

Financial Information

Financials Risks and Assumptions

Significant forecasting assumptions

The following significant forecasting assumptions have been used in the financial estimates included in this document.

- Interest rates on new loans raised is 7.0%.
- Interest earned on funds invested is 6.5%.
- New loans have been raised internally where there are sufficient cash reserves to cover these.
- Operational costs have been increased by 2% for the first three years unless there was definitive information as to the actual costs that will be incurred (such as when a contract has been entered into which covers future years).

The risk involved in the above assumptions is that interest rates may change during the life of this document. Total risk resulting from this for loans is \$41,470, and for external interest received is \$33,400.

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Funding Impact Statement

The Local Government Act introduces the concept of a Funding Impact Statement, which outlines how the activities contained in the Long-Term Council Community Plan will be funded. All rates quoted in the Funding Impact Statement are inclusive of GST.

Revenue and Financing Mechanisms

The revenue and financing mechanisms to be used by the Council, including the amount to be produced by each mechanism, are as follows:

*(Due to difficulty in estimating the UAGC for 10 years, the UAGC and General Rate are shown as a combined figure for years 4-10. This is no reflection upon level of UAGC over this period.)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
General Rate	18,888	19,319	20,006	26,864	26,400	26,327	26,600	26,975	27,330	27,099
Uniform Annual General Charge*	4,920	5,010	5,100							
Targeted Rates										
Cost Centre	Location									
W	Huntly	445	445	445	445	445	445	445	445	445
W	Gordonton	2	2	2	2	2	2	2	2	2
W	Tauwhare Pa	20	20	20	20	20	20	20	20	20
W	Southern Districts	243	283	324	366	400	435	469	504	538
W	North Waikato	118	139	140	141	141	142	143	144	145
W	Western Districts	13	14	14	14	14	14	14	14	14
W	Ngaruawahia	349	349	349	349	349	349	349	349	349
W	Raglan	259	259	270	273	294	297	299	301	304
W	Taupiri	19	20	20	20	20	20	20	20	20
W	Te Akau	6	6	6	6	6	6	6	6	6
WW	Maramarua	3	3	3	3	3	3	3	3	3
WW	Huntly	524	524	524	524	524	524	524	524	524
WW	Matangi	19	19	19	19	19	19	19	19	19
WW	Meremere	74	74	74	74	74	74	74	74	74
WW	Ngaruawahia	301	301	301	301	301	301	301	301	301
WW	Raglan	634	664	457	494	498	502	506	510	515
WW	Taupiri	0	73	73	73	73	73	73	73	73
WW	Te Kauwhata	120	120	120	120	120	120	120	120	120
WW	Te Kowhai	8	8	8	8	8	8	8	8	8
USW	Huntly	173	173	173	173	173	173	173	173	173
USW	Ngaruawahia	158	158	158	158	158	158	158	158	158
USW	Raglan	154	161	163	176	177	179	180	182	183
USW	Tamahere	9	9	9	9	9	9	9	9	9
USW	Te Kauwhata	14	14	14	14	14	14	14	14	14
DD	Austins	2	2	2	2	2	2	2	2	2
DD	Blairs	1	1	1	1	1	1	1	1	1
DD	Churchill East	25	25	25	25	25	25	25	25	25
DD	Greenhill Road	1	1	1	1	1	1	1	1	1
DD	Guests	1	1	1	1	1	1	1	1	1
DD	Hopuhopu	1	1	1	1	1	1	1	1	1
DD	Horohoro	12	12	13	13	13	13	13	13	13
DD	Huntly West	1	1	1	1	1	1	1	1	1
DD	Island Block	4	4	4	4	4	4	4	4	4
DD	Kimihia Pumped	1	1	1	1	1	1	1	1	1
DD	Kirikiroa Horsham Downs	3	3	3	3	3	3	3	3	3
DD	Kirikiroa Komakorau	1	1	1	1	1	1	1	1	1
DD	Lake Waikare Nikau	1	1	1	1	1	1	1	1	1
DD	Lake Waikare Ohinewai	1	1	1	1	1	1	1	1	1
DD	Lake Waikare Rangiriri	1	1	1	1	1	1	1	1	1
DD	Lake Waikare West	2	2	2	2	2	2	2	2	2
DD	Mangawara	1	1	1	1	1	1	1	1	1
DD	Mangati	1	1	1	1	1	1	1	1	1
DD	Matangi	22	22	22	22	22	22	22	22	22
DD	Meremere East	23	23	23	23	23	23	23	23	23
DD	Meremere West	1	1	1	1	1	1	1	1	1
DD	Ngaruawahia North	1	1	1	1	1	1	1	1	1

