	40,016
Total other comprehensive revenue & expense	25,507	48,311	40,016
Total comprehensive revenue and expense	40,292	63,063	49,015

Note 1: Reconciliation of total comprehensive revenue and expense with net operating funding per prospective whole of Council funding impact statement

	Annual plan 2016/17	LTP 2017/18	Annual plan 2017/18
	NZ \$'000	NZ \$'000	NZ \$'000
Total prospective revenue and expense wholly attributable to Waikato District Council	40,292	63,063	49,015
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	18,910	21,296	18,287
Difference	21,382	41,767	30,728
The difference is due to:			
Capital income	17,804	17,633	17,579
Vested assets	2,451	-	-
Revaluation of assets	25,507	48,311	40,016
Gain (loss) on sale of assets	82	81	81
Depreciation and amortisation	(24,462)	(24,258)	(26,948)
Total explained difference	21,382	41,767	30,728

Note 2: Exchange and non-exchange revenue

	Annual plan 2016/17	LTP 2017/18	Annual plan 2017/18
	NZ \$'000	NZ \$'000	NZ \$'000
<u>Revenue from non-exchange transactions</u>			
Revenue from rates	67,250	68,621	71,317
Vested & found assets	2,451	-	-
Regulatory revenue	1,529	3,944	1,584
Infringements and fines	194	194	276
NZTA government subsidies	17,541	17,471	16,488
Petrol tax	441	458	458
Other subsidies and grants	70	-	72
Other fees and charges - Council	715	831	483
Other non-exchange revenue	1,057	1,386	746
Total revenue from non-exchange transactions	91,248	92,905	91,424
<u>Revenue from exchange transactions</u>			
Water billing charges	5,911	8,363	6,146
Development & financial contributions	8,217	8,445	8,445
Other fees and charges - Council	10,469	4,730	10,624
Finance income	100	100	100
Dividends	400	500	-
Subvention payment received	-	-	-
Other exchange revenue	3,317	4,223	3,709
Total revenue from exchange transactions	28,414	26,361	29,024
Total revenue	119,662	119,266	120,448

Prospective statement of financial position

A forecast for the year ending 30 June 2018

	Annual plan 2016/17	LTP 2017/18	Annual plan 2017/18
	NZ \$'000	NZ \$'000	NZ \$'000
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	10,418	473	7,720
Recoverables from non-exchange transactions	9,142	14,884	6,106
Receivables from exchange transactions	13,457	2,696	7,924
Non-current assets held for sale	-	400	386
Biological assets - cattle	90	83	102
Other financial assets	55	59	59
Prepayments	447	479	616
Total current assets	33,609	19,074	22,913
<u>Non-current assets</u>			
Property, plant and equipment	1,679,519	1,765,110	1,755,574
Intangible assets	5,623	5,587	5,960
Investment property	445	450	475
Investments in CCO's and other similar organisations	7,359	7,359	3,558
Other financial assets	1,346	1,750	809
Total non-current assets	1,694,292	1,780,256	1,766,376
Total assets	1,727,901	1,799,330	1,789,289
LIABILITIES			
<u>Current liabilities</u>			
Payables under exchange transactions	33,908	24,676	24,929
Taxes and transfers payable	1,244	1,345	993
Employee entitlements	3,150	3,394	3,521
Provisions	356	311	419
Borrowing	24,820	16,331	15,988
Total current liabilities	63,478	46,057	45,850
<u>Non-current liabilities</u>			
Provisions	1,645	1,655	1,578
Employee entitlements	203	228	213
Derivative financial instruments	2,052	(234)	5,561
Borrowing	54,634	90,173	82,712
Total non-current liabilities	58,534	91,822	90,064
Total liabilities	122,012	137,879	135,914
Net assets/equity	1,605,889	1,661,451	1,653,375
NET ASSETS/EQUITY			
Accumulated comprehensive revenue and expense	1,024,526	1,040,495	1,061,464
Other reserves	581,363	620,956	591,911
Total net assets/equity	1,605,889	1,661,451	1,653,375

