SECTION 5:
Financial Statement and Policies

Revenue and Financing Policy

Introduction

Section 102(4) of the Local Government Act 2002 requires the Council to adopt a Revenue and Financing Policy, and clause 10 of Schedule 10 of that Act requires this adopted policy to be included in Council's Long-Term Plan.

The purpose of the revenue and financing policy is twofold.

- to state the Council's policies in respect of funding both operating expenses and capital expenditure from the sources available to it;
- to show how the Council has complied with the requirements (of section 101(3) of the Act) to give consideration to six specific issues in developing the policy.

Part A sets out the policy principles and considerations; Part B shows how these have been applied to Council's nine groups of activities.

Part A - Principles

1 Process

In developing its revenue and financing policy, Council is required to consider – in relation to each activity to be funded – the following five matters:

- The community outcomes to which the activity primarily contributes; and
- The distribution of benefits between the community as a whole, any id entifiable part of the community, and individuals;
- The period in or over which those benefits are expected to occur;
- The extent to which the actions (or inaction) of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

The Council is also required to consider the overall impact of any allocation of liability for revenue needs on the well-being of the community.

Council developed a series of worksheets to analyse these matters for each activity as part of the preparation for the 2018-28 Long-Term Plan. All of these were reviewed in detail in workshop. In most cases, these discussions retained the funding mechanisms and the rationale for them as adopted for the 2015-25 Long Term Plan. This is the foundation for the detail in Part B of the policy.

While the scope of Council's activities has changed very little over the past decade, there has been a shift away from targeting rates to particular communities in favour of a District-wide approach. This was implemented as part of the 2012-22 Long Term Plan. Council believes that taking a District-wide approach to rating across all activities is the fairest mechanism. "District-wide" means that an urban property valued at (say) $200,000 in Taihape, Marton or Bulls will pay the same rates for the same services. Such properties will pay different rates than a property in the rural area valued at $200,000, because the services provided are different. The different rates for water and wastewater between town and rural properties are an example of this. This, coupled with a stronger focus on groups of activities, meant Council decided – as far as practicable – to aggregate its approach to defining funding sources on a whole-of-group approach.[38] Council has continued this district-wide approach in reviewing this policy for the 2018-28 Long Term Plan.

2 Valuation System

Council uses a Capital Value system to apportion rates.

The General Rate (other than the Uniform Annual General Charge) and the Roading Rate are set using capital value as a base except for Defence land.

Capital value based rating is seen as the best mechanism for the following reasons:

- Capital values recognise the economic activity to which the rating unit is put. Setting rates on capital value ensures that those rating units using Council services pay their share:

[38] The only Community Services rate (a rate levied on a particular community) remaining funds the two Community Boards (in Taihape and Ratana).

  - Shops in the CBD, motels and multi-unit housing for instance, have a high capital value in relation to land value, but also use Council's infrastructure (especially roading) to a greater degree than a residential property that has the equivalent land value.
  - Capital improvements (such as building a new house or undertaking a conversion to dairying) typically lead to increased use of Council's infrastructure and services.
- In areas of growth, capital value increases generated by the growth can absorb much of the rate increase associated with the increased use of infrastructure caused by the growth. Land values are less likely to achieve this.
- Capital values are a known figure. Capital values are generated from sales of assets while land values (especially in urban areas) are calculated from small quantities of vacant land sales and are therefore less reliable.
- Capital values are less volatile than land sales. If Council used land value based rates, the incidence of rates changing due to valuation effects alone would have been far more significant than under capital value.

3 Sources of Funding

Council funds operating expenditure from the following sources:

- **General rates**
  Used when there is a general benefit for the District as a whole. The General Rate, based on capital value (except for Defence land which is based on land value[39]), is typically used when there is a high public benefit in the services provided, when Council considers the community as a whole should meet the costs of the service, and when Council is unable to achieve its user-charge targets and must fund expenditure. Examples are the District Plan and Economic development.. The general rate is not set on a differential basis.
- **Uniform Annual General Charge**
  Used where a benefit from a Council service is received equally.[40] Examples are the cost of undertaking the planning and reporting required by legislation and remuneration to Elected Members. The fixed Uniform Annual General Charge is a fixed amount per 'separately used or inhabited part' of a rating unit.
- **Targeted rates**
  Used to 'target' specific activities so that their cost is evident to the community. The ways of setting targeted rates are set out in section 16 of the Local Government (Rating) Act 2002. This includes setting the rate as a fixed charge on every rating unit or each separately used or inhabited part of every rating unit in the district (or specified part of the district) when Council believes that the benefit is received equally. This is the case for solid waste. Another approach is for targeted rates to be set based on capital value when Council believes that there is variable benefit. This is the case for roading.
- **Fees and charges**
  Used when Council considers that the high level of benefit received by specific individuals justifies seeking user charges (which cover all or part of the service provided), that such individuals (or groups) can be identified, and that it is economic to collect the charges. Examples are the provision of building and resource consents and disposal of waste at the waste transfer stations.[41] Council recognises that fees may deter what the community would perceive as desirable activities, such as registering dogs or registering food handling premises; however, the benefit from such activities is shared between the community as a whole and the person undertaking the registration.
- **Interest and dividends from investments**
  Applied to the benefit of the whole Council – proceeds are used to offset the general rate requirement, except where the interest is credited to a special fund or reserve fund.
- **Borrowing (both external and internal)**
  May be internal or external – the cost to be borne by the activity requiring the loan.

[39] Section 22(2), Local Government (Rating) Act 2002 requires this.

[40] Section 21 of the Local Government (Rating) Act 2002 limits the UAGC together with any other rate set as a uniform fixed amount per rating unit or separately used or inhabited part of every rating unit (other than water and wastewater rates) to a maximum of 30% of Council's total income from all rating mechanisms.

[41] In some instances, fees (and the amount) are prescribed by legislation. An example is manager's certificates issued under the Sale and Supply of Alcohol Act 20112.

- **Proceeds from asset sales**
  Used to fund renewals expenditure within the sold asset's activity. However, forestry asset sales are treated as investment proceeds (used to offset future forestry expenditure, and then the General Rates). However, proceeds from forestry on reserves must be applied to reserves (but not necessarily to future forestry on them).
- **Donations, grants and subsidies towards operating expenses**
  Received mainly from central government and typically related to specific activities. Examples are roading and community development projects. The John Beresford Dudding Trust typically makes an annual grant to the district libraries.
- **Other operating revenue**
  Recognises that Council may apply other sources of funds on a case-by-case basis, taking the most equitable course.

Council may choose not to fund in full operating expenditure in any particular year for a particular activity, if the deficit can be funded from actual operating surpluses in the immediately-preceding year or projected in subsequent years within that activity.

Council may also choose to fund from the above sources more than is necessary to meet the operating expenditure in any particular year, having regard for an actual operating deficit in the immediately-preceding year or projected in subsequent years or to repay debt. Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment.

Council has determined the proportion of operating expenditure to be funded from each of the sources listed above and the method of apportioning rates and other charges. This is contained in Part B.

Council funds its capital expenditure (procurement and/or building of assets and infrastructure) from the following sources:

- **Rates**
  Rates are not normally used to fund capital expenditure directly other than for roading. Rates are used to fund interest on loans taken for capital projects and also to create depreciation reserves to fund future renewals of existing assets or infrastructure. The rationale is that current ratepayers/users of the assets should pay for the replacement of the asset that they are using. This is the intergenerational equity concept. Future generations should not have the added burden of the cost of replacing an asset that they have not used. Future generations may not be able to afford the replacement in any case this means that in the case of roading, where the lifecycle of the assets in many cases is far shorter than other assets such as water supply schemes, the depreciation alone is insufficient to cover the current renewal costs.

  However, when NZTA funding is taken into account, the funding is normally sufficient. Where it is not, the Roading rate is used to fund these shortfalls.

  The depreciation calculation is used as a proxy to calculate the funding needed for depreciation reserves. Revaluing assets so that the calculation is as accurate as possible is done every three years (or less if appropriate) to minimise the costs associated with obtaining the revaluations.

  This mechanism also lessens the risk of large rate increases in the year subsequent of a valuation update.
- **Depreciation reserves**
  Depreciation reserves that have been funded in previous years from rates (or other funding) are used only to fund replacements and renewals of operational assets and infrastructural assets. They are also used to repay the capital on borrowing. This fits with the concept of intergenerational equity.

  In the situation where a depreciation reserve would go into deficit, then this should be recovered from rates or borrowing, as should capital renewals, until the depreciation reserve is no longer in deficit. Where depreciation reserves are sufficient, loans may be repaid earlier.

[42] **From 2013/14**
[43] **From 2013/14**

- **Roading reserves**
  The roading reserve is established to provide funding for emergency works as a result of bad weather or other natural disasters.
- **Community and leisure assets reserves**
  Previously, instead of funding the full calculated depreciation requirement on specific leisure facilities, depreciation was set at 100% for libraries[42], 50% for parks, halls and public toilets, and 0% for swimming pools, community housing and the rural water supply schemes. Additionally Council has agreed to a $75,000 per annum swimming pool reserve[43]. From 2018/19, Council will progressively increase depreciation for swimming pools, community housing and the rural water schemes to 95% (by 2028/29). The annual contribution to the swimming pool reserve will cease.
- **Subsidies and grants**
  Subsidies and grants are primarily received from the government for various central government initiatives, or to fund specific activities such as roading renewals and developments, water and/or wastewater developments.

  Roading subsidies for renewals only cover the subsidised portion of the current renewals. The government does not fund its portion of the roading renewal programme in advance through depreciation funding as the Council does. Council only funds its "local share" of the depreciation funding.

  The risk to Council is that the rate of subsidy may decrease or cease to exist when the asset is renewed. This is seen as a low risk for roading as the lifecycle of the assets is lower (20 years or less).

  As these subsidies and/or grants relate to specific activities, the subsidy or grant is treated as an income stream of the activity to which they relate even though the funds so derived are used to replace or create (primarily) infrastructural assets.

  As such funding streams are classified as income but the funds are used to fund capital, an operational surplus is automatically created in the surplus or deficit as the expenditure is recognised in the "balance sheet" surplus or deficit. This phenomenon is peculiar to central and local government and causes confusion to those who view such "surpluses" as "profit" and subsequently think that councils are over-rating them.
- **Loans**
  Loans are used to fund development. This fits within the concept of intergenerational equity whereby the future ratepayers or users who benefit from the new asset pay for the loan interest charges and loan repayments. Depreciation reserves are used to reduce the amount of the loan principal, but (as noted above) interest payments are normally funded by rates. However, when the life of the asset exceeds 30 years, Council may forego depreciation in favour of reducing the loan principal. Council's policy has been to renew borrowing at least every three years and repay the total sum borrowed within 30 years, but this may be modified by the terms available from the Local Government Funding Agency.

  In exceptional cases, Council may (by resolution) use a loan to fund operating expenses. The most likely reason for Council to decide on this would be to avoid a spike in rates from a one-off cost.

Part B of the policy shows how new capital expenditure will be funded (noting whether this will vary from the funding mechanism for operational expenditure). It notes where Council will undertake specific consultation before settling the method of funding. Council has confirmed the principle that non-replacement capital expenditure for infrastructure and/or community facilities may be funded from the properties connected to or communities that directly benefit via a capital contribution or a targeted rate on a case by case basis. Council does not currently envisage changes to these funding mechanisms during the term of this Long Term Plan.

Council recognises that revenue from fees and charges will change from year to year – because of the extent of public participation, the market place, and central government policy and programmes. Thus the funding split between public and private mechanism (where both are involved) may vary between years. Similarly, levels of government grants and subsidies may change, which would necessitate an altered funding split (e.g. rural fire or roading).

