

# ANNUAL PLAN

*Te Riipoata-a-tau*

# 2019/20





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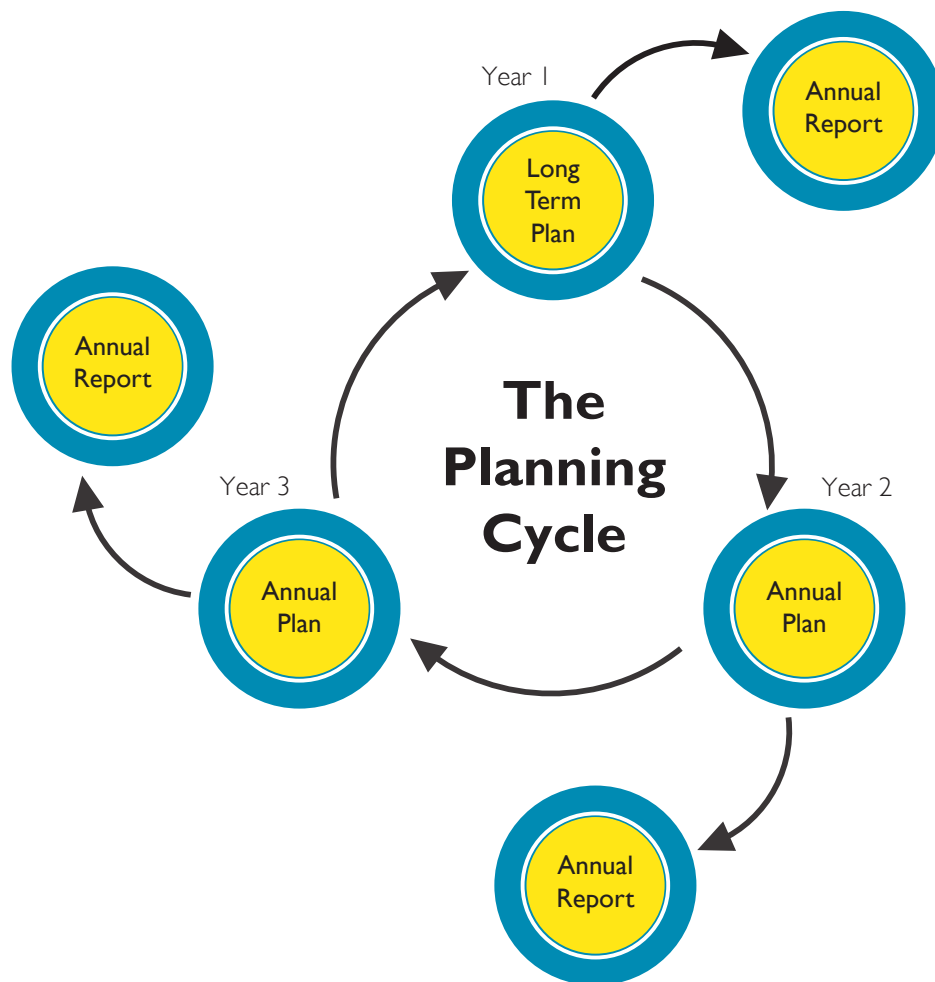
# Summary

## Whakaraapopoto

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 2019/20 Annual Plan outlines our plans for the next financial year.



Council is required to consult with residents and ratepayers when there are significant changes to the work programmes that we agreed with you through our Long Term Plan 2018-28. This year we have not identified any significant changes, and therefore have not consulted with the community on the Annual Plan 2019/20.

# Our Vision: Liveable, Thriving, Connected Communities

## He noohanga aahuru, he iwi whai ora, he hapori tuuhono tahi

Our Vision and Community Outcomes set the goals we want to achieve in everything we do. We have refreshed our vision to embrace the growth and changes we face. Our vision is that we work together as a district to build liveable, thriving, connected communities as our townships grow.

Liveable communities are well-planned and people-friendly, providing for a range of quality residential options, social infrastructure, walkways and open spaces. They reflect what's important to people, and support a shared sense of belonging both to the local community and the wider district.

Thriving communities participate in Council decision-making and community-led projects, provide input into the management of their local assets, and sustain the local business sector that provides local employment.

Connected communities have fit-for-purpose infrastructure to create liveable, thriving communities. Connectivity through roads, cycleways, walkways and digital capabilities enable rapid information sharing and engaging in activities together. By these means, people in connected communities access services and amenities that meet their social, health, education and employment needs.

## Our Community Outcomes and Goals

Together with your Community Boards and Committees, we have developed the following community outcomes to guide our decision-making:

### Supporting our communities: Kia tautoko ki a taatou Haapori

We consider the well-being of all of our people in all our planning and activities. We support and plan for the development of complete and connected communities.

### Building our economy: Ka hanga a taatou Oohanga

We attract diverse enterprise/business; creating jobs and opportunities for our community. We continue to support our existing industry. We support others who leverage our location to ensure tourism brings benefits to a range of people in our communities.

### Sustaining our environment: Kia toituu to taatou Taiao

We are a community that believes in environmental sustainability; we pursue and promote related ideas and manage regulatory processes to safeguard and improve our district.

### Working together with you: Kia mahi tahi taatou

Our communities work with us so we are collectively focused on the right things at the right time.