Prospective statement of changes in net assets/equity

A forecast for the year ending 30 June 2018

	Annual plan 2016/17 NZ \$'000	LTP 2017/18 NZ \$'000	Annual plan 2017/18 NZ \$'000
<u>Balance at beginning of year</u>			
Accumulated comprehensive revenue & expense	1,005,693	1,018,601	1,042,700
Other reserves			
Revaluation	577,921	613,307	584,212
Restricted	168	32	174
Council created	15,239	8,992	18,370
Special rates and user pays	(3,292)	(4,792)	(9,331)
Capital replacement funds	8,363	5,725	7,999
Development contributions	(38,529)	(43,511)	(39,807)
Fair value through other comprehensive revenue and expense	34	34	43
Total net assets/equity at beginning of year	1,565,597	1,598,388	1,604,360
<u>Comprehensive revenue and expense for the year</u>			
Accumulated comprehensive revenue & expense	14,785	14,752	8,999
Other reserves			
Revaluation	25,507	48,311	40,016
Revaluation (landfill)	-	-	-
Fair value through other comprehensive revenue and expense	-	-	-
Total comprehensive revenue and expense for the year	40,292	63,063	49,015
<u>Transfers to (from) accumulated comprehensive revenue & expense</u>			
Accumulated comprehensive revenue & expense	4,048	7,142	9,765
Other reserves			
Revaluation	-	-	-
Restricted	1	2	1
Council created	(1,139)	(1,882)	(3,253)
Special rates and user pays	(1,235)	100	(913)
Capital replacement fund	124	(652)	170
Development contributions	(1,799)	(4,710)	(5,770)
Total transfers to (from) accumulated comprehensive revenue & expense	-	-	-
<u>Net assets/equity at end of year</u>			
Accumulated comprehensive revenue & expense	1,024,526	1,040,495	1,061,464
Other reserves			
Revaluation	603,428	661,618	624,228
Restricted	169	34	175
Council created	14,100	7,110	15,117
Special rates and user pays	(4,527)	(4,692)	(10,244)
Capital replacement funds	8,487	5,073	8,169
Development contributions	(40,328)	(48,221)	(45,577)
Fair value through other comprehensive revenue and expense	34	34	43
Total net assets/equity at end of year	1,605,889	1,661,451	1,653,375

Prospective statement of reserve funds

A forecast for the year ending 30 June 2018

Reserve	Purpose	Related activities	Forecast Balance	Transfers into fund	Transfers out of fund	Balance
			1-Jul-17			30-Jun-18
			\$'000	\$'000	\$'000	\$'000
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	444	45	(68)	421
Raglan Harbour reserve	Council took over assets from the Raglan Harbour Board. Any revenue or expense on these properties is kept separate from general funds.	Sustainable communities	97	424	(451)	0
Housing for the elderly	Income from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(16)	227	(276)	(65)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	144	1,643	(1,505)	282
Lake Hakanoa Caravan Park reserve	Revenue and expense for the Lake Hakanoa Caravan Park at Huntly is kept separate. The camp operation is self funding.	Sustainable communities	137	188	(134)	191
Raglan Kopua Holiday Park reserve	Revenue and expense for Kopua Camp at Raglan is kept separate. The camp operation is self funding.	Sustainable communities	1,072	1,225	(933)	1,364
Wainui Reserve farm	Revenue and expense for Wainui Reserve farm operations is kept separate. The farm operation is self funding and surpluses are used towards projects at Wainui Reserve.	Sustainable communities	230	157	(156)	231
Hillary Commission grants	These funds are committed to a club development programme for the future.	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates.	Sustainable communities	37	-	-	37
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	1,045	33	-	1,078
Hillary Commission loans	Remaining funds and interest credits built up from Council's contribution to match Hillary Commission loans used in the past to assist sporting organisations. All loans have been repaid.	Sustainable communities	56	2	-	58