Part B: Application of Policy Principles and Considerations

ACTIVITY	FUNDING SPLIT PUBLIC: PRIVATE	PUBLIC MECHANISM	PRIVATE MECHANISM	RATIONALE FOR FUNDING MECHANISMS	VARIATION FOR NEW CAPITAL EXPENDITURE	VARIATION PROJECTED AFTER 2020/21
Community Leadership						
Council Strategic planning and reporting Iwi liaison Community Committees	100:0	General rate	Not applicable	There are benefits to the whole District of having effective strategy and governance	Not applicable	Not envisaged
Elections	100:0 to 95:5	Uniform Annual General Charge	When a contribution is made by the regional council and the district health board for including their candidates on the voting paper.	Benefit is equal to all individuals	Not applicable	Not envisaged
Community Boards	100:0	Targeted Community Services rate set as a fixed charge per rating unit	Not applicable	Benefits shared among all residents within the Board area	Not applicable	Not envisaged
Roading and Footpaths						
Roading (i.e. Pavements, Bridges, Traffic services, Stormwater drainage and Vegetation management)	50:50 to 40:60[44]	Targeted rate (District-wide) based on capital value, except Defence land where rate is based on land value.	Central government grants and subsidies, fuel taxes, fines, infringement fees	District-wide benefit, property-related, but the whole community benefits, in terms of accessibility to and supply of goods and services Government subsidy is a significant contribution. Roading is a significant activity warranting a separately disclosed rate	Not applicable	Not envisaged
Footpaths and street lighting	100:0 to 95:5	Targeted rate (District-wide) based on capital value except Defence land where rate is based on land value.	Fines and infringement fees	These activities contribute to safer and more attractive towns. The whole community benefits from this.		Not envisaged

[44] **Excluding extraordinary projects such as replacement of a major bridge.**

ACTIVITY	FUNDING SPLIT PUBLIC: PRIVATE	PUBLIC MECHANISM	PRIVATE MECHANISM	RATIONALE FOR FUNDING MECHANISMS	VARIATION FOR NEW CAPITAL EXPENDITURE	VARIATION PROJECTED AFTER 2020/21
Water Supply						
Potable water (town reticulation schemes)	20:80 to 25:75	Targeted rate: 20-25% from all separately used or inhabited parts of every rating unit in the district (whether connected or unconnected),	Targeted rate and user charges. 65-70% consumption charge on (i) each separately used or inhabited part of every residential rating unit which is connected and (ii) every non-residential rating unit which is connected, except Hunterville (metered supply) 5-15% of cost recovered from extraordinary users[45] and bulk supplies	The provision of potable water is an essential service to residents and businesses in urban areas. A balance is needed between the benefits to those connected to the scheme, to the wider community who use the facilities and businesses dependent on potable water and who have access to such supplies during shortages or emergencies and affordability.	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged
Non-potable water (rural supply schemes) Erewhon Omatane Hunterville	0:100 to 5:95	Internal charges (overheads) to be met through the General Rate	User charges by volume (set in consultation with each scheme and recovered as rates)		To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged
Non-potable water (rural supply schemes) Putorino	0:100 to 5:95	Internal charges (overheads) to be met through the General Rate	User charges by land value (set in consultation with each scheme and recovered as rates)			Not envisaged

[45] **Metered for full quantity of water taken, after the first 250 m3, charged on basis of rates set in Council's fees and charges or as separately agreed.**

ACTIVITY	FUNDING SPLIT PUBLIC: PRIVATE	PUBLIC MECHANISM	PRIVATE MECHANISM	RATIONALE FOR FUNDING MECHANISMS	VARIATION FOR NEW CAPITAL EXPENDITURE	VARIATION PROJECTED AFTER 2020/21
Sewerage and the Treatment and Disposal of Sewage						
Wastewater	20:80 to 25:75	Targeted rate: 20-25% from all separately used or inhabited parts of every rating unit in the district (whether connected or unconnected),	Targeted rate and user charges: 65-70% disposal charge on each separately used or inhabited part of every rating unit which is connected.[46] 5-15% of cost recovered from charges levied under the Trade Waste Bylaw and septage disposal (on basis of rate set in Council's Fees and Charges or as separately agreed)	The district as a whole has a vested interest in ensuring the safe disposal of wastewater to minimise the otherwise harmful effects to the environment of improper disposal. A balance is needed between this district-wide benefit, the benefits of convenience to those connected to the scheme and affordability.	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged
Stormwater Drainage						
Stormwater	20:80 to 30:70	Targeted rate: 25% from all separately used or inhabited parts of every rating unit in the district (whether urban or rural)	Targeted rate 75% from all separately used or inhabited parts of every rating unit in Marton, Bulls, Taihape, Mangaweka, Ratana, Hunterville (as identified on rating maps available to view on Council's website)	A balance is needed between the benefits to those properties connected to a stormwater scheme, the district-wide benefit through minimisation of damage to the roading network and affordability.	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged

[46] This is modified by Council's current policy on remission of rates on multiple toilet pans. This provides that where the Council has set a rate per number of water closet and urinals (toilet pans) within the rating unit or part of the rating unit the Council will remit the rate according to the following formula:
- **The first two pans will receive only one charge**
- **3-10 toilet pans: 50% of the value of the Fixed Annual Charge for each pan**
- **11+ toilet pans: 75% of the value of the Uniform Annual Charge for each pan.**

ACTIVITY	FUNDING SPLIT PUBLIC: PUBLIC: PRIVATE	PUBLIC MECHANISM	PRIVATE MECHANISM	RATIONALE FOR FUNDING MECHANISMS	VARIATION FOR NEW CAPITAL EXPENDITURE	VARIATION PROJECTED AFTER 2020/21
Community and Leisure Assets						
Libraries	100:0 to 90:10	Uniform Annual General Charge	User pays for value-added services for individuals or groups	District-wide benefit, related to individuals.	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged
Swimming pools Public toilets Cemeteries Parks Includes litter bins	100:0 to 90:10 100:0 80:20 to 70:30 100:0 to 90:0	20% General rate and 80% Uniform Annual General Charge on all separately used or inhabited part of every rating unit in the district	User pays for value-added services for individuals or groups	District-wide benefit, related mostly to individuals, but some wider benefits.	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged
Halls Housing Property	100:0 90:0 10:90 to 20:80 30:70 to 50:50	20% General rate and 80% Uniform Annual General Charge on all separately used or inhabited part of every rating unit in the district	User pays for long-term exclusive use of facilities	District-wide benefit in having these services, but some shared benefit.,	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged

ACTIVITY	FUNDING SPLIT PUBLIC: PRIVATE	PUBLIC MECHANISM	PRIVATE MECHANISM	RATIONALE FOR FUNDING MECHANISMS	VARIATION FOR NEW CAPITAL EXPENDITURE	VARIATION PROJECTED AFTER 2020/21
Rubbish and Recycling						
Waste management	30:70 to 40:60	Part of the Solid waste targeted rate set as fixed charge on every separately used or inhabited part of every rating unit in the district	User charges at waste transfer stations	Users of the facilities benefit – but so does every resident in the District as a whole in terms of health and tidiness of the environment	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged
Waste minimisation	0:100 to 20:80	Part of the Solid waste targeted rate set as fixed charge on every separately used or inhabited part of every rating unit in the district	Grant from waste levy and other government grants	The district as a whole benefits through extended life of landfill assets and increased recycling facilities for farmers (e.g. silage wrapping and fertiliser bags).	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged
Environmental and Regulatory services						
Animal control	45:55 to 65:35	General rate	User fees	Benefits from this activity shared equally amongst all.	Not applicable	Not envisaged
Building control Planning control Other regulatory functions (including registered and licensed premises control)	50:50 to 30:70 30:70 to 20:80 40:60 to 50:50	General rate	User charges, fines and infringement fees	There are benefits to the District at large in having a well-regulated environment, in which buildings are safe, changes to land use do not intrude unduly on the environment, etc. However, there is also an individual benefit for those people participating in such activities. The funding split recognises that there will be circumstances where the exacerbator cannot be traced to pay.	Not applicable	Not envisaged

ACTIVITY	FUNDING SPLIT PUBLIC: PRIVATE	PUBLIC MECHANISM	PRIVATE MECHANISM	RATIONALE FOR FUNDING MECHANISMS	VARIATION FOR NEW CAPITAL EXPENDITURE	VARIATION PROJECTED AFTER 2020/21
District Plan	100:0	General rate		Benefits potentially across the whole District primarily related to property.	Not applicable	Not envisaged
Community Well-being						
Information Centres Economic development Community partnerships	95:5 to 85:15	General rate	Government subsidies and User pays for specific services (e.g. travel commissions at information centres)	District-wide benefit, but not equally; impossibly complex to identify specific benefits to individuals, businesses or organisations as this will change.	Not applicable	Not envisaged
Emergency management	100:0 to 90:10	General rate	Government subsidy	The whole community benefits – work on preparedness and responding to actual emergency events occurs regardless of where the event has occurred or who needs assistance. While primarily focussed on safeguarding human life, attention is also paid to safeguarding property.	To be determined by Council on a case-by-case basis, following consultation with affected communities	Not envisaged

Prospective Statement of Comprehensive Revenue and Expenses

For the years ending 30 June 2019 to 2028

	Annual Plan 2017/2018	Budget 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Revenue		**4.23%**	**5.90%**	**5.31%**	**5.64%**	**4.63%**	**3.36%**	**3.94%**	**3.18%**	**3.07%**	**2.25%**
Rates	20,796	21,676	22,955	24,175	25,539	26,721	27,620	28,709	29,621	30,529	31,217
Subsidies and grants	10,558	9,341	11,303	7,653	8,077	8,270	8,468	8,591	8,814	9,051	9,315
Other Revenue	2,714	2,390	2,440	2,493	2,547	2,605	2,666	2,729	2,796	2,866	2,943
Finance revenue	240	220	225	230	235	240	246	252	258	265	272
Total operating revenue	**34,308**	**33,627**	**36,923**	**34,551**	**36,398**	**37,836**	**39,000**	**40,281**	**41,489**	**42,711**	**43,747**
Expenditure											
Depreciation and amortisation expense	10,488	10,677	10,842	11,457	11,554	11,680	12,270	12,314	12,397	13,019	13,044
Personnel costs	3,411	3,830	3,892	3,958	4,029	4,101	4,179	4,259	4,344	4,431	4,524
Finance costs	280	8	490	818	1,137	1,614	1,855	2,290	2,793	2,883	3,248
Other expenses	16,978	17,524	18,789	19,119	19,549	20,120	20,508	20,896	21,519	21,986	22,587
Total operating expenditure	**31,157**	**32,039**	**34,013**	**35,352**	**36,269**	**37,515**	**38,812**	**39,759**	**41,053**	**42,319**	**43,403**
Operating surplus (deficit) before tax	**3,151**	**1,588**	**2,910**	**(801)**	**129**	**321**	**188**	**522**	**436**	**392**	**344**
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-
Operating surplus (deficit) after tax	**3,151**	**1,588**	**2,910**	**(801)**	**129**	**321**	**188**	**522**	**436**	**392**	**344**
Other comprehensive revenue and expense											
Items that could be reclassified to surplus(deficit)											
Gain on revaluation of property, plant and equipment	-	-	26,356	-	-	27,457	-	-	34,647	-	-
Total other comprehensive revenue and expense	**-**	**-**	**26,356**	**-**	**-**	**27,457**	**-**	**-**	**34,647**	**-**	**-**
Total comprehensive revenue and expense	**3,151**	**1,588**	**29,266**	**(801)**	**129**	**27,778**	**188**	**522**	**35,083**	**392**	**344**
* Rates revenue includes water by volume of	1,456	1,266	1,298	1,328	1,360	1,393	1,427	1,464	1,503	1,543	1,586

Prospective Statement of Changes in Net Assets/Equity

For the years ending 30 June 2019 to 2028

	Annual Plan 2017/2018	Budget 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Equity balance at 1 July	490,108	500,341	501,929	531,195	530,394	530,524	558,301	558,489	559,011	594,095	594,486
Comprehensive income for year	3,151	1,588	29,266	(801)	129	27,778	188	522	35,083	392	344
Equity Balance 30 June	**493,259**	**501,929**	**531,195**	**530,394**	**530,523**	**558,302**	**558,489**	**559,011**	**594,094**	**594,487**	**594,830**
Components of Equity											
Retained Earnings at 1 July	439,662	449,029	445,916	448,826	448,025	448,154	448,474	448,662	449,184	449,621	450,012
Net Surplus/(Deficit)	3,151	1,588	2,910	(801)	129	321	188	522	436	392	344
Retained earnings 30 June	**442,859**	**445,915**	**448,826**	**448,025**	**448,154**	**448,475**	**448,662**	**449,184**	**449,620**	**450,013**	**450,356**
Asset Revaluation Reserves at 1 July	45,731	46,643	46,642	72,998	72,998	72,999	100,456	100,456	100,456	135,103	135,103
Revaluation Gains	-	-	26,356	-	-	27,457	-	-	34,647	-	-
Revaluation Reserves 30 June	**45,731**	**46,643**	**72,998**	**72,998**	**72,998**	**100,456**	**100,456**	**100,456**	**135,103**	**135,103**	**135,103**
Special Funded Reserves at 1 July	4,715	4,669	9,371	9,371	9,371	9,371	9,371	9,371	9,371	9,371	9,371
Transfers to / (from) reserves	(46)	4,702	-	-	-	-	-	-	-	-	-
Council created Reserves 30 June	**4,669**	**9,371**	**9,371**	**9,371**	**9,371**	**9,371**	**9,371**	**9,371**	**9,371**	**9,371**	**9,371**
Trust Funds at 1 July	-	-	-	-	-	-	-	-	-	-	-
Transfers to / (from) reserves	-	-	-	-	-	-	-	-	-	-	-
Council created Reserves 30 June	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity at 30 June	**493,259**	**501,929**	**531,195**	**530,394**	**530,523**	**558,302**	**558,489**	**559,011**	**594,094**	**594,487**	**594,830**