### Providing value for money: Ka whai painga mo te puutea

Residents and ratepayers get value for money because we find innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

## OUR APPROACH

When considering the financial picture, the Council's overall approach continues to be:

- Support growth in targeted areas
- Maintain existing assets
- Modernise infrastructure where it is prudent to do so
- Do more within existing budgets
- Move the cost of providing a service to those who use them ie. user pays

# What We Do

As you've seen we have developed a strong strategic direction for the next 10 years, with our principles and priorities a direct reflection of your feedback and the community outcomes developed as a result of that feedback.

A strategic direction is only as good as its implementation, and this is where our Groups of Activities (Governance, Sustainable Environment, Sustainable Communities, Rooding, Stormwater, Wastewater, Water Supply, Organisational Support) come in. Details of these activities, our targets and how we'll measure them is contained within our Long Term Plan. Key projects for year 2 (2019/20) of the Long Term Plan are on the following page.

Our eight groups of activities contribute to keeping our district running, providing the services and facilities needed to meet our residents' needs. The Organisational Support group is internally focussed and is not an official group of activity as required under the Local Government Act, however, it includes a significant amount of our activities and provides a complete picture of the activities we provide.

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

You'll see that we've shown which outcome each group of activities primarily contributes to, and the other groups of activities they might also contribute to in a more minor way. And because the council's strategic direction is driven by five key principles - Supporting our communities, Building our economy, Sustaining our environment, Working together with you, and Providing value for money - we've also shown how our activities relate to these principles in the table below and therefore, contribute to the strategic direction.

Activity	Outcome				
	Supporting our communities	Building our economy	Sustaining our environment	Working together with you	Providing value for money
Governance	✓	✓	✓	✓	✓
Sustainable Communities	✓	✓	✓	✓	✓
Sustainable Environment	✓	✓	✓	✓	✓
Rooding	✓	✓		✓	✓
Stormwater	✓		✓	✓	✓
Wastewater	✓		✓	✓	✓
Water Supply	✓		✓	✓	✓
Organisational Support				✓	✓

✓ - primary contribution

✓ - minor contribution

# Key projects for 2019/2020

Projects	Description	Cost for 2019/2020 (\$)
<b>Sustainable Environment</b>		
Huntly resource recovery centre upgrade	Create a resource recovery centre.	51,100
Master planning for growth towns	To plan for growth in the district and anticipated levels of service that will be required.	102,000
Raglan refuse and recycling operation		137,170
District Plan project	Developing the district plan document that sets out guidance and rules on how land can be used in the district.	744,869
<b>Sustainable Communities</b>		
District wide boat ramps	Bringing Council owned boat ramps up to compliance levels	351,202
Raglan Wharf	Wharf Maintenance and renewal works	94,122
District wide playgrounds	Comprehensive programme to reach levels of service provisions for playgrounds around the district.	302,808
Taupiri parks and reserves	To meet levels of service and to enhance recreation space.	27,411
District wide sports grounds	To meet levels of service and to provide suitable recreation spaces throughout the district.	521,297
Ngaruawahia skate park	To enhance recreation space.	14,388
District wide toilets	To meet levels of service.	376,960
District wide cemeteries	To meet Council's obligations under legislation and to make provision for burials in the district.	497,984
<b>Roading</b>		
Unsealed roads maintenance	Maintenance of the unsealed road network in the district.	2,348,094
Huntly central interchange local road connections		817,600
Pokeno Road structure plan	Will proceed to suit development progress.	135,977
<b>Stormwater</b>		
District wide stormwater reticulation upgrades	To meet levels of service.	523,770
Te Kauwhata stormwater pump station upgrades	To meet levels of service.	102,700
Pokeno stormwater treatment plant extensions	This work is dependant on growth occurring in Pokeno.	17,906

# Key projects for 2019/2020

Projects	Description	Cost for 2019/2020 (\$)
<b>Water Supply</b>		
Te Kauwhata water supply reservoir extensions	Provide additional storage to meet future growth needs and levels of service.	1,085,977
Tuakau water supply treatment plant extensions	To service future growth in the area.	105,600
Pokeno water supply treatment plant extensions	Council and developer led construction of network to meet future growth needs. This work is dependent on growth occurring in Pokeno.	361,865
<b>Wastewater</b>		
District wide wastewater treatment plant renewals	To meet levels of service and to comply with resource consent conditions.	20,560
District wide wastewater reticulation maintenance	To meet levels of service and to comply with resource consent conditions.	102,800
District wide wastewater education	Wastewater awareness and education project.	106,090
<b>Organisational Support</b>		
Libraries renewals and upgrades	Renewal and upgrade of library facilities to meet levels of service.	280,401
District wide SCADA improvements	Improvements to the SCADA asset management database.	83,836
Futureproof	Subregional growth strategy.	117,335
Various IT (software and hardware renewal and upgrades)	Renewal and upgrade of IT systems.	813,960
Cadetship programme	Council has partnered with WINTEC to create employment opportunities for civil engineering students, as part of a three year scheme.	173,400
<b>Governance</b>		
Local Authority Election	Three yearly council elections.	463,080
Community & Iwi Liaison Projects	To support Iwi projects in the district.	39,189



# Funding Impact Statement

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## Definitions

### Residential - General

Properties for which the permitted activity in the District Plan is related to residential zone, village zone, country living zone, rural zone, paa, education, recreation and conservation use.

### Residential - Wastewater

Residential is defined as any part of a rating unit that is used primarily for residential purposes.

### Commercial

Properties for which the permitted activity in the District Plan is related to business, industrial, transportation use and other network utilities.

### Commercial - wastewater

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).

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.

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.

### Separately Used or Inhabited part of a rating unit (SUIP)

A separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner, or a person other than the owner and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purposes of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'. This includes any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.