Targeted Rates		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Cost Centre	Location	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
DD	Ohinewai	2	2	2	2	2	2	2	2	2	2
DD	Okowhau	1	1	1	1	1	1	1	1	1	1
DD	Orchard Road	2	2	2	2	2	2	2	2	2	2
DD	Pukekapia # 1	1	1	1	1	1	1	1	1	1	1
DD	Pukekapia # 2	1	1	1	1	1	1	1	1	1	1
DD	Pukeroro	1	1	1	1	1	1	1	1	1	1
DD	Puketaha	2	2	2	2	2	2	2	2	2	2
DD	Rangiriri	4	4	4	4	4	4	4	4	4	4
DD	Ruawaro # 1 East	1	1	1	1	1	1	1	1	1	1
DD	Ruawaro West	1	1	1	1	1	1	1	1	1	1
DD	Tamahere	5	5	6	6	6	6	6	6	6	6
DD	Swann Road	6	7	7	7	7	7	7	7	7	7
DD	Te Kowhai	1	1	1	1	1	1	1	1	1	1
DD	Travers Road	1	1	1	1	1	1	1	1	1	1
R	General District	1,012	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045	1,045
R	Raglan	60	60	60	60	60	60	60	60	60	60
H	Huntly Civic Buildings	115	115	115	115	65	65	65	65	65	65
H	Ngaruawahia Hall	29	29	29	29	29	29	29	29	29	29
H	Eureka Hall	4	4	4	4	4	4	4	4	4	4
H	Gordonton Hall	9	9	9	9	9	9	9	9	9	9
H	Horsham Downs Hall	5	5	5	5	5	5	5	5	5	5
H	Maramarua Hall	5	5	5	5	5	5	5	5	5	5
H	Matangi Hall	15	15	15	15	15	15	15	15	15	15
H	Meremere Hall	3	3	3	3	3	3	3	3	3	3
H	Ohinewai Hall	2	2	2	2	2	2	2	2	2	2
H	Orini Hall	3	3	3	3	3	3	3	3	3	3
H	Puketaha Hall	5	5	5	5	5	5	5	5	5	5
H	Raglan Hall	25	25	25	25	25	25	25	25	25	25
H	Ruawaro Hall	5	5	5	5	5	5	5	5	5	5
H	Tamahere Hall	16	16	16	16	16	16	16	16	16	16
H	Taupiri Hall	9	9	9	9	9	9	9	9	9	9
H	Tauwhare Hall	5	5	5	5	5	5	5	5	5	5
H	Te Akau/Waingaro Hall	4	4	4	4	4	4	4	4	4	4
H	Te Hoe Hall	2	2	2	2	2	2	2	2	2	2
H	Te Kowhai Hall	14	14	14	14	14	14	14	14	14	14
H	Whitikahu Hall	3	3	3	3	3	3	3	3	3	3
H	Te Mata Hall	3	3	3	3	3	3	3	3	3	3
WbyM	Hopuhopu	44	44	44	44	44	44	44	44	44	44
WbyM	Huntly	233	234	234	234	234	234	234	234	234	234
WbyM	Southern Districts	451	583	681	770	831	891	952	1,013	1,074	1,135
WbyM	Gordonton	4	4	4	4	4	4	4	4	4	4
WbyM	Western Districts	22	26	27	29	29	29	29	29	29	29
WbyM	Ngaruawahia	85	93	100	108	116	123	131	138	146	153
WbyM	Raglan	19	19	19	19	19	19	19	19	19	19
WbyM	Taupiri	47	47	47	47	47	47	47	47	47	47,840
WbyM	Te Akau	1	1	1	1	1	1	1	1	1	1
WbyM	North Waikato	256	256	324	324	324	324	324	324	324	324
	Te Kauwhata Contributions	20	20	20	20	20					
W - Water, WW - WasteWater, US - Urban Stormwater, DD - Drainage District, R - Refuse, H - Hall, Community Facilities and Community Centres, WbyM - Water by Meter											
Fees and Other Charges		6,208	7,325	6,282	6,270	6,270	6,269	6,269	6,269	6,268	6,266
Borrowing		2,827	2,230	6,062	1,700	1,700	1,700	1,700	2,600	1,700	1,700
Financial Contributions		1,237	6,205	1,374	1,329	1,011	1,011	1,011	1,011	1,011	1,011
Grants and Subsidies		12,080	10,191	9,508	9,739	9,602	9,567	10,081	9,333	9,607	9,333