Prospective Statement of Financial Position

As at 30 June 2019 to 2028

	Annual Plan 2017/2018	Budget 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
ASSETS											
Current Assets											
Cash and cash equivalents	3,642	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503
Debtors and other receivables	3,720	3,068	3,135	3,204	3,275	3,350	3,427	3,509	3,597	3,691	3,790
Prepayments	115	65	65	65	65	65	65	65	65	65	65
Total Current Assets	**7,477**	**7,636**	**7,703**	**7,772**	**7,843**	**7,918**	**7,995**	**8,077**	**8,165**	**8,259**	**8,358**
Non-Current Assets											
Plant, property and equipment	503,906	510,306	546,620	552,093	561,424	591,939	598,847	605,102	641,729	643,189	643,389
Intangible assets	38	80	80	80	80	80	80	80	80	80	80
Forestry assets	304	194	92	92	92	92	92	92	92	92	92
Other financial assets											
Corporate bonds	2,553	-	-	-	-	-	-	-	-	-	-
Investment in CCOs and other similar entities	67	70	70	70	70	70	70	70	70	70	70
Total Non-Current Assets	**506,868**	**510,650**	**546,862**	**552,335**	**561,666**	**592,181**	**599,089**	**605,344**	**641,971**	**643,431**	**643,631**
TOTAL ASSETS	**514,345**	**518,286**	**554,565**	**560,107**	**569,509**	**600,099**	**607,084**	**613,421**	**650,136**	**651,690**	**651,989**
LIABILITIES											
Current Liabilities											
Creditors and other Payables	5,786	4,779	4,846	4,915	4,986	5,060	5,137	5,221	5,309	5,402	5,501
Employee entitlements	363	446	446	446	446	446	446	446	446	446	446
Income in advance	532	68	68	68	68	68	68	68	68	68	68
Borrowings	1,638	16	16	16	16	16	16	16	16	16	16
Other Financial Liabilities	-	379	379	379	379	379	379	379	379	379	379
Total Current Liabilities	**8,319**	**5,688**	**5,755**	**5,824**	**5,895**	**5,969**	**6,046**	**6,130**	**6,218**	**6,311**	**6,410**
Non-Current Liabilities											
Employee entitlements	13	13	13	13	13	13	13	13	13	13	13
Provisions	270	297	297	297	297	297	297	297	297	297	297
Borrowings	12,484	10,359	17,304	23,578	32,780	35,517	42,238	47,971	49,514	50,581	50,438
Total Non-Current Liabilities	**12,767**	**10,669**	**17,614**	**23,888**	**33,090**	**35,827**	**42,548**	**48,281**	**49,824**	**50,891**	**50,748**
TOTAL LIABILITIES	**21,086**	**16,357**	**23,369**	**29,712**	**38,985**	**41,796**	**48,594**	**54,411**	**56,042**	**57,202**	**57,158**
	493,259	501,929	531,196	530,395	530,524	558,303	558,490	559,010	594,094	594,488	594,831
EQUITY											
Retained Earnings	442,859	445,915	448,826	448,025	448,154	448,475	448,662	449,184	449,620	450,013	450,356
Asset Revaluation Reserves	45,731	46,643	72,998	72,998	72,998	100,456	100,456	100,456	135,103	135,103	135,103
Special Funded Reserves	4,669	9,371	9,371	9,371	9,371	9,371	9,371	9,371	9,371	9,371	9,371
Trust Funds	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	**493,259**	**501,929**	**531,195**	**530,394**	**530,523**	**558,302**	**558,489**	**559,011**	**594,094**	**594,487**	**594,830**

Prospective Statement of Cash Flows

For the years ending 30 June 2019 to 2028

	Annual Plan 2017/2018	Budget 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Cash flows from operating activities											
Receipts from rates revenue	20,796	21,676	22,887	24,106	25,468	26,646	27,543	28,627	29,533	30,435	31,117
Receipts from other revenue	13,162	11,730	13,743	10,146	10,624	10,875	11,133	11,320	11,610	11,918	12,258
Interest received	240	220	225	230	235	240	246	252	258	265	272
Payments to suppliers and employees	(20,322)	(21,352)	(22,612)	(23,008)	(23,508)	(24,145)	(24,609)	(25,073)	(25,775)	(26,325)	(27,011)
Interest paid	(280)	(8)	(490)	(818)	(1,137)	(1,614)	(1,855)	(2,290)	(2,793)	(2,883)	(3,248)
Net Cashflow from Operating Activity	**13,596**	**12,266**	**13,753**	**10,656**	**11,682**	**12,002**	**12,458**	**12,836**	**12,833**	**13,410**	**13,388**
Receipts from sale of property, plant and equipment	-	50	102	-	-	-	-	-	-	-	-
Receipts from sale of investments	1,065	714	689	233	90	266	216	233	90	311	169
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	-
Purchases of property, plant and equipment	(28,593)	(28,245)	(21,489)	(17,163)	(20,975)	(15,004)	(19,394)	(18,802)	(14,466)	(14,790)	(13,413)
	-	-	-	-	-	-	-	-	-	-	-
Net Cashflow from Investing Activity	**(27,528)**	**(27,481)**	**(20,698)**	**(16,930)**	**(20,885)**	**(14,738)**	**(19,178)**	**(18,569)**	**(14,376)**	**(14,479)**	**(13,244)**
Cash flow from financing activities											
Proceeds from borrowings	13,389	10,215	6,945	6,274	9,203	2,737	6,720	5,733	1,543	1,067	-
Repayment of borrowings	(1,155)	-	-	-	-	-	-	-	-	-	(143)
Net Cashflow from Financing Activity	**12,234**	**10,215**	**6,945**	**6,274**	**9,203**	**2,737**	**6,720**	**5,733**	**1,543**	**1,067**	**(143)**
Net Increase (Decrease) in Cash Held	(1,698)	(5,000)	-	-	-	1	-	-	-	(2)	1
Add Opening Cash bought forward	5,340	9,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503
Closing Cash Balance	**3,642**	**4,503**	**4,503**	**4,503**	**4,503**	**4,504**	**4,503**	**4,503**	**4,503**	**4,501**	**4,504**
Closing Balance made up of Cash and Cash Equivalents	3,642	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503	4,503

Notes – Reserves

Name of reserve and (activity)	Purpose	Balance 2018 ($000)	Deposits ($000)	With-drawals ($000)	Balance 2019 ($000)
Special and restricted reserves (* denotes restricted reserves)					
Name of reserve and (activity)	**Purpose**				
Aquatic (Swimming pools)	Replacement of swimming pools	300	75	0	375
Bulls courthouse* (Property)	Maintenance of courthouse building	52	2		54
Flood damage (Roading)	Road maintenance due to flooding	728	218		946
General purpose	Capital works	2,402	0		2,402
Haylock park* (Parks)	Additional reserve area at park	27	1		28
Hunterville rural water (Water)	Future loop line	190	10		200
Keep Taihape beautiful* (Property)	Enhancement of Taihape	20	0		20
Marton land subdivision* (Parks)	Improvements to recreational land	407	22		429
Marton marae* (Property)	Marton Marae project	4	0		4
McIntyre recreation* (Parks)	Maintenance or upgrades of park	19	1		20
Putorino rural water (Water)	Maintenance of scheme dam	20	1		21
Ratana sewer (Sewerage)	Capital works	24	1		25
Revoked reserve land (Parks)	“Offset costs of other revoked land and buildings”	238	0		238
Rural housing loan (Property)	No longer required	150	0		150
Rural land subdivision* (Parks)	Improvements to reserves land	181	11		192
Santoft domain* (Parks)	Maintenance or upgrades of park	87	5	0	92
Total special and restricted reserves		**4849**	**347**	**0**	**5196**

			Balance 2017 ($000)	Revaluations ($000)	Balance 2018 ($000)
Asset revaluation reserves					
Land			2,709	1,754	4,463
Buildings			5,469	3,202	8,671
Sewerage systems			6,640	1,448	8,088
Water supplies			9,476	7,189	16,665
Stormwater network			7,003	1,482	8,485
Roading network			0	0	0
			31,297	**15,075**	**46,372**
Fair value through equity			273	-4	269
Total asset revaluation reserves			**31,570**	**15,071**	**46,641**

Reconciliation of Funding Impact Statement to Comprehensive Revenue and Expenses

For the years ending 30 June 2019 to 2028

	Annual Plan 2017/2018	Budget 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Income											
Prospective Statement of Comprehensive Income	**34,308**	**33,627**	**36,923**	**34,551**	**36,398**	**37,836**	**39,000**	**40,281**	**41,489**	**42,711**	**43,747**
Summary Funding Impact Statement											
Total Operating Funding	27,378	27,864	29,276	30,636	32,144	33,480	34,539	35,798	36,889	37,988	38,879
Add Sources of Capital Funding											
Sources of capital funding	6,930	5,763	7,646	3,915	4,254	4,356	4,461	4,484	4,600	4,723	4,866
Total Revenue	**34,308**	**33,627**	**36,922**	**34,551**	**36,398**	**37,836**	**39,000**	**40,282**	**41,489**	**42,711**	**43,745**
Expenditure											
Prospective Statement of Comprehensive Income											
Operating Expenditure	**31,157**	**32,039**	**34,013**	**35,352**	**36,269**	**37,515**	**38,812**	**39,759**	**41,053**	**42,319**	**43,403**
Summary Funding Impact Statement											
Total applications of operating funding	20,670	21,366	23,168	23,895	24,713	25,835	26,545	27,446	28,652	29,301	30,360
Add Provision Aftercare	(1)	(4)	3	(1)	2	-	(3)	(1)	4	-	-
Add Depreciation and Amortisation Expense	10,488	10,677	10,842	11,457	11,554	11,680	12,270	12,314	12,397	13,019	13,044
Total Expenditure	**31,157**	**32,039**	**34,013**	**35,351**	**36,269**	**37,515**	**38,812**	**39,759**	**41,053**	**42,320**	**43,404**

Rangitikei District Council: Funding Impact Statement for years ending 30 June 2019 to 2028 – *Whole of Council*

	Annual Plan 2017/2018	Budget 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023	Forecast 2023/2024	Forecast 2024/2025	Forecast 2025/2026	Forecast 2026/2027	Forecast 2027/2028
Sources of Operating Funding		**1.78%**	**5.90%**	**5.32%**	**5.64%**	**4.63%**	**3.36%**	**3.94%**	**3.18%**	**3.07%**	**2.25%**
General rates, uniform annual general charge, rates penalties	6,495	7,006	6,549	6,987	7,633	8,789	8,815	8,726	9,196	9,418	9,393
Targeted rates	14,801	14,670	16,405	17,188	17,906	17,932	18,805	19,983	20,425	21,111	21,823
Subsidies and grants for operating purposes	3,628	3,579	3,657	3,738	3,823	3,914	4,008	4,108	4,214	4,327	4,448
Fees and charges	2,093	1,922	1,963	2,005	2,048	2,095	2,143	2,194	2,248	2,304	2,365
Interest and dividends from investments	240	220	225	230	235	240	246	252	258	265	272
Local authorities fuel tax, fines, infringement fees, and other receipts	121	467	477	488	499	510	522	535	548	563	578
Total Operating Funding (A)	**27,378**	**27,864**	**29,276**	**30,636**	**32,144**	**33,480**	**34,539**	**35,798**	**36,889**	**37,988**	**38,879**
Applications of Operating Funding											
Payments to staff and suppliers	20,414	21,352	22,678	23,077	23,578	24,222	24,686	25,154	25,864	26,419	27,112
Finance costs	280	8	490	818	1,137	1,614	1,855	2,290	2,793	2,883	3,248
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**20,694**	**21,360**	**23,168**	**23,895**	**24,715**	**25,836**	**26,541**	**27,444**	**28,657**	**29,302**	**30,360**
Surplus (deficit) of operating funding (A-B)	**6,684**	**6,504**	**6,108**	**6,741**	**7,429**	**7,644**	**7,998**	**8,354**	**8,232**	**8,686**	**8,519**
Sources of capital funding											
Subsidies and grants for capital expenditure	6,929	5,762	7,646	3,915	4,254	4,356	4,460	4,483	4,600	4,724	4,867
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	12,218	10,215	6,945	6,274	9,203	2,737	6,720	5,733	1,543	1,067	(143)
Gross proceeds from sale of assets	1,065	714	689	233	90	266	216	233	90	311	169
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**20,212**	**16,691**	**15,280**	**10,422**	**13,547**	**7,359**	**11,396**	**10,449**	**6,233**	**6,102**	**4,893**
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	3,842	2,948	4,046	8,772	-	1,445	2,843	-	-	-
- to improve the level of service	13,733	2,081	1,441	1,771	1,449	1,483	1,643	3,189	1,491	1,531	1,511
- to replace existing assets	14,861	22,322	17,100	11,346	10,754	13,521	16,306	12,771	12,974	13,258	11,902
Increase (decrease) in reserves	(1,698)	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	(5,050)	(102)	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**26,896**	**23,195**	**21,387**	**17,163**	**20,975**	**15,004**	**19,394**	**18,803**	**14,465**	**14,789**	**13,413**
Surplus (deficit) of capital funding (C-D)	**(6,684)**	**(6,504)**	**(6,107)**	**(6,741)**	**(7,428)**	**(7,645)**	**(7,998)**	**(8,354)**	**(8,232)**	**(8,687)**	**(8,520)**
Funding Balance ((A-B)+(C-D))	**-**	**-**	**1**	**-**	**1**	**(1)**	**-**	**-**	**-**	**(1)**	**(1)**