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.

The following are examples of where there may be application of multiple charges because a rating unit is comprised of more than one separately used or inhabited part:

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

As a minimum, the land or premises intended to form a separately used or inhabited part of the rating unit must be capable of actual habitation or actual separate use.

The Council proposes to set the following rates for the financial year commencing 01 July 2019 and ending 30 June 2020. All amounts (except where otherwise stated) are inclusive of GST.

## Rates

### 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 Annual Plan 2019/2020 is proposed to be \$0.0021610 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 \$370.23 per rating unit in the 2019/2020 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 \$370.23 the UAGC along with other fixed charges will contribute approximately 19 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.

## Targeted Rates

### 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), Ngauwahia and Raglan. This rate is a fixed amount per rating unit on all rating units within the catchment area. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

### 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 rating areas. This rate is a fixed amount per separately used or inhabited part of a rating unit (SUIP) 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. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

### Tamahere Recreation Reserve

The Council proposes to set a targeted rate for the purpose of covering the costs of loan interest and additional operational costs for the above average level of service of Tamahere Recreation Reserve. This rate is a fixed amount per separately used or inhabited part of a rating unit (SUIP) used for residential purposes within the defined catchment area of the Tamahere Ward. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

### 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 catchment area. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## 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 (SUIP) within the serviced area. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## 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 (SUIP) within the serviced area. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## 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 (SUIP) within the serviced area. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## 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. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## Glen Murray recycling collection point

The Council proposes to set a targeted rate for the purpose of covering the costs of recycling collection points for the Glen Murray area. This rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## Water Supply

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

### Availability

The rate is a fixed amount of \$239.89 per rating unit for availability/serviceability of a water supply service to a rating unit. (Available or serviceable means a rating unit situated within 100 metres of any part of the water network).

### Metered – connection charge

The rate is a fixed amount of \$239.89 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 2019/2020 is \$1.97 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 the base differential. The rate is set and assessed as an amount per separately used or inhabited part of a rating unit (SUIP) for connected rating units.
- 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 and set and assessed as an amount per rating unit for residential properties.
- Commercial (commercial) - The rates are set and assessed as:
  - An amount per separately used or inhabited part of a connected rating unit (SUIP) for the first two pans (equivalent to 100% of the residential connected differential); and
  - An amount per pan for the third and subsequent pans in any connected separately used or inhabited parts of a rating unit (SUIP; equivalent to 50% of the residential connected differential).

Commercial (non-rateable) - The rates are set and assessed as:

An amount per separately used or inhabited part of a connected rating unit for the first two pans (SUIP; equivalent to 100% of the residential connected differential); and

An amount per pan for the third and subsequent pans in any connected separately used or inhabited parts of a rating unit (SUIP; equivalent to 10% of the residential connected differential).

Commercial (assistance for the elderly) - The rates are set and assessed as:

An amount per separately used or inhabited part of a connected rating unit for the first two pans (SUIP; equivalent to 100% of the residential connected differential), and

An amount per pan for the third and subsequent pans in any connected separately used or inhabited part of a rating unit (SUIP; equivalent to 20% of the residential connected differential).

## 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. [www.waikatodistrict.govt.nz/ltpmapss](http://www.waikatodistrict.govt.nz/ltpmapss)

## 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. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

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. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## Community board targeted rate

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 areas. [www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## 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. The rates are a fixed charge per connection for connected properties within the relevant scheme catchment area.

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 future years for these targeted rates.

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, the Council will set a targeted rate as:

- a fixed amount per connection of \$1,760.70 (inclusive of GST) (comprising \$1,184.26 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, the Council will set a targeted rate as:

a fixed amount per connection of \$340.86 (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).

## Te Ohaki Road Marae wastewater scheme

A charge of \$51,101.40 for the Marae was made for the purpose of covering the capital cost of the wastewater system.

If the marae has not discharged their liability, the Council will set a targeted rate as:

- a fixed amount for the Marae of \$5,409.42 (inclusive of GST) (comprising \$4,443.60 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, the Council will set a targeted rate as

- a fixed amount per connection of \$490.90 (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 \$51,101.40 for the Marae was made for the purpose of covering the capital cost of the wastewater system.

If the marae has not discharged their liability, the Council will set a targeted rate as:

- a fixed amount for the Marae of \$5,409.42 (inclusive of GST) (comprising \$4,443.60 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, the Council will set a targeted rate as:

- a fixed amount per connection of \$1,809.40 (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.

## Early Payment Policy

Per resolution WDC05/105/1/2 Council will accept payment in advance of any applicable rate installment both in the current or future years. No discount will be given or interest paid in relation to any payments on this basis.

Any such payments made in advance will be credited against the appropriate rate installment as directed by the ratepayer

## Due Dates

The Waikato District Council due dates for rate payments for the 2019/20 year (excluding water by meter rates) shall be due in three equal instalments as follows:

First Instalment	23 September 2019
Second Instalment	23 January 2020
Third Instalment	25 May 2020

A penalty of 10% on so much of any rates instalment that has been assessed after 01 July 2019 and which is unpaid after the due date for payment, will be applied on the penalty dates as follows:

First instalment	24 September 2019
Second instalment	24 January 2020
Third instalment	26 May 2020