Reserve	Purpose	Related activities	Forecast Balance	Transfers into fund	Transfers out of fund	Balance
			1-Jul-17			30-Jun-18
			\$'000	\$'000	\$'000	\$'000
North Waikato development reserve	Remaining funds with interest credits from the Department of Corrections for use to assist the local community.	Sustainable communities	338	16	-	354
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	Organisational support	2,308	-	-	2,308
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	16	-	-	16
Development fund (ex shares sold)	Reserve originally representing the share of the Auckland Airport Shares received by the former Franklin District Council and transferred to Waikato District Council on part amalgamation in 2010.	Organisational support	-	-	-	-
LTCCP contribution reserve	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with operational funding.	Organisational support	2,057	-	(2,057)	-
Landfill aftercare contribution	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with aftercare costs for closed landfills transferred.	Sustainable environment	296	13	(52)	257
Structure plan non-growth reserve	Reserve to provide funding for the non growth element of Structure Plan development.	Organisational support	760	139	-	899
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	(62)	207	(281)	(136)
Huntly College jubilee award	A restricted reserve; the interest income from which is to be used for educational sponsorship.	Sustainable communities	14	1	(1)	14
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest income to be used as sponsorship for educational purposes.	Sustainable communities	1	-	-	1
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest income to be used for educational sponsorship.	Sustainable communities	1	-	-	1

Reserve	Purpose	Related activities	Forecast	Transfers	Transfers	Balance
			Balance	into fund	out of fund	
			1-Jul-17			30-Jun-18
			\$'000	\$'000	\$'000	\$'000
Huntly Social Services	A restricted reserve created by the transfer of funds from the former Huntly Social Services Co-Ordinating committee Inc when it was wound up in 2015.	Sustainable communities	143	7	(7)	143
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	5,403	2	(654)	4,751
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(9,331)	22,931	(23,844)	(10,244)
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	7,998	21,787	(21,616)	8,169
Revaluation reserves	Non-cash reserves representing the increases or decreases in the value of infrastructural assets that are periodically revalued.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	584,212	40,016	-	624,228
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(35,762)	9,475	(16,252)	(42,539)
			561,660	98,538	(68,287)	591,911

Prospective cash flow statement

A forecast for the year ending 30 June 2018

	Annual plan 2016/17	LTP 2017/18	Annual plan 2017/18
	NZ \$'000	NZ \$'000	NZ \$'000
<u>Cash flows from operating activities</u>			
Receipts			
Receipts from rates revenue	67,179	68,576	71,155
Subsidies received	18,217	17,965	17,251
Contributions received	8,618	8,426	8,970
Receipts from other revenue	23,247	23,553	23,843
Interest received	100	100	100
Dividends received	300	400	400
Payments			
Employee costs	(27,885)	(28,108)	(29,342)
Suppliers	(48,970)	(47,207)	(51,161)
Interest paid	(3,588)	(4,934)	(4,393)
Goods and services tax (net)	-	-	-
Net cash flows from operating activities	37,218	38,771	36,823
<u>Cash flows from investing activities</u>			
Purchase of property, plant and equipment	(55,574)	(58,853)	(63,101)
Proceeds from sale of property, plant and equipment	217	202	202
Community loans repayments received	-	-	-
Purchase of intangible assets	(819)	(683)	(1,848)
Community loans granted	-	-	-
Acquisition of investments	(242)	(520)	(618)
Proceeds from sale of investments	-	-	256
Net cash flows from investing activities	(56,418)	(59,854)	(65,109)
<u>Cash flows from financing activities</u>			
Proceeds from borrowings	19,142	41,120	48,300
Repayment of borrowings	-	(20,000)	(20,000)
Net cash flows from financing activities	19,142	21,120	28,300
Net increase(decrease) in cash and cash equivalents	(58)	37	14
Cash and cash equivalents at the beginning of the year	10,476	436	7,706
Cash and cash equivalents at 30 June	10,418	473	7,720

Disclosure statement

For the year ending 30 June 2018

What is the purpose of this statement?