Rate Types
For the year ending 30 June 2019

SOURCE OF FUNDING	CATEGORIES OF LAND	CALCULATION BASE	RATE OR CHARGE (INC GST)	FUNDING REQUIRED (INC GST)
				NOTE: SUIP = separately used or inhabited part of a rating unit
General Rate (funds activities listed on next pages)	All rating units (excluding Defence lands)	Capital value	$0.000814	$3,442,221
	Defence land	Land value	$0.001242	$6,385
Uniform Annual General Charge (funds activities listed on next pages)	All rating units	Fixed amount per SUIP	$578.62	$4,378,447
Targeted Rates				
Community Services (funds Taihape and Ratana Community Boards)	All rating units in Taihape Community Board area	Fixed amount per rating unit	$36.12	$60,610
	All rating units in Ratana Community Board area	Fixed amount per rating unit	$188.58	$20,367
Solid Waste Disposal (funds Rubbish and Recycling)	All rating units	Fixed amount per SUIP	$93.83	$710,001
Roading (funds Roading and Footpaths)	All rating units (excluding Defence lands)	Capital value	$0.001767	$7,470,107
	Defence	Land value	$0.002696	$13,857
Wastewater public good (funds Sewerage)	All rating units	Fixed amount per SUIP	$85.08	$643,907
Wastewater connected (funds Sewerage)	Rating units connected to wastewater schemes within the District	Fixed amount per number of water closets and urinals in the rating unit	$431.04	$1,931,721
Water public good (funds Water)	All rating units	Fixed amount per SUIP	$125.74	$951,608
Water connected (funds Water)	Rating units connected to Marton, Bulls, Taihape, Mangaweka, Ratana schemes: Residential	Fixed amount per SUIP	$639.81	$2,479,896
Water connected (funds Water)	Rating units connected to Marton, Bulls, Taihape, Mangaweka, Ratana schemes: Non-Residential	Fixed amount per rating unit	$639.81	$374,929
Water by volume (funds Water)	Marton, Bulls, Taihape, Mangaweka, Ratana schemes	Fixed amount per cu metre in excess of 250m^3 per annum	$1.99	$401,951
	Bulls Riverlands	Fixed amount per cu metre in excess of 250m^3 per annum	$1.39	$210,793
Hunterville urban (funds water)	Connecting rating units	Fixed amount per cu metre	$3.58	$103,581
Hunterville rural (funds water)	Connecting rating units	Fixed amount per unit or part unit***	$316.25	$557,359

SOURCE OF FUNDING	CATEGORIES OF LAND	CALCULATION BASE	RATE OR CHARGE (INC GST)	FUNDING REQUIRED (INC GST)
Erewhon rural (funds water)	Connecting rating units	Fixed amount per unit or part unit***	$121.05	$231,047
Omatane rural (funds water)	Connecting rating units	Fixed amount per unit or part unit***	$70.08	$6,673
Putorino rural (funds water)	Connecting rating units	Land value	$0.000764	$7,165
Stormwater public good (funds Stormwater)	All rating units	Fixed amount per SUIP	$24.08	$182,189
Stormwater urban (funds Stormwater)	Marton, Bulls, Taihape, Mangaweka, Ratana, Hunterville (as identified on rating maps available on Council's website)	Fixed amount per rating unit	$131.93	$546,568
Total Rates Required ******Fixed amount per unit or part unit: A unit of water is equivalent to 365m³***	**(inclusive of GST)**			**24,731,380**

Reconciliation	Total Rates per Comprehensive Income	21,676,216
	Less Penalties	200,000
		21,476,216
	Plus GST	3,221,432
		24,697,648

Separately Used or Inhabited Part (SUIP)

A separately used or inhabited part of a rating unit includes any portion inhabited or used by [the owner/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 purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the ratepayer and usually used as such is to be treated as separately used. Any part of a rating unit that is used as a home occupation and complies with the permitted activity performance standards in the District Plan is not be treated as separately used. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

Residential Rating Units

Any rating unit primarily used for residential purposes and those parts of a rating unit that are used as residences. It includes all non-rateable properties that are liable for water, wastewater and refuse collection charges under section 9 of the Local Government (Rating) Act 2002 which, if rateable, would be primarily used for residential purposes or have parts of a rating unit that are used as residences.

Non-Residential Rating Units

Any rating unit that is not included in the residential category. It includes all non-rateable properties that are liable for water, wastewater and refuse collection charges under section 9 of the Local Government (Rating) Act 2002 which, if rateable, would not be included in the residential differential.

Lump Sum Rates

The Council does not accept lump sum contributions in respect of any targeted rate.

Unit of water in the rural water schemes

A unit of water is equivalent to 365m^3 annually.

Allocation of UAGC to Activities

For the year ending 30 June 2019

The table below shows how the UAGC is apportioned to activities (as determined by the Revenue and Financing Policy).

Community Leadership	**$2.39**
Community & Leisure Assets	
Cemeteries	$15.07
Community Housing	$13.51
Domains	$164.46
Forestry	$2.26
Halls	$29.78
Libraries	$132.31
Public Toilets	$18.42
Real Estate	$9.06
Swim Centres	$119.73
Environmental and Regulatory	**$51.78**
Public Refuse Collection - Litter	**$19.86**
Total	**$578.62**
Reconciliation – As per Rate Type	**$578.62**

Allocation of General Rate to Activities

For the year ending 30 June 2019

The table below shows how the general rate is apportioned to activities per $100,000 of capital value and after adjustments for Treasury proceeds.

Community Leadership	**$23.78**
Community Wellbeing	
Civil Defence	$5.53
Community Awards	$0.07
District Promotions	$13.91
Information Centres	$6.89
Rural Fire	$1.49
Community & Leisure Assets	
Cemeteries	$0.46
Community Housing	$0.41
Domains	$5.02
Forestry	$0.07
Halls	$0.91
Public Toilets	$0.56
Real Estate	$0.28
Swim Centres	$3.66
Environmental and Regulatory	
Building	$7.54
District Planning	$3.52
Health	$2.49
Resource Consent	$2.13
Roading & Footpath	**$2.70**
Total	**$81.40**
Reconciliation – As per Rate Type	**$81.40**

Examples of Impacts of Rating Proposals

All Rates GST Inclusive

					YEAR 1				YEAR 2			
		Old Capital Value	New Capital Value	Change Valuation	Rates 'Comparative AP	Rates 'Forecast	Dollar Change Total	% Change Total	Rates 'Comparative Year 1	Rates 'Forecast	Dollar Change Total	% Change Total
Koitiata												
Wainui St	Koitiata	205,000	230,000	25,000	1,552	1,501	(51)	(3.28%)	1,501	1,698	197	13.10%
Omana St	Koitiata	130,000	160,000	30,000	1,348	1,320	(28)	(2.05%)	1,320	1,530	209	15.86%
Wainui St	Koitiata	132,000	165,000	33,000	1,353	1,333	(20)	(1.49%)	1,333	1,542	208	15.64%
Omana St	Koitiata	100,000	125,000	25,000	1,266	1,230	(36)	(2.87%)	1,230	1,446	216	17.54%
Taihape Commercial												
Hautapu St New Super Market	Taihape	2,000,000	2,370,000	370,000	8,352	9,124	772	9.25%	9,124	9,208	83	0.91%
Hautapu St	Taihape	500,000	410,000	-90,000	3,891	3,635	(256)	(6.58%)	3,635	4,006	371	10.20%
Hautapu St	Taihape	220,000	175,000	-45,000	3,130	3,029	(101)	(3.23%)	3,029	3,442	413	13.65%
Hautapu St	Taihape	265,000	215,000	-50,000	2,870	2,701	(169)	(5.87%)	2,701	3,040	339	12.55%
Hautapu St	Taihape	180,000	146,000	-34,000	2,639	2,523	(116)	(4.38%)	2,523	2,874	351	13.93%
Tui St	Taihape	139,000	112,000									
Kuku St	Taihape	117,000	104,000	-13,000	2,467	2,415	(53)	(2.14%)	2,415	2,774	359	14.87%
Huia St	Taihape	360,000	325,000	-35,000	3,128	2,985	(143)	(4.57%)	2,985	3,304	319	10.69%
Taihape Non Commercial												
Pukeko St	Taihape	265,000	330,000	65,000	2,870	2,998	128	4.47%	2,998	3,316	318	10.61%
Pukeko St	Taihape	180,000	225,000	45,000	2,639	2,727	88	3.35%	2,727	3,064	337	12.36%
Huia St	Taihape	155,000	190,000	35,000	4,578	4,615	36	0.80%	4,615	5,231	616	13.35%
Paradise Tce	Taihape	103,000	128,000	25,000	2,429	2,477	47	1.95%	2,477	2,831	355	14.32%
Swan St	Taihape	112,000	139,000	27,000	2,454	2,505	51	2.09%	2,505	2,858	353	14.08%
Titi St	Taihape	265,000	350,000	85,000	2,870	3,049	180	6.27%	3,049	3,364	314	10.31%
Kaka Rd	Taihape	39,000	48,000	9,000	2,255	2,270	15	0.66%	2,270	2,639	369	16.26%
Linnet	Taihape	40,000	50,000	10,000	2,258	2,275	17	0.77%	2,275	2,644	369	16.21%
Hunterville Commercial												
Milne Street	Hunterville	390,000	455,000	65,000	5,303	5,321	19	0.35%	5,321	5,984	662	12.45%
Bruce Street	Hunterville	335,000	265,000	-70,000	3,547	3,447	(100)	(2.81%)	3,447	3,919	472	13.69%
Bruce Street	Hunterville	245,000	285,000	40,000	2,154	2,206	52	2.41%	2,206	2,472	267	12.08%
Bruce Street	Hunterville	51,000	59,000	8,000	1,626	1,623	(4)	(0.24%)	1,623	1,930	307	18.95%
High Street	Hunterville	40,000	75,000									