The Waikato District Council water by meter rates shall be invoiced separately and payable in two instalments each year. For the 2019/20 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 2019	07 September 2019	January 2020	08 March 2020
Taupiri	July 2019	07 September 2019	January 2020	08 March 2020
Horotiu	July 2019	07 September 2019	January 2020	08 March 2020
Huntly	August 2019	05 October 2019	February 2020	05 April 2020
North Waikato	September 2019	09 November 2019	March 2020	10 May 2020
Port Waikato	September 2019	09 November 2019	March 2020	10 May 2020
Onewhero	September 2019	09 November 2019	March 2020	10 May 2020
Tuakau	September 2019	09 November 2019	March 2020	10 May 2020
Pokeno	September 2019	09 November 2019	March 2020	10 May 2020
Southern Districts	October 2019	07 December 2019	April 2020	07 June 2020
Western Districts	October 2019	07 December 2019	April 2020	07 June 2020
Raglan	November 2019	04 January 2020	May 2020	05 July 2020
Te Akau	November 2019	04 January 2020	May 2020	05 July 2020

A penalty of 10% on so much of any water by meter instalment that has been assessed after 01 July 2019 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	10 September 2019	11 March 2020
Taupiri	10 September 2019	11 March 2020
Horotiu	10 September 2019	11 March 2020
Huntly	08 October 2019	08 April 2020
North Waikato	12 November 2019	13 May 2020
Port Waikato	12 November 2019	13 May 2020
Onewhero	12 November 2019	13 May 2020
Tuakau	12 November 2019	13 May 2020
Pokeno	12 November 2019	13 May 2020
Southern Districts	10 December 2019	10 June 2020
Western Districts	10 December 2019	10 June 2020
Raglan	07 January 2020	08 July 2020
Te Akau	07 January 2020	08 July 2020

A penalty of 10% on so much of any rates or metered water rates assessed before 30 June 2019 which remain unpaid on 01 July 2019. The penalty date is 1 July 2019.

A further penalty of 10% on any rates or metered water rates to which a penalty has been added on 01 July 2019 if the rates remain unpaid. The penalty date is 01 January 2020

# Rating Base Information

Rates for the financial year commencing 1 July 2019 to 30 June 2020 (All figures are inclusive of GST)

Source	Category	Funding	Basis of Rating	Annual Plan 2019/20 (\$)	Estimated Revenue (\$'000)
General Rate		Work program as highlighted in the long term plan including 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 rate in the dollar of capital value	0.0021610	59,856
Uniform annual general charge (UAGC)	All rateable land in the district	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	370.23	10,954
Targeted community 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	42.00	130
	Ngaruawahia Community Facilities			25.00	67
	Raglan Community Facilities			25.00	53
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	16.00	3
Tamahere Recreation Reserve	Based on location of rating unit within the Tamahere Ward	Covers the cost of loan interest and additional operational costs for the above average level of service of the Tamahere Recreation Reserve	Fixed amount per separately used or inhabited part of a rating unit	38.00	79

Source	Category	Funding	Basis of Rating	Annual Plan 2019/20 (\$)	Estimated Revenue (\$'000)
Targeted hall or community centre rates (apply to all rating units within each hall catchment area)	Te Kohanga		Uniform rate in the dollar of land value	0.000026	3
	Aka Aka			35.00	7
	Eureka			35.00	9
	Glen Murray			50.00	6
	Gordonton			26.00	15
	Horsham Downs			35.00	15
	Karioitahi			28.74	1
	Mangatangi			30.00	5
	Mangatawhiri			58.50	13
	Maramarua			24.00	8
	Matangi			30.00	33
	Meremere			24.00	4
	Naikē			40.89	4
	Ohinewai			24.00	3
	Opuatia			32.00	3
	Orini			26.00	5
	Otaua			50.00	9
	Pokeno			23.00	29
	Port Waikato			125.00	55
	Pukekawa			40.00	16
	Puketaha			38.00	13
	Ruawaro			29.00	7
	Tamahere			70.00	106
	Taupiri			24.00	14
	Tauwhare			30.00	10
	Te Akau/Waingaro			32.00	7

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



Source	Category	Funding	Basis of Rating	Annual Plan 2019/20 (\$)	Estimated Revenue (\$'000)
	Te Hoe			30.00	4
	Te Kowhai			50.00	43
	Te Mata			24.00	6
	Tuakau			46.13	80
	Whangarata			46.00	4
	Waikaretu			50.00	2
	Whitikahu			53.00	9
Tuakau refuse and recycling collection	Rating units within serviced areas		Fixed amount per wheelle bin.	212.00	411
Glen Murray refuse and recycling collection	Rating units within serviced areas		Fixed amount per separately used or inhabited part of a rating unit	58.99	15
Raglan recycling collection	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	122.50	246
Te Mata/Te Uku recycling collection points	Residential rating units within serviced areas.	Covers the cost of refuse and recycling collection where the service is provided.	Fixed amount per separately used or inhabited part of a rating unit	44.36	33
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, Port Waikato 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	212.00	4,604

Source	Category	Funding	Basis of Rating	Annual Plan 2019/20 (\$)	Estimated Revenue (\$'000)
Water Supply - Non metered	Serviceable properties in the urban centres of Huntly, Ngaruawahia, Pokeno and Raglan.	District wide water activities as per the annual plan	Fixed amount per rating unit	239.89	221
	Metered rating units in serviced areas		Fixed amount per separately used or inhabited part of a rating unit	239.89	5,627
Water Supply - Metered	Residential - connected	District wide water activities as per the annual plan	Charge Per cubic metre of water consumed (as measured by meter).	1.97	6,839
			Fixed amount per separately used or inhabited part of a rating unit	1,041.71	11,574
Wastewater	Residential - available (not connected but within 30 metres of a public wastewater drain - to which it is capable of effectively being connected)	Wastewater activities	Fixed amount per rating unit	520.86	610
	Non residential/commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are non-profitable as determined by the Council) - connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	1,041.71	-
	Non residential/commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are non-profitable as determined by the Council) - connected		Additional fixed amount per pan for the third and any subsequent pans.	104.17	100