This rating policy should be read in conjunction with the Revenue and Financing Policy and other rating policies which are published in volume two of the Long-Term Council Community Plan.

A revaluation of the district recently took place with an effective date of 1 July 2003. This revaluation will be used for rating purposes from 1 July 2004 onwards.

Rate Types

Rates may be levied by General Rate, Uniform Annual General Charge or Targeted Rates (either on the basis of value or as a fixed charge). The following rates were set by Council for the financial year commencing 1 July 2004 and ending 30 June 2005.

General Rate

A General Rate will be set on the capital value of rateable properties. The General Rate required to undertake the work programme outlined in this Annual Plan will be \$295.10 per \$100,000 of the capital value. This level is based on the existing rating databases and a review of the number and value of properties which may be added to the rating base, prior to setting the rate based on an effective date of 30 June.

Differential Rating

Historically, Council is not in favour of differential rating. Council believes that some of the rating inequities are removed through the capital value rating system and therefore does not consider it appropriate to introduce differential rating.

Rating of Utilities

By legislation, Council is required to value the assets of utility companies. This includes gas, electricity and telecommunication networks as well as Council-owned networks for water, wastewater and stormwater.

After considerable debate, Council elected to fully rate these assets. Several utility companies made submissions on rating issues but, after considering the issues raised, Council is still of the opinion that fully rating is the only fair and equitable approach to adopt. Council does not consider that utility assets have a significantly different pattern of rating benefit to justify a differential rate.

Council does not intend to charge utility operators targeted rates because of the nature of the assets - mainly pipelines and power poles. These assets are not connected to water, wastewater or stormwater systems. In addition, infrastructural assets do not require a refuse collection.

Uniform Annual General Charge (UAGC)

A UAGC of \$300.00, which is not linked to property values and will be assessed per rating unit for the 2004/2005 year.

Council considered and agreed on a range of services which a UAGC might cover. The appropriate services are viewed as people-related, rather than property-related.

The \$300.00 UAGC will contribute towards the funding of people-related services which include Libraries, Parks and Reserves, Public Cemeteries, Public Swimming

Pools, Public Toilets, Community Centres, Community Liaison, Grants and Donations, Safer Communities, Animal Control, Civil Defence and Safety, Building Control, Environmental Health, Resource Management Planning, Environmental Consents Planning, Area Offices and Democracy/Local Government.

Council considered that the public portion of all the activities listed could legitimately be funded by way of UAGC. In practice this is not legally possible as the Local Government (Rating) Act 2002 (LGRA) restricts the level at which the UAGC can be set.

At \$300.00, the UAGC is set at approximately 75% of the legislative maximum. Council considered this was fair and equitable and took into account the needs of our diverse community. Council has proposed a significant increase in the UAGC for the coming year as a means of bringing equity back into its rating following the impact of the last district revaluation.

Targeted Rates

Targeted Rates are set on each rateable property within a defined rating area to cover the operation, maintenance and part of the capital costs of:

- halls, community centres and community facilities
- land drainage and urban stormwater
- refuse collection, recycling and disposal
- wastewater collection, treatment and disposal
- water supplies.

Council has chosen to set the Targeted Rates on a fixed charge basis - in other words, all properties that receive the service pay a set amount, regardless of property value. The exceptions to this are land drainage which is levied on a set dollar amount per hectare and water by meter which is charged by consumption. Rates for water are not applicable to those areas outside of a defined water supply area.