					YEAR 1				YEAR 2			
		Old Capital Value	New Capital Value	Change Valuation	Rates 'Comparative AP	Rates 'Forecast	Dollar Change Total	% Change Total	Rates 'Comparative Year 1	Rates 'Forecast	Dollar Change Total	% Change Total
Hunterville Non- Commercial												
Feltham Street	Hunterville	270,000	370,000	100,000	2,222	2,425	203	9.15%	2,425	2,676	251	10.35%
Feltham Street	Hunterville	190,000	23,000									
Milne Street	Hunterville	114,000	137,000	23,000	1,798	1,824	26	1.46%	1,824	2,117	293	16.08%
Main Road	Hunterville	115,000	127,000	12,000	1,307	1,235	(72)	(5.51%)	1,235	1,450	215	17.43%
Milne Street	Hunterville	87,000	104,000	17,000	1,724	1,739	14	0.84%	1,739	2,038	299	17.21%
Kotukutuku St	Hunterville	58,000	70,000	12,000	1,152	1,088	(64)	(5.57%)	1,088	1,314	226	20.74%
Marton Commercial												
High St	Marton	225,000	180,000	-45,000	4,987	5,154	167	3.35%	5,154	5,860	706	13.70%
Broadway	Marton	280,000	200,000	-80,000	4,714	4,552	(162)	(3.44%)	4,552	5,112	560	12.30%
Broadway	Marton	175,000	121,000	-54,000	2,594	2,422	(172)	(6.61%)	2,422	2,778	355	14.66%
Wellington Rd	Marton	160,000	155,000	-5,000	2,553	2,510	(43)	(1.69%)	2,510	2,859	349	13.91%
Broadway	Marton	160,000	126,000	-34,000	3,375	3,291	(84)	(2.50%)	3,291	3,738	447	13.58%
Broadway	Marton	100,000	61,000	-39,000	2,581	2,483	(98)	(3.81%)	2,483	2,883	400	16.10%
Marton Industrial												
Russell St	Marton	680,000	810,000	130,000	4,350	4,631	282	6.48%	4,631	4,929	298	6.43%
Station Rd	Marton	1,200,000	1,450,000	250,000	7,007	7,792	784	11.19%	7,792	8,209	417	5.35%
Wellington Rd	Marton	420,000	455,000	35,000	3,260	3,284	24	0.75%	3,284	3,579	295	8.97%
Marton Non- Commercial												
Mcilwaine Pl	Marton	385,000	410,000	25,000	3,165	3,168	3	0.11%	3,168	3,471	303	9.56%
Mcilwaine Pl	Marton	445,000	455,000	10,000	3,328	3,284	(44)	(1.31%)	3,284	3,579	295	8.97%
Armagh Terrace	Marton	260,000	320,000	60,000	2,825	2,936	111	3.93%	2,936	3,255	319	10.87%
Calico Line	Marton	205,000	270,000	65,000	2,676	2,807	131	4.91%	2,807	3,135	328	11.69%
Grey St	Marton	175,000	235,000	60,000	2,594	2,717	123	4.73%	2,717	3,051	335	12.32%
Pukepapa Rd	Marton	123,000	175,000	52,000	2,070	2,131	61	2.94%	2,131	2,409	278	13.06%
Maunder St	Marton	133,000	235,000	102,000	2,480	2,717	237	9.55%	2,717	3,051	335	12.32%
Wellington Rd	Marton	123,000	175,000	52,000	2,453	2,562	109	4.45%	2,562	2,907	345	13.48%
Ross St	Marton	124,000	175,000	51,000	2,455	2,562	106	4.33%	2,562	2,907	345	13.48%
Oxford St	Marton	80,000	119,000	39,000	2,336	2,417	82	3.49%	2,417	2,773	356	14.71%
Barton St	Marton	80,000	119,000	39,000	2,336	2,417	82	3.49%	2,417	2,773	356	14.71%
Alexander St	Marton	65,000	100,000	35,000	2,295	2,368	73	3.19%	2,368	2,727	359	15.16%
Fergusson Street	Marton	52,000	86,000	34,000	2,260	2,332	72	3.21%	2,332	2,694	362	15.50%

		Old Capital Value	New Capital Value	Change Valuation	YEAR 1 Rates 'Comparative AP	YEAR 1 Rates 'Forecast	YEAR 1 Dollar Change Total	YEAR 1 % Change Total	YEAR 2 Rates 'Comparative Year 1	YEAR 2 Rates 'Forecast	YEAR 2 Dollar Change Total	YEAR 2 % Change Total
Bulls Commercial												
Bridge St	Bulls	1,000,000	1,100,000	100,000	5,028	5,164	136	2.71%	5,164	5,376	212	4.10%
High Street	Bulls	430,000	450,000	20,000	3,287	3,271	(16)	(0.48%)	3,271	3,567	296	9.04%
Bridge St	Bulls	280,000	280,000	0	4,504	4,380	(124)	(2.76%)	4,380	4,911	532	12.14%
Bridge St	Bulls	210,000	230,000	20,000	2,689	2,704	15	0.54%	2,704	3,039	335	12.41%
Bridge St	Bulls	155,000	180,000	25,000	2,540	2,575	35	1.38%	2,575	2,919	345	13.38%
Bulls Non- Commercial												
High Street	Bulls	590,000	875,000	285,000								
Gorton	Bulls	240,000	300,000	60,000	2,771	2,884	114	4.10%	2,884	3,207	323	11.19%
Mansell Cres	Bulls	200,000	250,000	50,000	2,662	2,755	93	3.51%	2,755	3,087	332	12.04%
Meads Pl	Bulls	147,000	180,000	33,000	2,518	2,575	57	2.26%	2,575	2,919	345	13.38%
Flower St	Bulls	143,000	175,000	32,000	2,507	2,562	55	2.18%	2,562	2,907	345	13.48%
Bridge St	Bulls	143,000	200,000	57,000	2,507	2,626	119	4.76%	2,626	2,967	341	12.98%
Watson St	Bulls	117,000	147,000	30,000	2,436	2,489	53	2.18%	2,489	2,840	351	14.08%
Hammond ST	Bulls	76,000	95,000	19,000	2,325	2,355	30	1.31%	2,355	2,715	360	15.28%
Turakina												
Simpson St	Turakina	131,000	144,000	13,000	1,351	1,279	(72)	(5.30%)	1,279	1,399	120	9.39%
Franklin St	Turakina	195,000	215,000	20,000	1,525	1,462	(62)	(4.09%)	1,462	1,569	107	7.33%
Ratana												
Taitokorau St	Ratana	136,000	165,000	29,000	2,646	2,725	79	2.98%	2,725	3,076	351	12.89%
Ratana Rd	Ratana	72,000	86,000	14,000	2,472	2,521	49	1.98%	2,521	2,886	365	14.50%
Waipounamu St	Ratana	63,000	76,000	13,000	2,447	2,495	48	1.94%	2,495	2,862	367	14.72%
Kiateri St	Ratana	52,000	62,000	10,000	2,417	2,459	41	1.71%	2,459	2,828	370	15.04%

					YEAR 1				YEAR 2			
		Old Capital Value	New Capital Value	Change Valuation	Rates 'Comparative AP	Rates 'Forecast	Dollar Change Total	% Change Total	Rates 'Comparative Year 1	Rates 'Forecast	Dollar Change Total	% Change Total
Rural North												
Farm Properties	Erewhon	20,800,000	20,800,000	0	62,542	59,157	(3,386)	(5.41%)	59,157	56,269	(2,887)	(4.88%)
Farm Properties	Erewhon	9,600,000	11,400,000	1,800,000	30,106	33,084	2,978	9.89%	33,084	31,606	(1,478)	(4.47%)
Farm Properties	Erewhon	9,650,000	11,500,000	1,850,000	28,253	31,528	3,274	11.59%	31,528	29,739	(1,789)	(5.67%)
Farm Properties	Erewhon	5,291,000	6,269,000	978,000	16,403	18,029	1,625	9.91%	18,029	17,187	(842)	(4.67%)
Farm Properties	Erewhon	5,020,000	5,927,000	907,000	14,672	16,239	1,566	10.68%	16,239	15,313	(926)	(5.70%)
Farm Properties	Ruanui	3,050,000	3,570,000	520,000	10,311	11,064	752	7.29%	11,064	10,710	(353)	(3.19%)
Farm Properties	Awarua	1,800,000	2,125,000	325,000	6,913	7,335	421	6.09%	7,335	7,243	(92)	(1.25%)
Farm Properties	Te Kapua	1,220,000	1,435,000	215,000	4,342	4,647	305	7.01%	4,647	4,534	(113)	(2.43%)
Farm Properties	Erewhon	690,000	5,650,000									
Rural Properties	Kiwitea	500,000	590,000	90,000	2,385	2,466	81	3.41%	2,466	2,506	40	1.63%
Rural Properties	Awarua	400,000	460,000	60,000	2,113	2,131	18	0.84%	2,131	2,194	64	2.99%
Rural Properties	Ruanui	265,000	265,000	0	1,746	1,627	(119)	(6.79%)	1,627	1,726	99	6.08%
Onslow Rd	Ohingaiti	235,000	260,000	25,000	1,664	1,614	(50)	(3.00%)	1,614	1,714	100	6.18%
Rural Properties	Awarua	215,000	235,000	20,000	1,610	1,550	(60)	(3.73%)	1,550	1,654	104	6.73%
Onslow Rd	Ohingaiti	62,000	68,000	6,000	1,194	1,119	(75)	(6.29%)	1,119	1,254	135	12.03%
SH3	Turakina	165,000	180,000	15,000	1,443	1,372	(71)	(4.93%)	1,372	1,485	114	8.28%
Mangaweka												
Kawakawa	Mangaweka	106,000	127,000	21,000	2,437	2,474	37	1.50%	2,474	2,829	355	14.34%
Mangawara.	Mangaweka	82,000	98,000	16,000	2,372	2,399	27	1.14%	2,399	2,759	360	15.01%
Main Rd	Mangaweka	57,000	68,000	11,000	2,304	2,322	18	0.76%	2,322	2,687	366	15.74%
Main Rd	Mangaweka	45,000	54,000	9,000	2,272	2,286	14	0.62%	2,286	2,654	368	16.10%

					YEAR 1				YEAR 2			
		Old Capital Value	New Capital Value	Change Valuation	Rates 'Comparative AP	Rates 'Forecast	Dollar Change Total	% Change Total	Rates 'Comparative Year 1	Rates 'Forecast	Dollar Change Total	% Change Total
Rural South												
Farm Properties	Rangitoto	15,850,000	19,500,000	3,650,000	49,055	55,766	6,711	13.68%	55,766	53,113	(2,653)	(4.76%)
Farm Properties	Rangatira	13,350,000	14,460,000	1,110,000	41,264	41,852	588	1.43%	41,852	39,965	(1,887)	(4.51%)
Farm Properties	Rangitoto	3,580,000	4,270,000	690,000	10,727	11,926	1,200	11.19%	11,926	11,300	(627)	(5.26%)
Farm Properties	Rangatira	3,800,000	11,410,000									
Farm Properties	Porewa	5,730,000	6,750,000	1,020,000	18,560	20,141	1,581	8.52%	20,141	19,358	(783)	(3.89%)
Farm Properties	Whangaehu	3,070,000	3,610,000	540,000	10,335	11,131	796	7.70%	11,131	10,769	(361)	(3.24%)
Farm Properties	Porewa	4,060,000	4,820,000	760,000	14,020	15,161	1,140	8.13%	15,161	14,726	(434)	(2.86%)
Farm Properties	Pukepapa	1,770,000	2,090,000	320,000	5,806	6,301	495	8.52%	6,301	6,069	(232)	(3.68%)
Farm Properties	Pukepapa	1,125,000	1,310,000	185,000	4,794	5,060	266	5.55%	5,060	5,040	(19)	(0.38%)
Farm Properties	Porewa	1,250,000	1,470,000	220,000	4,393	4,701	308	7.02%	4,701	4,581	(120)	(2.55%)
Farm Properties	Whangaehu	740,000	4,900,000									
Farm Properties	Pukepapa	760,000	895,000	135,000	3,061	3,217	156	5.11%	3,217	3,201	(16)	(0.49%)
Rural Properties	Porewa	600,000	660,000	60,000	2,626	2,611	(15)	(0.57%)	2,611	2,637	27	1.02%
Rural Properties	Pukepapa	375,000	415,000	40,000	2,644	2,618	(26)	(0.99%)	2,618	2,748	130	4.97%
Residential	Scotts Ferry	305,000	320,000	15,000	1,824	1,733	(90)	(4.96%)	1,733	1,914	180	10.41%
Residential	Scotts Ferry	155,000	165,000	10,000	1,416	1,333	(83)	(5.84%)	1,333	1,542	208	15.64%
Residential	Scotts Ferry	140,000	145,000	5,000	1,375	1,282	(93)	(6.80%)	1,282	1,494	212	16.55%
Residential	Scotts Ferry	130,000	135,000	5,000	1,348	1,256	(92)	(6.83%)	1,256	1,470	214	17.03%
Residential	Otakapu	131,000	144,000	13,000	1,351	1,279	(72)	(5.30%)	1,279	1,399	120	9.39%
Residential	Rangitoto	300,000	300,000	0	1,810	1,682	(128)	(7.10%)	1,682	1,773	92	5.46%
Residential	Rangitoto	55,000	61,000	6,000	1,144	1,065	(79)	(6.92%)	1,065	1,200	135	12.69%
Rural Dairy/Pastoral												
Rural Properties	Otairi	1,600,000	1,477,000									
Rural Properties	Whangaehu	1,230,000	1,554,000	324,000	3,344	4,010	666	19.93%	4,010	3,729	(281)	(7.01%)
Rural Properties	Rangatira	3,890,000	7,200,000	3,310,000	12,564	20,395	7,831	62.33%	20,395	19,384	(1,011)	(4.96%)
Rural Properties	Rangatira	9,000	10,500	1,500	24	27	3	10.75%	27	25	(2)	(7.01%)
Rural Properties	Rangatira	2,500,000										
Rural Properties	Porewa	4,110,000	4,830,000	720,000	13,162	14,279	1,117	8.49%	14,279	13,697	(582)	(4.08%)
Rural South Industrial					-				-			
	Porewa	4,840,000	4,870,000	30,000	14,782	14,115	(668)	(4.52%)	14,115	13,438	(676)	(4.79%)
	Greatford	10,350,000	11,100,000	750,000	29,131	29,552	421	1.45%	29,552	27,689	(1,863)	(6.30%)
	Rangitoto	2,600,000	2,620,000	20,000	8,063	7,669	(394)	(4.89%)	7,669	7,340	(328)	(4.28%)