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

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

Benchmark		Planned	Met
Rates affordability benchmarks			
▪ income	\$2,999	\$2,804	Yes
▪ increases	4%	0.5%	Yes
Debt affordability benchmarks			
▪ total debt	\$178.9m	\$98.7m	Yes
▪ average net debt	\$5,957	\$3,180	Yes
Balanced budget benchmark	100%	100%	Yes
Essential services benchmark	100%	197%	Yes
Debt servicing benchmark	15%	4%	Yes

Notes

1. Rates affordability benchmark

(1) For this benchmark:

- (a) Council's planned rates income for the year is compared with a quantified limit on total rates per rateable property contained in the financial strategy included in Council's long term plan; and
- (b) Council's planned rates increases for the year are compared with a quantified limit on (cumulative from the 2016 limit) increases in total rates per rateable property contained in the financial strategy included in Council's long term plan.

(2) Council meets the rates affordability benchmark if:

- (a) its planned rates income for the year equals or is less than the quantified limit on rates; and
- (b) its planned rates increases for the year equal or are less than the quantified limit on rates increases.

2. Debt affordability benchmark

(1) For this benchmark:

- (a) Council's planned borrowing is compared with a quantified limit on total debt contained in the financial strategy included in Council's long term plan; and
- (b) Council's planned borrowing is compared with a quantified limit on average net debt per rateable property contained in the financial strategy included in Council's long term plan.

- (2) Council meets the debt affordability benchmark if:
 - (a) its planned borrowing is within the quantified limit on total debt; and
 - (b) its planned borrowing is within the quantified limit on net debt per rateable property.

3. Balanced budget benchmark

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

4. Essential services benchmark

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

5. Debt servicing benchmark

- (1) For this benchmark, Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments and revaluations of property plant or equipment).
- (2) Because Statistics New Zealand projects that Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.

Statement of accounting policies for the year ending 30 June 2018

Reporting Entity

Waikato District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 (LGA 2002) and is domiciled and operates in New Zealand.

The Waikato District Council Group (the Group) consists of the ultimate parent Waikato District Council, its 100% owned subsidiary Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust. All the entities in which Council has an interest, directly or through Strada, are incorporated and domiciled in New Zealand.

The principal activity of Council is the provision of goods and services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the Group as Public Benefit Entities (PBE) for the purposes of financial reporting.

The prospective financial statements are for the year ending 30 June 2018. They were authorised for issue by Council on 28 June 2017. Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of Preparation

Statement of compliance

Council's prospective financial statements have been prepared in accordance with the requirements of LGA 2002 which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These prospective financial statements (with the exception of the Funding Impact Statement) have been prepared in accordance with Tier I PBE accounting standards.

These prospective financial statements comply with PBE standards.

Included in this plan are three types of financial information:

1. the usual NZ GAAP regulated statements of financial position, comprehensive revenue and expense and the like;
2. funding impact statements (FIS); and,
3. a disclosure statement.

The key difference between these three types of information is that FISs and the disclosure statement are not required by NZ GAAP.

The FIS is intended to make the sources and applications of Council funds more transparent to its stakeholders than might be the case if only the usual NZ GAAP financial statements were provided. The FIS format is prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014 and is required by the Local Government Act 2002.

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

Measurement base

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment properties, and certain financial instruments (including derivative instruments).

The actual results for the 2015/2016 financial year and the LTP financial performance and cash flows for the 2016/2017 financial year, as modified by known changes, have been used to arrive at the opening balances for the plan as at 1 July 2017.