Council adopts the following as definitions for the differential categories for the 2004/2005 financial year:

- Residential - any part of a rating unit that is used primarily for residential purposes.
- Commercial - any part of a rating unit that is not categorised as residential.

Details of individual Targeted Rates are as follows.

Water Supply

The Council has set a Targeted Rate for water supply based on the provision (connected to the supply) or availability (property situated within 100 metres of any part of the waterworks) of a water supply service to land. The Targeted Rates are specific to individual water supply schemes and are set as a fixed charge per connection, or a fixed charge for availability as per the following tables.

The charges for the Northern Waikato area are differentiated, taking into account the various locations. Urban and rural rating units incur different Targeted Rates taking into account the nature of service to these properties. Targeted Rates are set for water supply based on the number of connections to the supply. Water by Meter rates are applicable for six month usage.

Area Connected	Connected /Available	Charge \$
Gordonton	Connected	105.00
Southern Districts	Connected	215.00
Taupiri	Connected	100.00
Tauwhare Pa	Connected	360.00
Te Akau South	Connected	250.00
Te Akau South	Available	125.00
Western Districts	Connected	215.00
Northern Waikato Urban	Connected	140.00
Northern Waikato Rural	Connected	200.00

Huntly Water Supply Targeted Rate

Huntly residential and commercial properties whether on water meter or not, are charged the same Targeted Rate.

Commercial properties on water meter receive the first 123m³ at 1 cent per m³ and thereafter 65 cents per m³, every six months. The properties concerned are higher users of the water supply. Huntly rural properties are charged a lesser Targeted Rate and the water by meter charge is not scaled, taking into account the nature of service to these properties.

Area	Connected /Available	Charge \$
Huntly Residential	Connected	160.00
Huntly Residential	Available	80.00
Huntly Commercial	Connected	160.00
Huntly Rural	Connected	110.00

Ngaruawahia Water Supply Targeted Rate

Ngaruawahia residential and commercial properties whether on water meter or not, are charged the same Targeted Rate. Commercial properties on water meter receive the first 133m³ at 1 cent per m³ and thereafter 65 cents per m³, every six months. The properties concerned are higher users of the water supply.

Ngaruawahia rural properties are charged a lesser Targeted Rate and the water by meter charge is not scaled, taking into account the nature of service to these properties.

Area	Connected /Available	Charge \$
Ngaruawahia Residential	Connected	175.00
Ngaruawahia Residential	Available	87.50
Ngaruawahia Commercial	Connected	175.00
Ngaruawahia Rural*	Connected	110.00

*Including Horotiu

Raglan Water Supply Targeted Rate

The charges for residential, commercial and commercial with accommodation are differentiated, taking into account the extent of use of the water supply service. Residential properties are charged a lower Targeted Rate than commercial properties and commercial properties are charged a lower Targeted Rate than commercial properties with accommodation. Those commercial properties on water meter receive the first 190m³ at 1 cent per m³ and thereafter 65 cents per m³, every six months. The properties concerned are higher users of the water supply.

Raglan rural properties are charged a lesser Targeted Rate and the water by meter charge is not scaled, taking into account the nature of service to these properties.

Area Connected	Connected /Available	Charge \$
Raglan Residential	Connected	165.00
Raglan Residential	Available	82.50
Raglan Rural	Connected	110.00
Raglan Commercial (no water meter)	Connected	250.00
Raglan Commercial with accommodation	Connected	340.00
Raglan Commercial - metered	Connected	250.00

Te Kauwhata Contributions

A Targeted Rate has been set for the purpose of covering the capital cost and interest charges of work not met by lump sum contributions for the Te Kauwhata Water Supply.

This Targeted Rate shall be set on each rating unit which is connected to the water supply and has not paid the lump sum contribution. This Targeted Rate applies until and including the rating year 2008/09.

Area	Connected /Available	Charge \$
Te Kauwhata Urban	Connected	200.00

Water by Meter

The Council has set a Targeted Rate for water according to the quantity of water consumed by any person receiving the same as measured or controlled by meter. The Targeted Rates are specific to individual water supply schemes and are set on a scale of charges per cubic metre basis across each scheme. (See comments under Water Supply). Water by Meter rates are applicable per six month usage.