	Old Capital Value	New Capital Value	Change Valuation	YEAR 1				YEAR 2			
				Rates 'Comparative AP	Rates 'Forecast	Dollar Change Total	% Change Total	Rates 'Comparative Year 1	Rates 'Forecast	Dollar Change Total	% Change Total
Utilities											
Telecommunications	12,490,000	11,050,000	-1,440,000	34,948	29,423	(5,526)	(15.81%)	29,423	27,569	(1,854)	(6.30%)
Telecommunications	420,000	380,000	-40,000	2,136	1,888	(248)	(11.62%)	1,888	1,965	77	4.10%
Electrical Supply	8,250,000	7,290,000	-960,000	23,422	19,720	(3,702)	(15.81%)	19,720	18,546	(1,173)	(5.95%)
Electrical Supply	45,510,000	37,200,000	-8,310,000	124,713	96,905	(27,808)	(22.30%)	96,905	90,318	(6,588)	(6.80%)
Gas Distribution	2,751,000	2,620,000	-131,000	8,473	7,669	(805)	(9.50%)	7,669	7,340	(328)	(4.28%)
Gas Transmission	8,190,000	7,320,000	-870,000	23,259	19,797	(3,462)	(14.88%)	19,797	18,618	(1,179)	(5.95%)
Postal Distribution	28,000	25,000	-3,000	1,071	972	(99)	(9.22%)	972	1,113	142	14.57%
Council Wastewater											
Council Wastewater	18,860,000	20,040,000	1,180,000	52,265	52,622	357	0.68%	52,622	49,141	(3,481)	(6.62%)
Council Stormwater	15,510,000	17,320,000	1,810,000	43,158	45,603	2,445	5.67%	45,603	42,614	(2,989)	(6.55%)

Rangitikei River, photo supplied by Richard Aslett.

Summary of Significant Accounting Policies

Reporting Entity

The Rangitikei District Council (the Council) is a territorial authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity for financial reporting purposes.

The prospective financial statements of the Council are for the years ending 30 June 2019 to 30 June 2028. Actual financial results for the period covered are likely to vary from the information presented in this long-term plan and may be material.

Basis of Preparation

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The prospective financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP); they comply

These prospective financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) accounting standards.

These prospective financial statements comply with PBE FRS 42 .

Presentation currency and rounding

The financial report is presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Comparative information

The 2017/18 Annual Plan (adopted by Council on 25 May 2017) has been provided as a comparator for these consolidated financial statements. The closing balance in this comparative differs from the opening position used to prepare these consolidated prospective financial statements which are based on the most up-to-date forecast information.

Standards issued and not yet effective and not early adopted

The following amended or new standards have been issued but are not yet effective:

- PBE IFRS 9 Financial instruments. This is effective for periods beginning or after 1 January 2021. It addresses the classification, measurement and recognition of financial assets and liabilities and relaxes hedge accounting requirements. Council is yet to assess the impact of this standard but the impact is unlikely to be material.
- PBE IPSAS 34 (Separate Financial Statements), PBE IPSAS 35 (Consolidated Financial Statements), PBE IPSAS 36 (Investment in Associates and other ventures), PBE IPSAS 37 (Joint Arrangements) and PBE IPSAS 38 (Disclosure if Interests in Other Entities) are effective for periods beginning on or after 1 January 2019. This will take effect from the financial year beginning 1 July 2019. This currently relates only to MW LASS Ltd. The Council has yet to assess the impact of these new standards, although their impact s unlikely to be material.
- PBE FRS 48 – Service Performance Reporting. This takes effect from the financial year 1 July 2021 so will be built into the performance framework for the 2021-2031 Long Term Plan. Before that time there will be sector guidance from the Society of Local Government Managers, particularly yin terms of explaining the choice of (non-mandatory) measures and the approach to take in measuring progress with community outcomes.
- All other standards, interpretation and amendments approved but not yet effective in the current year are either not applicable to the Council or are not expected to have a material impact on the Council's financial statements and, therefore, have not been disclosed.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific accounting policies for significant revenue items are explained below:

Revenue from non-exchange transactions

General and targeted rates

General and targeted rates are set annually and invoiced within the year. The Council recognises revenue from rates when the Council has set the rates and provided the rates assessment. The Council considers the payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substances to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income unless there is a use or return condition attached to the asset.

Direct charges – subsidised

Rendering of services – subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as building consents, dog licensing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council issues the invoice or bill for the service. Revenue is recognised as the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council) if the service is not completed.

Sale of goods – subsidised

A sale of goods at a price that is not approximately equal to the value of the goods provided by the Council is considered a non-exchange transaction. This includes sales of goods where the price does not allow the Council to fully recover the cost of producing the goods (such as the supply of bulk water), and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

Revenue from exchange transactions

Direct charges – full cost recovery

Sale of goods – full cost recovery

Revenue from the sale of goods (such as recyclable materials) is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Usually this is on delivery of the goods, and when the amount of revenue can be measured reliably. It is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

Interest and dividends

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the costs of the investment.

Expenses

Expenses are measured at the fair value of the consideration paid or payable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific accounting policies for significant expense items are explained below

Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Council incurs in connection with the borrowing of funds. The Council has chosen not to capitalise borrowing costs directly attributable to the acquisition, construction, or production of assets.

Grants

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Income tax

Income tax expense includes current and deferred tax.

Current tax is the income tax payable on the taxable surplus for the year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates (and tax laws) that have been enacted or substantively enacted by balance date.

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

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

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

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

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

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of the asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment. 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 the surplus or deficit.

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

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

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

The classification of a financial asset depends on the purpose for which the instrument was acquired.

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 or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit taking.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified 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 the surplus or deficit.

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 maturities greater than 12 months after the 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 and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for 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 and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

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, or realise, the investment within 12 months of balance date. Council includes in this category:

- 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 the surplus or deficit.

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

Loans and other receivables, and held-to-maturity investments

Impairment is established when there is objective evidence that the Council 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 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 the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, 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 objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

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 the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. The Council must be committed to the distribution expected within one year from the date of classification.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Infrastructural assets – Infrastructural assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pumps.

Restricted assets – Restricted assets are parks and reserves that provide benefit to the community and cannot be disposed of because of legal or other restrictions.

Land (operational and restricted) is measured at fair value, and 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.

Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the asset's fair values. If there is a material difference, then 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 are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

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

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and road formation, 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 of major classes of assets have been estimated as follows:

Operational and restricted assets

Buildings	
Structure	50-170 years
Roof	40 years
Services	40-65 years
Internal fit out	15-40 years
Plant	30 years
Motor vehicles	6 years
Office equipment	10 years
Computer hardware	5 years
Library books	10 years

Infrastructural assets

Roading network	
Top surface (seal)	3-16 years
Pavement sealed (base course)	67 years
Pavement unsealed (base course)	60 years
Formation	Not depreciated
Culverts	10-100 years
Footpaths	25-75 years
Drainage facilities	80-100 years
Traffic facilities and miscellaneous items	15-80 years
Street lights	50-70 years
Bridges	75-120 years

Water

Pipes	30-90 years
Pump stations	5-100 years
Pipe fittings	25-50 years

Wastewater

Pipes	50-100 years
Manholes	100 years
Treatment plant	5-100 years

Stormwater

Pipes	50-90 years
Manholes, cesspits	100 years

Waste transfer stations	50 years

Service concession arrangements

The Council may acquire infrastructural assets by entering into a service concession arrangement (SCA) with a private operator to build, finance and operate an asset over a specified period.

Assets acquired through a SCA are initially recognised at their fair value, with a corresponding liability. The asset is subsequently measured following the accounting policies above for property, plant and equipment.

The Council currently has not entered into any such SCA where a private operator has built and financed an asset.

The Council has only entered into SCAs where the Council itself owns the asset and any charges for services provided by the operator are recognised as an expense in the year to which it relates.

Intangible assets

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Easements

Easements are not considered material and any costs incurred are recognised in the surplus or deficit in the year in which they are incurred.

Carbon credits

Carbon credit purchases are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Amortisation

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

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3-5 years

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

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 previously 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.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use id determined by using the approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silviculture costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Payables

Short-term payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Employee benefits

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salary and wages, and holiday pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

Long-term employee entitlements

Long-term employee entitlements consists of long service leave that is payable beyond 12 months and have been calculated on the likely future entitlements accruing to staff, based on the years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and current salary. As there are few staff members that are actually entitled to long service leave, the total accrual is not considered to be material and no actuarial basis has been used.

Presentation of employee entitlements

Annual leave, vested long service leave, and non-vested long service leave expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

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

Provisions

A provision is recognised for future expenditure of uncertain amount and timing where there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate base 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 "finance costs".

Landfill aftercare

The Council has a legal obligation to provide on-going maintenance and monitoring service of its closed landfills.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

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

Equity

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

- accumulated surplus/(deficit;
- special and restricted reserve funds;
- property revaluation reserves; and
- fair value through other comprehensive revenue and expense reserve.

Special reserve funds

Special reserve funds are reserves created by the Council for special purposes. The Council may alter them without reference to any third party or the Courts, and transfers to and from these reserves are at the discretion of the Council.

Restricted reserve funds

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which it may not revise without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Property revaluation reserves

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

Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change of financial assets classified as fair value through other comprehensive revenue and expense.

Goods and services tax (GST)

All items in the financial statement are exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as an input tax credit then it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

The Council has determined the cost of significant activities using the cost allocation system outlined below.

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activates using appropriate cost drivers such as actual usage based on time, staff number and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Infrastructural assets

- The actual condition of an asset may not reflect the carrying amount of the asset. This is particularly so for assets which are underground and difficult to assess the actual condition of, such as water, wastewater and storm water assets.
- Estimates of any obsolescence or surplus capacity of an asset are based on judgements made with the best knowledge available at the time.

•Estimates of the useful remaining lives of an asset may vary with such things as soil type, rainfall, amount of traffic, natural disaster and other occurrences. The Council could be over- or under-estimating these, but assumptions are made based on the best knowledge available at the time.

Significant judgements, estimates and assumptions

The preparation of the financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical, experience and other factors, as appropriate to the particular circumstances.

Significant judgements, estimates and assumptions have been applied in measuring certain provisions and property, plant and equipment revaluations. For example, the Council owns a number of properties held to provide community housing. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives of the Council. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

See page 210 for the Council's significant forecasting assumptions.

Statement of prospective financial information

These prospective financial statements were authorised for issue by the Rangitikei District Council on 28 June 2018. The Council is responsible for these prospective financial statements, including the appropriateness of the assumptions and other disclosures. Changes to the significant forecasting assumptions (commencing on page 210) may lead to a material difference between information in the prospective financial statements and the actual financial results prepared in future reporting periods. The Council's planning processes are governed by the Local Government Act 2002. The Act requires the Council to prepare a ten-year Long Term plan (the "LTP") every three years and an annual plan which updates the LTP by exception in the intervening years. This is the Rangitikei District Council's LTP for the period 1 July 2018 to 30 June 2028. It also contains the budget for the year ending 30 June 2019 which is the first year of the 2018-28 LTP. Caution should be exercised in using these prospective financial statements for any other purpose.

Long-Term Plan Disclosure Statement for the period commencing 1 July 2018 to 30 June 2028

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings for the 10 years covered by this LTP.