Functional and presentation currency

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

Changes in accounting policies

The accounting policies set out below have been modified from those applied in prior financial statements. Those modifications have resulted from the implementation of *Disclosure Initiative (Amendments to PBE IPSAS 1)*, *2015 Omnibus Amendments to PBE Standards* and *Amendments to PBE Standards and Authoritative Notice as a Consequence of XRB AI and Other Amendments*. There has been no effect from applying these amendments.

Significant Accounting Policies

Basis of consolidation

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

Revenue

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

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

Specific revenue items are recognised as follows:

- General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the year to which the rates resolution relates. They are recognised at the amounts due. Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Water billing revenue is recognised on an accrual basis. Unbilled usage, because there are unread meters at year-end, is accrued on an average usage basis.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.
- Council receives government grants from the New Zealand Transport Agency (NZTA), which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are

recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

- Revenue from the sale of goods is recognised when a product is sold to the customer.
- Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- Fes and charges revenue is recognised when the service is provided.
- Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.
- Traffic and parking infringement income is recognised when the infringement notice is issued.
- Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in Council are recognised as income when control over the asset is obtained.
- Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged.
- Interest income is recognised using the effective interest method.
- Dividends receivable are recognised when the right to receive the payment has been established.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expense respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract.

An expected deficit on construction contracts is recognised immediately as an expense in surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When 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 surpluses less recognised deficits and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus surpluses less deficits, the net amounts are presented as a liability.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

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

Discretionary grants are those grants where 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 Council approval.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in surplus or deficit.

Operating leases

An operating lease is a lease which does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on 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 that are repayable on demand and form an integral part of Council's cash management are shown within borrowings in current liabilities in the statement of financial position.

Recoverables from non-exchange transactions and other receivables

Recoverables from non-exchange transactions and other receivables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less any provision for impairment.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit.

Council classifies its financial assets into the following categories:

- loans and receivables
- held to maturity investments
- fair value through surplus or deficit
- fair value through other comprehensive revenue and expense.

The classification depends on the purpose for which the investments were acquired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit.

Loans to community organisations made by 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 financial instrument. The loans 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 surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments, with fixed maturities and with a positive intention and ability to hold to maturity. They are included in current assets, except for those with maturities greater than 12 months after balance date which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in surplus or deficit.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Council's derivatives are categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied. Assets in this category are classified as current assets. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date. They comprise of the following:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in surplus or deficit.

Loans and receivables

Impairment is established when there is objective evidence that Council and the group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the

debtor, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

For community loans, impairment losses are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

Impairment losses recognised in surplus or deficit on equity investments are not reversed through surplus or deficit.

Derivative financial instruments

Council uses derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, 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 associated gains or losses of derivatives are recognised in surplus or deficit. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

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 rather than through continuing use. 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 surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consist of:

- **Operational assets:** These include land, buildings, improvements, landfill post closure, library books, plant and equipment, furniture, computers and motor vehicles.
- **Restricted assets:** These are parks and reserves owned by Council which provide a benefit or service to the community, and can only be disposed of after following a rigorous legal and public consultation process.
- **Infrastructure assets:** These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Council's pensioner housing and other non-commercial rental properties, which are held for service delivery objectives rather than for rental income or capital appreciation, are accounted for as property, plant and equipment.

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 Council and the Group and the cost of the item can be measured reliably. Only assets with a life of over one year and value of over \$2,000 are capitalised. Subsequent expenditure on an asset which restores or increases the service potential of the asset beyond the current economic benefit of that asset is capitalised. The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

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.