Area Connected	Charge \$
Gordonton Township	0.77
Huntly Commercial (first 123 cubic metres)	0.01
Huntly Commercial (after 123 cubic metres)	0.65
Huntly Rural	0.65
Genesis - Huntly Power Station	0.55
Ngaruawahia Commercial* (first 133 cubic metres)	0.01
Ngaruawahia Commercial* (after 133 cubic metres)	0.65
Ngaruawahia Rural*	0.65
Raglan Commercial (first 190 cubic metres)	0.01
Raglan Commercial (after 190 cubic metres)	0.65
Raglan Rural	0.65
Southern Districts	0.77
Taupiri	0.70
Te Akau	0.65
Western Districts	0.77
North Waikato Urban	0.80
North Waikato Rural (first 4000 cubic metres)	0.75
North Waikato Rural (after 4000 cubic metres)	0.65

*including Horotiu

Community Facilities

The Council has set a Targeted Rate for the purpose of covering the costs of maintenance and operation of community facilities in the respective defined rating areas. This charge is set per rating unit within the ward boundary. The Targeted Rates are specific to individual areas and are set as a fixed charge across each area.

Area	Charge \$
Huntly	40.00
Ngaruawahia	15.00
Raglan	15.00

Halls/Facilities and Community Centres

The Council has set a Targeted Rate for the purpose of covering the costs of maintenance and operation of halls, other facilities and community centres in the respective defined rating areas. This charge is set per separately used or inhabited portion of a property within the defined hall/community centre area. The Targeted Rates are specific to individual areas and are set as a fixed charge across each area. The rates are differentiated in that residential parts are charged. This is taking into account that commercial parts do not use this service.

Hall/Community Centre	Charge \$
Eureka	25.00
Gordonton	22.50
Horsham Downs	22.50
Maramarua	22.50
Matangi	22.50
Meremere	22.50
Ohinewai	22.50
Orini	25.00
Puketaha	25.00
Ruawaro	27.50
Tamahere	30.00
Taupiri	22.50
Tauwhare	25.00
Te Akau/Waingaro	22.50
Te Hoe	22.50
Te Kowhai	30.00
Te Mata	22.50
Whitikahu	22.50

Council invoices and collects the following rates on behalf of the mentioned Councils. For further information refer to the appropriate Annual Plan.

Franklin District Council Charge (per dwelling unit)

Hall/Community Centre	Charge \$
Glen Murray	33.75
Mangatangi	22.50
Naike	22.50

Matamata Piako District Council (charge on land value)

Hall/Community Centre	Charge \$
Hoe-O-Tainui	0.000060
Tauhei	0.000120

Waipa District Council (per dwelling)

Hall/Community Centre	Charge \$
Fencourt	14.00
Koromatua	20.00
Hautapu	17.50

District Refuse

The Council has set a Targeted Rate for the purpose of covering the costs of household refuse collection, recycling and disposal where the refuse collection service is provided (excluding Raglan). This charge is set per separately used or inhabited portion of a property or building and is set as a fixed charge.

District (excluding Raglan)	Charge \$
District Refuse	92.00

Raglan Recycling and Waste Minimisation

The Council has set a Targeted Rate for the purpose of covering the costs of recycling and waste minimisation where the service is provided in Raglan. This charge is per separately used or inhabitable portion of a property or building and is set as a fixed charge.

	Charge \$
Raglan Refuse	38.00

Wastewater

The Council has set a Targeted Rate for wastewater based on the provision (connected to the supply) or availability (property situated within 30 metres of a public wastewater drain - to which it is capable of being effectively connected) of the service.

The Targeted Rates are specific to individual wastewater schemes and are set as a fixed charge per connection, or a fixed charge per availability as per the following table.