Source	Category	Funding	Basis of Rating	Annual Plan 2019/20 (\$)	Estimated Revenue (\$'000)
Wastewater	Non residential/commercial - Assistance for the elderly (Organisations supportive of the elderly as determined by the Council) - Connected	Wastewater activities	Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	1,041.71	-
	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.	208.34	13
	Non residential/commercial - Commercial - Connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	1,041.71	-
	Non residential/commercial - Commercial - Connected		Additional fixed amount per pan for the third and any subsequent pans.	520.86	229
Urban Stormwater	Rating units within the stormwater catchment areas for which the service is available (Horotiu, Huntly, Matangi, Meremere, Ngaruawahia, Pokeno, Port Waikato, Raglan, Taupiri, Te Kauwhata and Tuakau).	District wide stormwater activity as per the annual plan	Fixed amount per rating unit	170.63	2,040
Tamahere rural stormwater	Rating units within the Tamahere stormwater catchment area.	Tamahere rural stormwater activities	Fixed amount per rating unit	29.11	27
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	22.02	67
	Ngaruawahia ward			22.02	60
	Onewhero-Tuakau ward			22.02	93
	Raglan ward			22.02	54
Taupiri ward			22.02	5	
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.	1,760.70	51

Source	Category	Funding	Basis of Rating	Annual Plan 2019/20 (\$)	Estimated Revenue (\$'000)
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.	340.86	6
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.	5,409.42	5
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.	490.90	17
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.	1,809.40	16

# Financial Planning

## Waikato District Council: Prospective Funding Impact Statement – Whole of Council

A forecast for the year ending 30 June 2020

	Long Term Plan (actual) 2018/19 (\$000)	Long Term Plan (budgeted) 2019/20 (\$000)	Annual Plan (budgeted) 2019/20 (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	58,432	62,409	62,408
Targeted rates	25,868	29,326	28,811
Subsidies and grants for operating purposes	8,344	8,450	8,607
Fees and charges	10,526	9,681	10,859
Interest and dividends from investments	180	180	180
Local authorities fuel tax, fines, infringement fees, and other receipts	8,762	9,366	9,290
<b>Total operating funding</b>	<b>112,112</b>	<b>119,412</b>	<b>120,155</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	90,828	89,597	93,730
Finance costs	4,267	4,947	4,195
Other operating funding applications	2,362	2,429	2,422
<b>Total applications of operating funding</b>	<b>97,457</b>	<b>96,973</b>	<b>100,347</b>
<b>Surplus (deficit) of operating funding</b>	<b>14,655</b>	<b>22,439</b>	<b>19,808</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	11,410	11,461	11,461
Development and financial contributions	6,174	6,283	6,283
Increase (decrease) in debt	32,031	31,769	34,269
Gross proceeds from sale of assets	693	704	684
Lump sum contributions	-	-	-
Other dedicated capital funding	120	124	124
<b>Total sources of capital funding</b>	<b>50,428</b>	<b>50,341</b>	<b>52,821</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	25,410	20,690	20,690
- to improve the level of service	16,430	21,263	21,263
- to replace existing assets	30,519	30,255	30,255
Increase (decrease) in reserves	(7,670)	295	398
Increase (decrease) of investments	394	277	23
<b>Total applications of capital funding</b>	<b>65,083</b>	<b>72,780</b>	<b>72,629</b>
<b>Surplus (deficit) of capital funding</b>	<b>(14,655)</b>	<b>(22,439)</b>	<b>(19,808)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Waikato District Council: Prospective Statement of Comprehensive Revenue and Expense

A forecast for the year ending 30 June 2020

	Long Term Plan (actual) 2018/19 (\$000)	Long Term Plan (budgete) 2019/20 (\$000)	Annual Plan (budgeted) 2019/20 (\$000)
<b>Revenue</b>			
Rates	84,300	91,735	91,219
Development and financial contributions	6,174	6,283	6,283
Subsidies and grants	19,754	19,911	20,068
Finance revenue	130	130	130
Other revenue	26,925	57,350	58,451
<b>Total revenue</b>	<b>137,283</b>	<b>175,409</b>	<b>176,151</b>
<b>Expenses</b>			
Depreciation and amortisation expense	28,165	29,613	30,301
Personnel expenses	31,068	32,355	36,414
Finance costs	4,267	4,947	4,195
Other expenses	61,991	59,559	59,645
<b>Total operating expenses</b>	<b>125,491</b>	<b>126,474</b>	<b>130,555</b>
Surplus (deficit)	11,792	48,935	45,596
<b>Other comprehensive revenue and expense</b>			
Gain (loss) on property revaluations	30,680	46,961	45,488
Total other comprehensive revenue & expense	30,680	46,961	45,488
<b>Total comprehensive revenue and expense</b>	<b>42,472</b>	<b>95,896</b>	<b>91,084</b>