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

Rates affordability benchmarks

The Council meets the rates affordability benchmark if its—

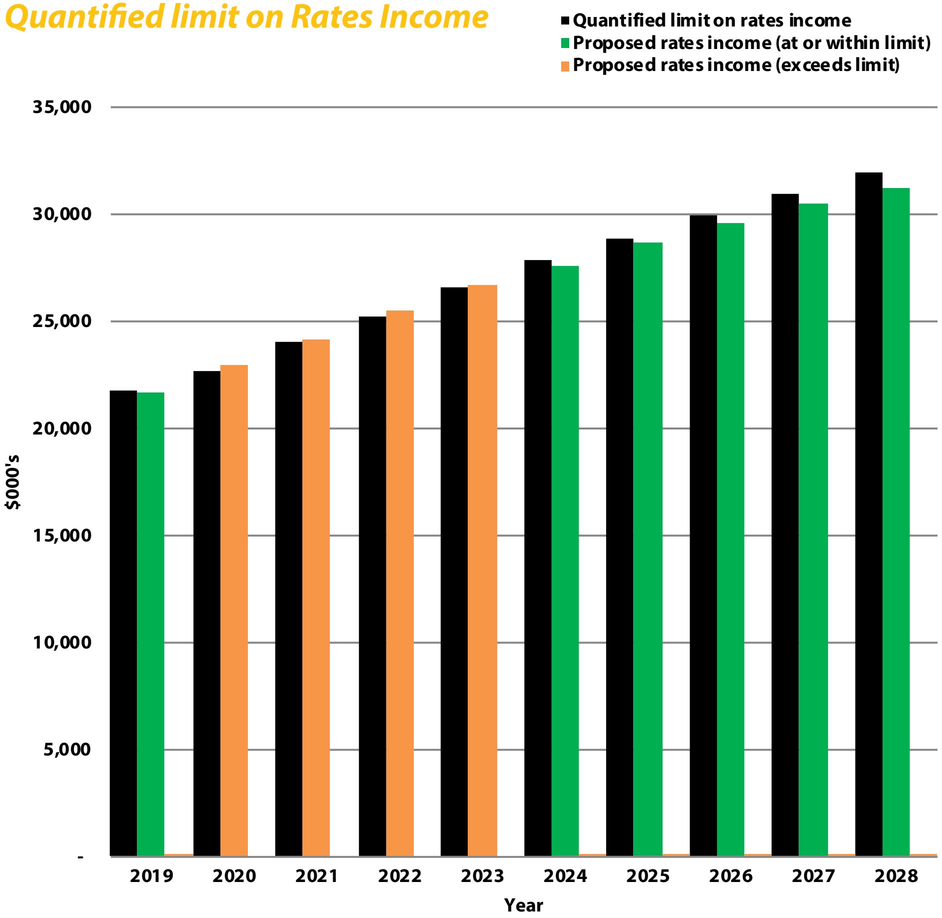
- planned rates income equals or is less than each quantified limit on rates; and
- planned rates increases equal or are less than each quantified limit on rates increases.

Parks staff member with new smart rubbish bin.

Rates (income) affordability

The following graph compares the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in the council's 2018/2028 Long Term plan. The quantified limit on rates in dollars is the rates income from the prior year adjusted by the maximum rate increase as outlined in the financial and infrastructure strategy on page 42.

Quantified limit on Rates Income

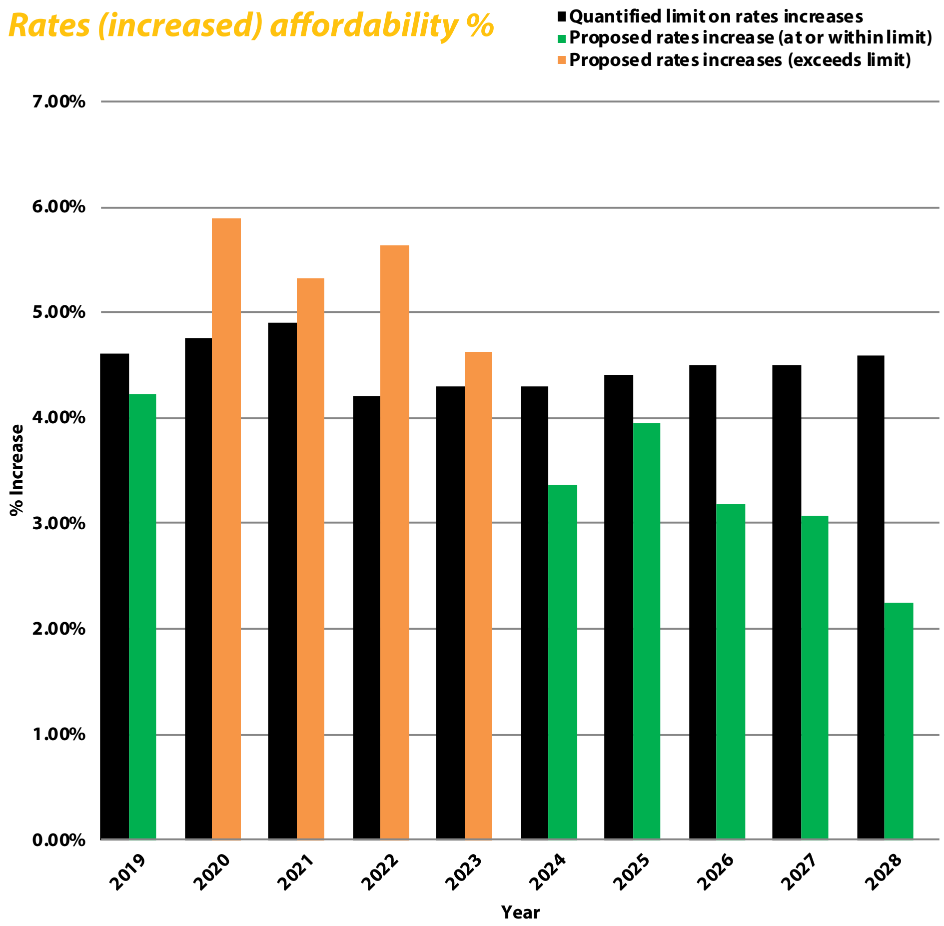


Rates (increases) affordability

The following graph compares the Council's planned rates increases for the 10 years of the LTP with a quantified limit on rates increases as noted on page 42, in the combined infrastructure/financial strategy included in the council's 2018/2028 Long Term Plan.

The quantified limit is the maximum % increase as outlined in the financial and infrastructure strategy (page 42), and where the reasons for breaching the limits is explained.

Rates (increased) affordability %



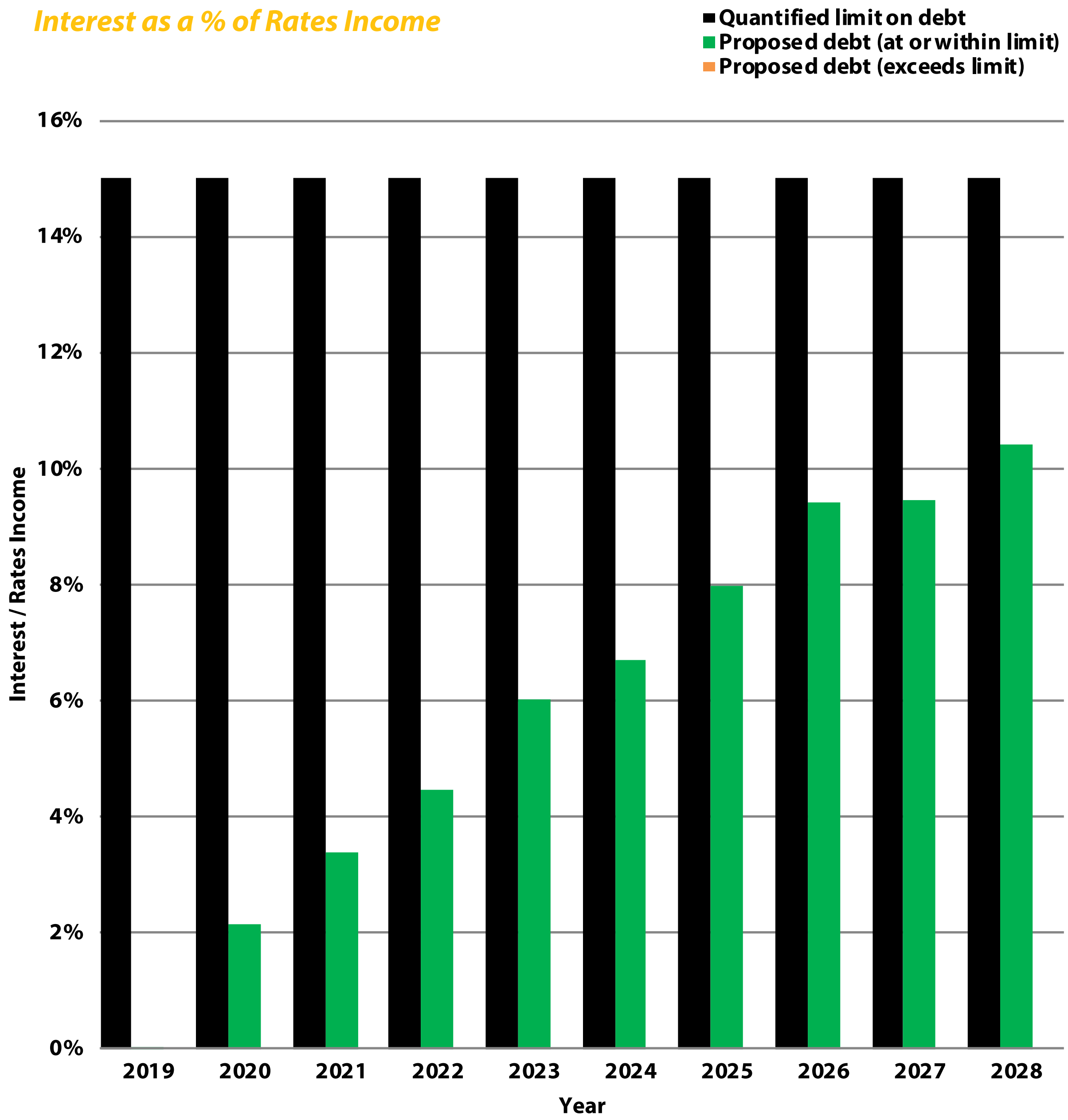
Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The Council has three quantified limits on borrowing. For the 10 years of the LTP, these are contained in the financial and infrastructure strategy within this Long term Plan.

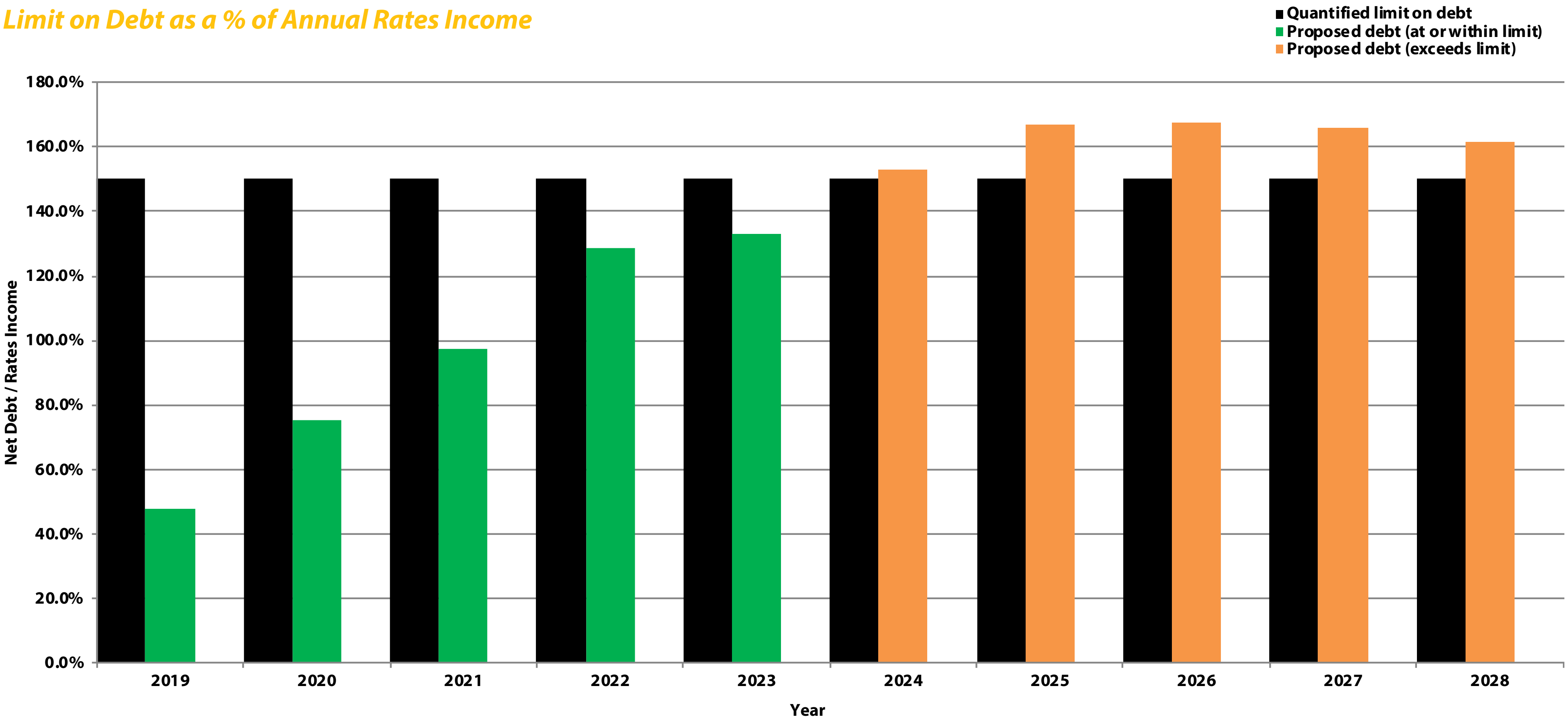
- total interest expense on net external debt will not exceed 15% of total rates income;
- the ratio of net external debt to annual rates income will not exceed 150%; and,
- net external debt per capita will not exceed $2,500 for the 10 years of the LTP

The following graph compares the Council's planned interest expense on net external debt with the quantified limit on borrowing contained in this Long Term Plan. Net planned interest expense will not exceed 15% of total rates income. The quantified limit is planned interest expense will not exceed 15% of total rates income.