Assets under construction (work in progress)

Assets under construction are recognised at cost less impairment and not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

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 reported net in surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land) at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Description	Useful Life (Years)	Depreciation Rate
Audio-visual materials and electronic games – Libraries	5	20%
Buildings	12.5– 100	1% - 8%
Vehicles / Moveable plant	4 – 20	5% - 25%
Library books	8	12.5%
Computers	4 – 7	14% - 25%
Office equipment	2 – 20	5% - 50%
Furniture and fixtures	10	10%
Water supply	2 – 100	1% - 50%
Wastewater	2 – 100	1% - 50%
Urban stormwater	30 – 100	1% - 33.5%
Roading pavement – sealed	2 – 100	1% - 50%
Pavement (basecourse)		
- sealed	65 – 105	0.95% - 1.54%
- unsealed metal	20	5%
Surface water channel	20 – 80	1.25% - 5%
Culverts	80	1.25%
Guardrails/Barriers	40 – 80	1.25% - 2.5%
Footpaths	15 – 80	1.25% - 6.7%
Street lighting	20	5%
Bridges	60 – 100	1.67% - 5%
Parks and reserves	10-100	1% -10%
Solid waste	5 – 80	1.25% - 20%
Signs	20	5%

The residual value, depreciation method and useful life of an asset are reviewed, and adjusted if applicable, at each balance date.

Revaluation

Land, buildings (operational and restricted); parks and reserves; and infrastructural assets (except land under roads) are revalued on a regular basis to ensure that their carrying amounts do not differ materially from fair value, and at least every three years. All other asset classes are stated at depreciated historical cost.

The carrying values of the revalued assets are assessed at each balance date to ensure that they do not differ materially from the assets' fair value. If there is a material difference, the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve for that class of asset. Where this results in a debit

balance in the asset revaluation reserve, this balance is expensed in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, with any remainder recognised in other comprehensive revenue and expense.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs and costs associated with maintaining computer software are recognised as an expense when incurred. This asset class, which is amortised on a straight-line basis, has a useful life of 4 to 7 years and the amortisation rates are between 14% and 25%.

Consents

Consent costs for capital works are recognised at cost, and amortised over the life of the consents - between ten and thirty-five years. The amortisation charge for each period is recognised in surplus or deficit.

Impairment of property, plant and equipment and intangible assets

Intangible assets having an indefinite useful life, or which are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. Where there is an indicator of impairment, the asset's recoverable amount is estimated. 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 for non-cash generating assets is the present value of its remaining service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows from the continued use and eventual disposal of the asset.

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 in other comprehensive revenue and expense and accumulated 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 surplus or deficit.

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

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 surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit.

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

Biological assets

Cattle on Council's reserve are revalued annually at fair value less estimated cost to sell. Fair value is determined based on market price at balance date.

Gains or losses from a change in fair value less estimated costs to sell are recognised in surplus or deficit. The costs incurred in relation to the cattle are included in surplus or deficit.

Investment property

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 cost, including transaction costs. After initial recognition, all investment properties are measured 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 surplus or deficit.

Creditors and other payables

Short term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised 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 it will be used by staff to cover those future absences.

Long-term employee entitlements

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculation is based on:

- 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 entitlement information; and
- The present value of the estimated future cash flows.
- The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes such as KiwiSaver are recognised as an expense in surplus or deficit when incurred.

Presentation of employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are classified as current liabilities. All other employee entitlements are classified as non-current liabilities.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of future

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

Borrowings

Borrowing is initially recognised at fair value net of transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Net assets/equity

Net assets/Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Net assets/equity is disaggregated and classified into the following components:

- Accumulated comprehensive revenue and expense
- Other reserves
 - asset revaluation
 - restricted
 - council-created
 - special rates and user pays
 - capital replacement funds
 - development contribution
 - fair value through other comprehensive revenue and expense.

Asset revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value.

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 Council.

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by 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.

Council-created reserves

Council-created reserves are reserves established by Council decisions. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Fair value through other comprehensive revenue and expense

This reserve comprises the cumulative net change in the fair value of financial instruments at fair value through other comprehensive revenue and expense.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST except for Trade Payables and receivables, which are presented on a GST-inclusive basis. When GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation policy

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using cost drivers such as actual usage, staff numbers and floor area.