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

Total prospective revenue and expense wholly attributable to Waikato District Council	42,472	95,896	91,084
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	14,655	22,439	19,808
<b>Difference</b>	<b>27,817</b>	<b>73,457</b>	<b>71,276</b>
<b>The difference is due to:</b>			
Capital income	17,704	17,868	17,868
Vested assets	7,466	38,128	38,128
Revaluation of assets	30,680	46,961	45,488
Gain (loss) on sale of assets	132	113	93
Depreciation and amortisation	(28,165)	(29,613)	(30,301)
<b>Total explained difference</b>	<b>27,817</b>	<b>73,457</b>	<b>71,276</b>

### Note 2: Exchange and non-exchange revenue

#### Revenue from non-exchange transactions

Revenue from rates	77,972	84,895	84,380
Vested & found assets	7,466	38,128	38,128
Regulatory revenue	1,743	1,776	1,776
Infringements and fines	273	279	279
NZTA government subsidies	19,682	19,838	19,995
Petrol tax	480	490	490
Other subsidies and grants	73	142	203
Other fees and charges - Council	387	657	656
Other non-exchange revenue	260	324	324
<b>Total revenue from non-exchange transactions</b>	<b>108,336</b>	<b>146,529</b>	<b>146,231</b>

#### Revenue from exchange transactions

## Waikato District Council: Prospective Statement of Comprehensive Revenue and Expense

A forecast for the year ending 30 June 2020

	Long Term Plan (actual) 2018/19 (\$000)	Long Term Plan (budgete) 2019/20 (\$000)	Annual Plan (budgeted) 2019/20 (\$000)
Water billing charges	6,328	6,840	6,839
Development & financial contributions	6,174	6,283	6,283
Other fees and charges - Council	12,173	11,369	11,627
Finance income	130	130	130
Dividends	50	50	50
Subvention payment received	-	-	-
Other exchange revenue	4,092	4,208	4,991
<b>Total revenue from exchange transactions</b>	<b>28,947</b>	<b>28,880</b>	<b>29,920</b>
<b>Total revenue</b>	<b>137,283</b>	<b>175,409</b>	<b>176,151</b>

## Waikato District Council: Prospective Statement of Financial Position

A forecast for the year ending 30 June 2020

	Long Term Plan (actual) 2018/2019 (\$'000)	Long Term Plan (budgeted) 2019/20 (\$'000)	Annual Plan (budgeted) 2019/20 (\$'000)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	492	413	478
Recoverables from non-exchange transactions	4,338	4,505	5,347
Receivables from exchange transactions	4,624	4,802	5,551
Non-current assets held for sale	-	-	-
Biological assets - cattle	110	110	101
Other financial assets	61	50	59
Prepayments	822	811	785
<b>Total current assets</b>	<b>10,447</b>	<b>10,691</b>	<b>12,321</b>
<b>Non-current assets</b>			
Property, plant and equipment	1,864,200	1,989,463	2,002,846
Intangible assets	7,423	9,254	8,883
Investment property	490	490	545
Investments in CCO's and other similar organisations	13,016	13,016	13,486
Other financial assets	3,442	3,730	3,432
<b>Total non-current assets</b>	<b>1,888,571</b>	<b>2,015,953</b>	<b>2,029,192</b>
<b>Total assets</b>	<b>1,899,018</b>	<b>2,026,644</b>	<b>2,041,513</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables under exchange transactions	20,165	19,991	20,550
Taxes and transfers payable	950	942	1,175
Employee entitlements	2,724	2,857	3,569
Provisions	310	310	352
Borrowing	29,233	37,175	13,093
<b>Total current liabilities</b>	<b>53,382</b>	<b>61,275</b>	<b>38,739</b>
<b>Non-current liabilities</b>			
Provisions	1,801	1,801	1,768
Employee entitlements	181	191	183
Derivative financial instruments	4,963	4,963	7,258
Borrowing	87,698	111,525	118,807
<b>Total non-current liabilities</b>	<b>94,643</b>	<b>118,480</b>	<b>128,016</b>
<b>Total liabilities</b>	<b>148,025</b>	<b>179,755</b>	<b>166,755</b>
<b>Net assets/equity</b>	<b>1,750,993</b>	<b>1,846,889</b>	<b>1,874,758</b>
<b>NET ASSETS/EQUITY</b>			
Accumulated comprehensive revenue and expense	1,114,968	1,182,868	1,202,189
Other reserves	636,025	664,021	672,569
<b>Total net assets/equity</b>	<b>1,750,993</b>	<b>1,846,889</b>	<b>1,874,758</b>