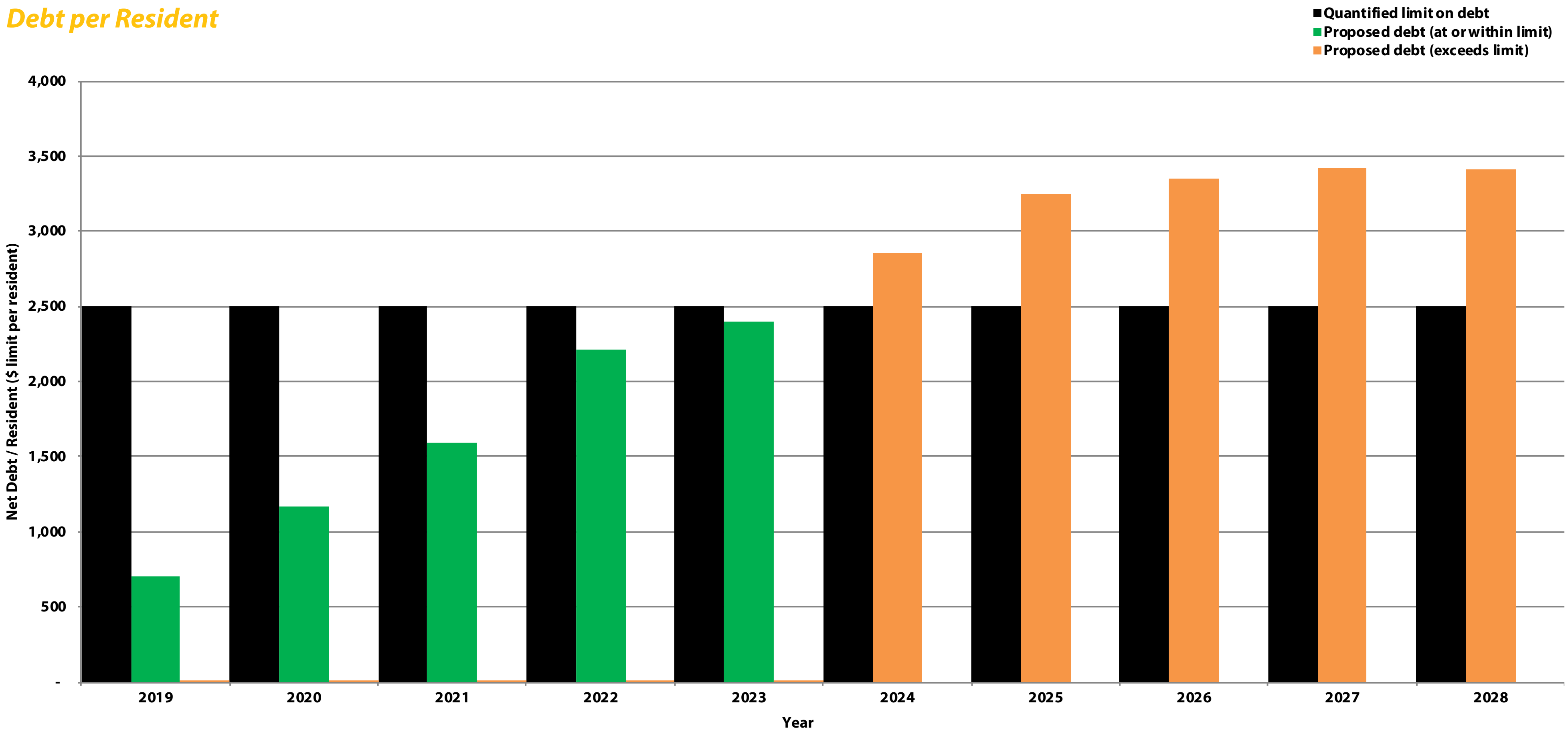
The following graph compares the Council's planned net debt as a proportion of annual rates income with the quantified limit on borrowing contained in the financial and infrastructure strategy included in this Long Term Plan. The quantified limit is 150%. The increase in debt is because of the need to fund large infrastructure and community facilities projects. No assumption has been made about securing external funding assistance for these although Council will continue to advocate for this. Affordability is a critical issue for the Council so the limit has not been increased.

Limit on Debt as a % of Annual Rates Income



The following graph compares the Council's planned net debt divided by the total population of the district to provide a per capita outcome. The quantified limit is $2,500 per resident. The reasons for exceeding the cap are those noted on the previous page.

Debt per Resident



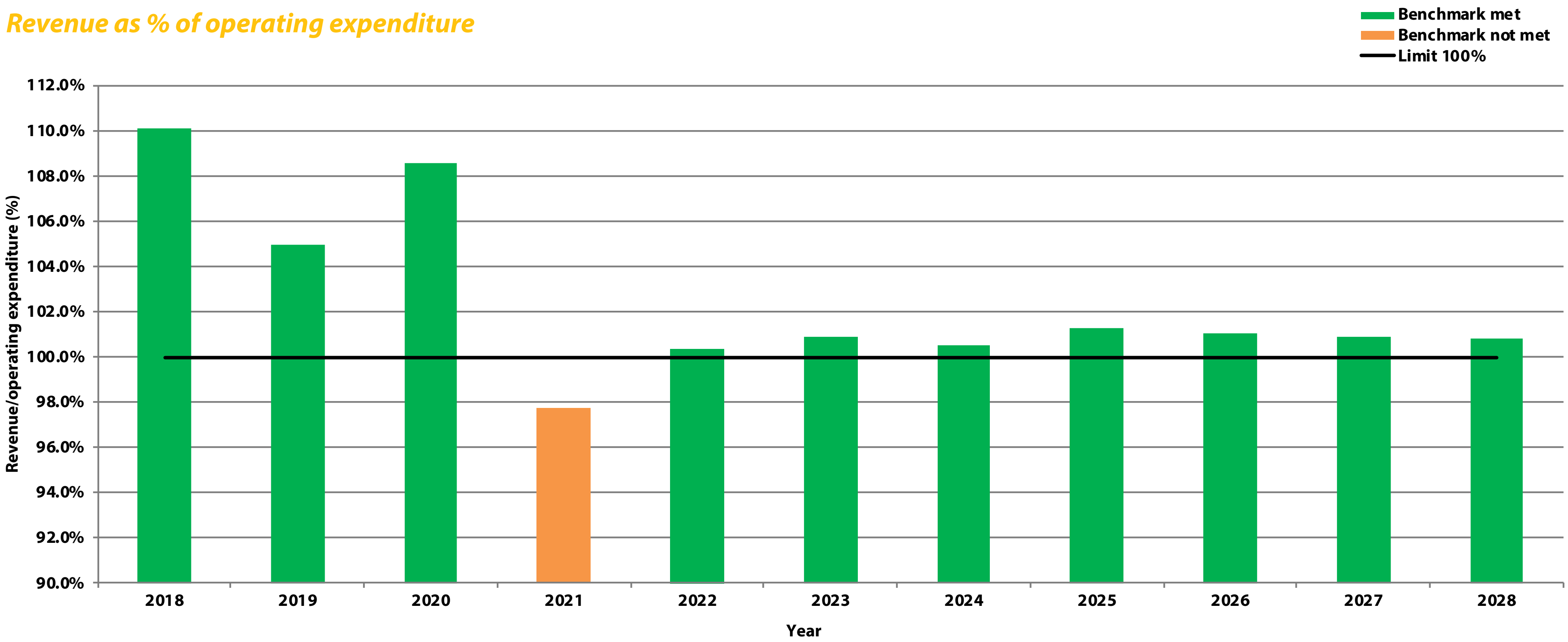
Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.

Explanation for deficits (unbalanced budget): see also financial strategy.

Revenue as % of operating expenditure



Explanation for deficits (unbalanced budget)

The deficits appearing in the Council's prospective statement of comprehensive revenue and expenses originate in the subsidised roading activity.

This is because depreciation is not fully funded. The rationale behind this decision is based on the assumption that the Council will continue to receive financial assistance from the government on future capital renewals work and there is therefore no need to collect this portion of the cost from ratepayers. While this has been the case for many years, from 2015/16 onwards the rate of financial assistance has increased from 58% to 63% which has increased the mis-match between the amount of depreciation charged in operating expenses compared to the amount of depreciation funding required for the renewals work.

The Council fully funds roading from rates and other revenues (including subsidies) without recourse to borrowing. To increase the funding of depreciation would merely build up depreciation reserves which would not be used in the foreseeable future.

The Council is taking a prudent approach by further increasing its special reserve to fund emergency events, all within the proposed rates projected in the Long Term Plan.

All this will be achievable with only minor increases in rates because of the increased financial assistance.

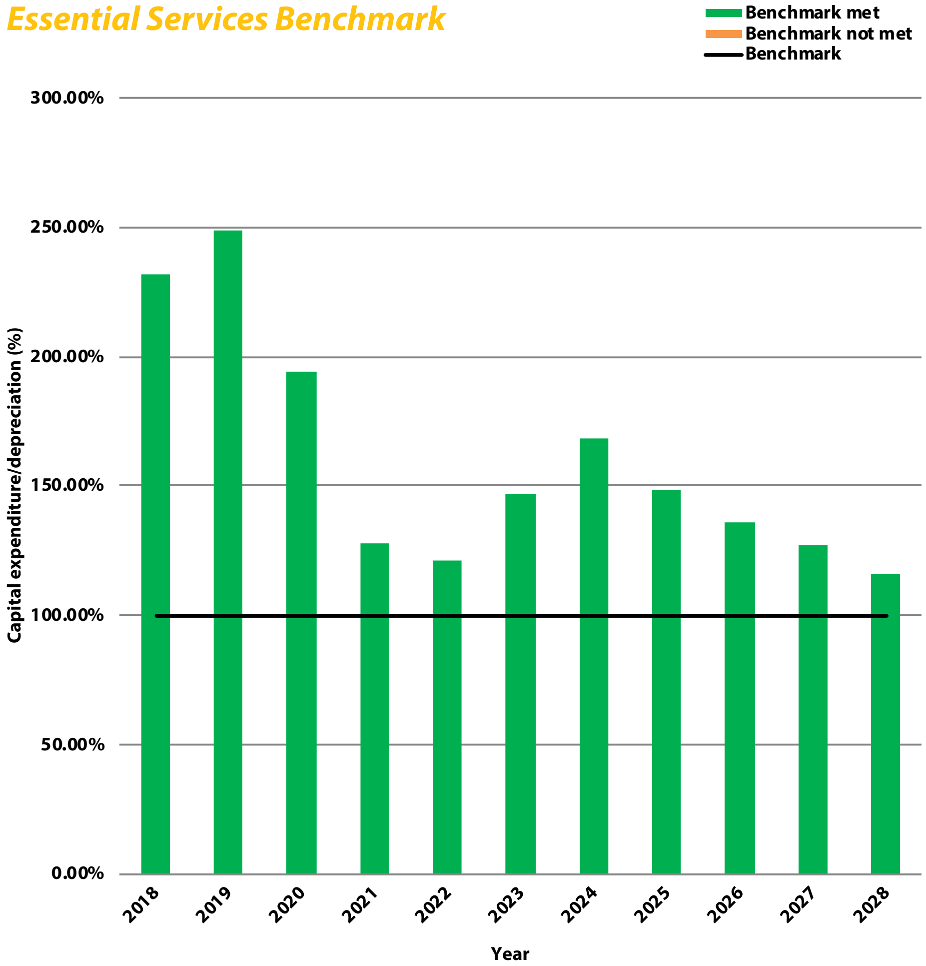
The Council considers this to be a prudent approach, and, to take more money from ratepayers than it is currently planned to do so, to fund this activity, would be not be in the best interest of its community.

Essential services benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. (Capital work includes both renewals of existing infrastructure as well as new capital work undertaken.)

The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. Network services is defined in the regulations as infrastructure related to water supply, sewerage and the treatment and disposal of sewage, storm water drainage, flood protection and control works, and the provision of roads and footpaths. The Council owns no infrastructure related to flood protection and control work.

Essential Services Benchmark



Debt servicing benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will decline over the next 15 years, the Council meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Borrowing cost as % of revenue