Cautionary note for prospective financial statements

The purpose for the preparation of the prospective financial statements is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flows of Council for the year ending 30 June 2018. The information contained in these statements may not be appropriate for purposes other than that as previously described.

The preparation of prospective financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates and the variations may be material.

Significant forecasting assumptions

The significant forecasting assumptions and risks underlying the financial estimates are identified in Council's *Long Term Plan 2015-2025* pp73-82.

Glossary

Action Plan	A plan identifying a series of actions to be taken to achieve defined outcomes.
Activity	Services provided by or on behalf of the council.
Amortisation	The reduction of the value of an asset by prorating its cost over a period of years.
Annual Plan	Contains details of the council's action plan for the next financial year, the budget and the level of rates required to fund that spending. It also contains details of any variation from the financial statements and funding impact statement that are included in the council's current Long Term Plan.
Capital Expenditure	Money spent to build or buy a new asset, or to improve the standard of any existing asset.
Community	A group of individuals and organisations that are linked together by some common factor, interest, identity or administrative boundary.
Community Boards	Pass on community concerns and make recommendations to the elected council and its committees.
Community Outcomes	The outcomes that a local authority aims to achieve in order to promote the social, economic, environmental and cultural wellbeing of its district or region, in the present and for the future.
Community Wellbeing	The overall wellbeing (quality of life) of the community taking into account economic, cultural, social and environmental wellbeing.
Development Contributions	Payment from developers to help fund new infrastructure required by growth (as set out in the Local Government Act 2002).
District Plan	Required by the Resource Management Act 1991, it defines how resources and development will be managed by the district. The Plan is based on economic, cultural, social and environmental wellbeing.
Equity	The market value of assets less any liabilities.
Funding Impact Statement	A financial statement that discloses the revenue and financial mechanisms that council proposes to use.
General Rate	A charge calculated using the rateable value of property that is paid to council to fund its general services but not services funded by targeted rate, fees or charges.
Governance	Is how the council engages with the community, oversees the effective and responsible management of resources, delivers services and sets the strategic direction for the District.
Hearing	A meeting at which members of the public speak to elected representatives and/or staff about an issue.
Interest	Interest on bank accounts, overdrafts and debt.
Levels of Service (LOS)	The extent of a service provided by the council.
Local Authority	A regional, district or city council.

Local Government Act 2002	The legislation that defines the powers and responsibilities of Local Government organisations (regional, city and district councils).
Partnership	This refers to the council's relationship with groups within the community to achieve outcomes. This does not refer to a legal partnership.
Rates	Rates are what each property owner pays for the services provided by councils. The charge is set in accordance to the Local Government (Rating) Act 2002.
Resource Management Act 1991	Legislation setting out Local Government's responsibilities to promote the sustainable management of natural and physical resources. The Act includes a range of regulatory and other responsibilities for the councils, including requirements for the state of the environment monitoring and reporting.
Renewals	Activities required to upgrade, refurbish or replace current facilities or assets, with facilities or assets of equivalent capability or service potential.
Revenue	Revenue received by the council to fund the services it provides. Revenue sources include – rates; fees and charges for using a particular service; penalties and fines; and grants and subsidies.
Significance	The degree of importance that council has given to an issue, proposal, decision or any other matter that is likely to impact on the District's wellbeing.
Strategic Plan	An explanation of the overall direction and emphasis that the council's activities and programmes will take to realise the long-term vision.
Strategy	A plan of action designed to guide progress towards the long-term vision.
Targeted Rate	A rate that is levied to fund a particular service or facility.
Wellbeings	The four wellbeings refer to the social, economic, environmental and cultural wellbeing of communities in the present and for the future.
Vested Assets	An existing right to the immediate or future possession of property, resources, cash, stock and goodwill.
Long Term Plan	A strategic plan, covering at least 10 years, that describes a local authorities activities and the community outcomes of the authority's district or region. A council's Long Term Plan is the basis for its accountability to the community.