## Waikato District Council: Prospective Statement of Changes in Net Assets/Equity

A forecast for the year ending 30 June 2020

	Long Term Plan (actual) 2018/19 (\$000)	Long Term Plan (budgeted) 2019/20 (\$000)	Annual Plan (budgeted) 2019/20 (\$000)
<b>Balance at beginning of year</b>			
Accumulated comprehensive revenue & expense	1,071,311	1,114,968	1,135,148
<b>Other reserves</b>			
Revaluation	650,957	681,637	697,069
Restricted	182	182	188
Council created	17,218	17,326	23,852
Special rates and user pays	(8,155)	(15,965)	(14,089)
Capital replacement funds	9,033	7,210	6,587
Development contributions	(42,231)	(64,571)	(75,756)
Fair value through other comprehensive revenue and expense	10,206	10,206	10,675
<b>Total net assets/equity at beginning of year</b>	<b>1,708,521</b>	<b>1,750,993</b>	<b>1,783,674</b>
<b>Comprehensive revenue and expense for the year</b>			
Accumulated surplus (deficit)	11,792	48,935	45,596
Other reserves			
Revaluation	30,680	46,961	45,488
Revaluation (landfill)	-	-	-
Fair value through other comprehensive revenue and expense	-	-	-
<b>Total comprehensive revenue and expense for the year</b>	<b>42,472</b>	<b>95,896</b>	<b>91,084</b>
<b>Transfers to (from) accumulated comprehensive revenue &amp; expense</b>			
Accumulated comprehensive revenue & expense	31,865	18,965	21,445
Other reserves			
Revaluation	-	-	-
Restricted	-	-	-
Council created	108	766	(2,444)
Special rates and user pays	(7,810)	(2,154)	(1,917)
Capital replacement fund	(1,823)	(165)	589
Development contributions	(22,340)	(17,412)	(17,673)
<b>Total transfers to (from) accumulated comprehensive revenue &amp; expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets/equity at end of year</b>			
Accumulated comprehensive revenue & expense	1,114,968	1,182,868	1,202,189
Other reserves			
Revaluation	681,637	728,598	742,557
Restricted	182	182	188
Council created	17,326	18,092	21,408
Special rates and user pays	(15,965)	(18,119)	(16,006)
Capital replacement funds	7,210	7,045	7,176
Development contributions	(64,571)	(81,983)	(93,429)
Fair value through other comprehensive revenue and expense	10,206	10,206	10,675
<b>Total net assets/equity at end of year</b>	<b>1,750,993</b>	<b>1,846,889</b>	<b>1,874,758</b>

## Waikato District Council: Statement of Reserve Funds

A forecast for the year ending 30 June 2020

Reserve	Purpose	Related activities	Forecast Balance 1 July 2019 (\$000)	Transfers into fund	Transfers out of fund (\$000)	Balance 30 June 2020 (\$000)
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	423	15	(71)	367
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	(80)	518	(504)	(66)
Housing for the elderly	Income from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(173)	270	(287)	(190)
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Organisational support	332	1,496	(1,564)	264
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	181	194	(192)	183
Raglan Kopua Holiday Park reserve	Revenue and expense for Kopua Camp at Raglan is kept separate. The camp operation is self funding.	Sustainable communities	1,438	1,574	(1,205)	1,807
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	252	160	(167)	245
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	16	-	-	16
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Organisational support	536	256	-	792
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	60	2	-	62
North Waikato development reserve	Remaining funds with interest credits from the Department of Corrections for use to assist the local community.	Sustainable communities	364	14	-	378

## Waikato District Council: Statement of Reserve Funds

A forecast for the year ending 30 June 2020

Reserve	Purpose	Related activities	Forecast Balance 1 July 2019 (\$000)	Transfers into fund	Transfers out of fund (\$000)	Balance 30 June 2020 (\$000)
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	17	1	(1)	17
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	168	4	(97)	75
Structure plan non-growth reserve	Reserve to provide funding for the non growth element of Structure Plan development.	Organisational support	923	34	(30)	927
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	398	265	(231)	432
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
Huntly Social Services	A restricted reserve created by the transfer of funds from the former Huntly Social Services Coordination Committee Inc. when it was wound up in 2015.	Sustainable communities	155	6	(7)	154
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	20,295	2	(3,490)	16,807
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Wastewater, Water supply	(14,089)	28,807	(30,724)	(16,006)

## Waikato District Council: Statement of Reserve Funds

A forecast for the year ending 30 June 2020

Reserve	Purpose	Related activities	Forecast Balance 1 July 2019 (\$000)	Transfers into fund	Transfers out of fund (\$000)	Balance 30 June 2020 (\$000)
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	6,588	29,325	(28,737)	7,176
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	697,070	45,487	-	742,557
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	(68,694)	38,413	(55,493)	(85,774)
<b>Total</b>			<b>648,526</b>	<b>146,844</b>	<b>(122,801)</b>	<b>672,569</b>

## Waikato District Council: Prospective Cash Flow Statement

A forecast for the year ending 30 June 2020

	Long Term Plan (actual) 2018/19 (\$000)	Long Term Plan (budgeted) 2019/20 (\$000)	Annual Plan (actual) 2019/20 (\$000)
<b><u>Cash flows from operating activities</u></b>			
<b>Receipts</b>			
Receipts from rates revenue	77,706	84,619	84,124
Subsidies received	20,145	20,326	20,471
Contributions received	6,982	6,274	6,274
Receipts from other revenue	25,321	25,582	26,560
Interest received	130	130	130
Dividends received	-	50	50
<b>Payments</b>			
Employee costs	(30,909)	(32,212)	(35,998)
Suppliers	(61,641)	(59,877)	(59,836)
Interest paid	(4,267)	(4,947)	(4,195)
Goods and services tax (net)	-	-	-
<b>Net cash flows from operating activities</b>	<b>33,467</b>	<b>39,945</b>	<b>37,580</b>
<b><u>Cash flows from investing activities</u></b>			
Purchase of property, plant and equipment	(70,163)	(69,272)	(69,272)
Proceeds from sale of property, plant and equipment	693	704	684
Community loans repayments received	-	-	-
Purchase of intangible assets	(2,931)	(2,948)	(2,948)
Community loans granted	-	-	-
Acquisition of investments	(554)	(357)	(397)
Proceeds from the sale of investments	160	80	80
<b>Net cash flows from investing activities</b>	<b>(72,795)</b>	<b>(71,793)</b>	<b>(71,853)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from borrowings	42,031	36,769	39,269
Repayment of borrowings	(10,000)	(5,000)	(5,000)
<b>Net cash flows from financing activities</b>	<b>32,031</b>	<b>31,769</b>	<b>34,269</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,297)</b>	<b>(79)</b>	<b>(4)</b>
Cash and cash equivalents at the beginning of the year	7,789	492	482
<b>Cash and cash equivalents at 30 June</b>	<b>492</b>	<b>413</b>	<b>478</b>

# Annual Plan Disclosure Statement

For the year ending 30 June 2020

## 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			
• total rates	\$193m	\$103m	Yes
• rates increases	15%	834%	Yes
Debt benchmark			
• limit on total debt	\$198m	\$103m	Yes
Balanced budget benchmark	100%	101%	Yes
Essential services benchmark	100%	253%	Yes
Debt servicing benchmark	15%	3%	Yes

## Notes

### 1 Rates affordability benchmark

(1) For this benchmark:

- Council's planned rates income for the year is compared with a quantified limit on total rates contained in the financial strategy included in Council's long-term plan; and
- Council's planned rates increases for the year are compared with a quantified limit on increases in total rates contained in the financial strategy included in Council's long-term plan.

(2) Council meets the rates affordability benchmark if:

- its planned rates income for the year equals or is less than the quantified limit on rates; and
- 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 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

(2) Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on total debt.

### 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 2020

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## 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 Council and its 100% owned subsidiaries 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 2020. They were authorised for issue by Council on 26 June 2019. 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.

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## 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 and comply with Tier 1 PBE accounting 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 LGA 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 2017/2018 financial year and the LTP financial performance and cash flows for the 2018/2019 financial year, as modified by known changes, have been used to arrive at the opening balances for the plan as at 1 July 2019.



## 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

In January 2017 the XRB issued new standards for interest in other entities (PBE-IPSAS 34 – 38). These new standards replace existing standards for interests in other entities (PBE-IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. Council plans to adopt the new standards in preparing the 30 June 2020 financial statements. This decision has no effect on the preparation of these prospective financial statements as Council's subsidiaries are not included (see the section below headed Basis of consolidation).

The accounting policies used in this annual plan and set out below are consistent with those those applied in prior financial statements.

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# 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 receivable and subsequent recognition of interest revenue.
- Revenue from water-by-meter rates 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 or provision 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.
- Fees 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. The carrying amount of cash and cash equivalents approximates their fair value.

## Recoverables and receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

## 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.

### 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 on 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 (NCFS) 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 NCFS 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.

NCFS (including those that are part of a disposal group) are not depreciated or amortised.

## 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 which can only be disposed of after following a rigorous legal and public consultation process.
- Infrastructural 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.

Land (operational and restricted) is measured at fair value; buildings (operational and restricted) and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost 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 cost of the item can be measured reliably.

Property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

## 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 disposal 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	15 – 100	1 – 6.7%
Vehicles / Moveable plant	4 – 20	5 - 25%
Library books	8	12.5%
Computers	4 – 7	14 - 25%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	4 – 100	1 - 25%
Wastewater	3 – 100	1 - 33.3%
Urban stormwater	5 – 100	1 - 20%
Roading pavement – sealed	2 – 100	1 - 50%
Pavement (basecourse)		
- sealed	65 – 105	0.95 - 1.5%
- unsealed metal	20	5%
Surface water channel	20 – 80	1.25% - 5%
Culverts	50 - 80	1.25 – 2%
Guardrails/Barriers	40 – 80	1.25% - 2.5%

Description	Useful Life (Years)	Depreciation Rate
Drainage	50 - 80	1.25 – 2%
Retaining walls	50 - 100	1 – 2%
Footpaths	15 – 80	1.25 - 6.67%
Street lighting	20	5%
Bridges	40 – 100	1 – 2.5%
Parks and reserves	1.5 - 125	0.8 - 66.7%
Solid waste		
- refuse transfer stations	10 - 80	1.25 – 10%
- landfills	5 – 90	1.11 – 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 and buildings (operational and restricted); parks and reserves (operational and restricted); and infrastructural assets (except land under roads) are revalued on a regular basis (at least every three years) to ensure that their carrying amounts do not differ materially from fair value. All other asset classes are stated at depreciated historical cost.

The carrying values of the revalued assets are assessed annually 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.

## Impairment of property, plant and equipment

Items of property, plant and equipment having a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

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

## Intangible assets

### Software acquisition and development

Acquired computer software licenses are capitalised as intangible assets valued on the basis of costs incurred to acquire the software and bring into use.

This asset class, which is amortised on a straight-line basis, has a finite useful life of three to seven years and the amortisation rates are between 14% and 33%.

## Consents

Consent costs for capital works are recognised at cost and amortised over the life of the consent - between 10 and 35 years. The amortisation charge for each period is recognised in surplus or deficit.

## Impairment of intangible assets

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

Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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. The total impairment loss is recognised in surplus or deficit. The reversal of an impairment loss is recognised in surplus or deficit.

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

## Cattle (Biological assets)

Cattle on Council's reserves are revalued annually at fair value less estimated costs 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 non-cancellable 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 initially measured 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.

## Payables, taxes and transfers

Short term 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'.

Provision has been made for future environmental obligations in respect of closed landfills and contract completion costs.

## Borrowing

Borrowing is initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, all interest-bearing loans borrowing is measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council 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 represent funds subject to specific conditions accepted as binding by Council; funds 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 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 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 recoverable.

### **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.

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## **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 2020. 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.

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## **Significant forecasting assumptions**

The significant forecasting assumptions and risks underlying the financial estimates are identified in Council's Long Term Plan 2018-2028 page 50-62.



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