Area	Connected/ Available	Charge \$
Huntly	Connected	190.00
Huntly	Available	95.00
Maramarua	Connected	430.00
Matangi	Connected	430.00
Meremere	Connected	430.00
Ngaruawahia (includes Horotiu)	Connected	160.00
Ngaruawahia (includes Horotiu)	Available	80.00
Raglan	Connected	420.00
Raglan	Available	210.00
Te Kauwhata	Connected	296.00
Te Kauwhata	Available	148.00
Te Kowhai	Connected	430.00
Te Kowhai	Available	210.00

The Council has set a Targeted Rate for wastewater based on the provision (connected to the supply for each of the third and subsequent pans). As per Note 4 of Schedule 3 of the Local Government (Rating) Act 2002 this rate will not apply to residential properties. This Targeted Rate is differentiated based on the use to which the land is put.

The following are the differential land use definitions for wastewater in relation to the third and subsequent pans:

Non-rateable - Organisations classified by the Act as fully non-rateable or organisations deemed by Council to be non-profitable.

Assistance for the Elderly - Organisations deemed by Council to be supportive of the elderly, including Retirement Homes, Rest Homes and Council owned Pensioner Flats.

Commercial - Commercial organisations (such as motels, clubs such as the Raglan Club, RSAs and Workingmens Clubs), hotels and retail/business premises and other organisations.

	Charge \$
Huntly Wastewater	
Non-rateable	19.00
Assistance for the Elderly	38.00
Commercial	95.00

Ngaruawahia Wastewater	
Non-rateable	16.00
Assistance for the Elderly	32.00
Commercial	80.00

Matangi Wastewater	
Non-rateable	42.00
Assistance for the Elderly	84.00
Commercial	210.00

Raglan Wastewater	
Non-rateable	42.00
Assistance for the Elderly	84.00
Commercial	210.00

Te Kauwhata Wastewater	
Non-rateable	30.00
Assistance for the Elderly	59.00
Commercial	148.00

Meremere Wastewater	
Non-rateable	42.00
Assistance for the Elderly	84.00
Commercial	210.00

Turangawaewae

A differential Targeted Rate is set for the purpose of covering the operating and capital costs of providing a service for the collection, treatment and disposal of wastewater specifically for Turangawaewae (Valuation Assessment number 681/213/1/A). The charge for this is \$7,020. This amount comprises charges for the wastewater connections to the complex and a fixed amount for the Marae unit. This differential is due to the nature of service, as Council does not supply full service.

Urban Stormwater

The Council has set a Targeted Rate for urban stormwater based on the availability of drainage to land. The Targeted Rates are specific to individual towns and are set on a fixed charge basis across each scheme.

Location	Charge \$
Huntly	65.00
Ngaruawahia	95.00
Raglan	100.00
Te Kauwhata	45.00
Tamahere (Rural)	24.41

Land Drainage

The Council has set a Targeted Rate for land drainage based on the degree of benefit received from the drainage system. This charge is on a land area basis (per hectare) which reflects the level of the benefit. The Targeted Rates are specific to individual land drainage schemes.

Classification District	A \$	B \$	C \$	D \$	E \$	F \$
Austins	16.13	10.08	4.03			
Bells*			26.51			
Blairs	22.42	16.02	6.41	3.20		
Churchill East	61.66	49.33	37.00			
Greenhill	12.49	10.93	7.81			
Guests	3.90	2.60				
Hopuhopu	5.90	3.93	1.97	0.66		
Horahora	25.64	18.32	7.33	3.66		
Horsham Downs			19.87	9.94		1.99
Huntly West	5.58	3.99	1.59	0.80		
Island Block	49.09	24.55	12.27			
Kimihia (pumped)	66.49	33.24				
Komakorau			7.40	3.70		0.37
Lake Waikare subdivisions:						
Nikau	9.94	8.28	6.62	4.97	3.31	1.66
Ohinewai	30.05	15.03	7.51	3.76		
Rangiriri	13.41	8.05	2.68			
West	7.11	5.69	2.84	1.42		
Mangawara	2.57	1.61	1.29	0.32		
Mangati	6.37	4.24	2.12			
Matangi	11.88					
Meremere East	60.89	45.67	30.45	15.22		
Meremere West	18.77	14.07	9.38	4.69		
Ngaruawahia North	17.57					
Ohinewai	34.02	28.02	20.01	16.01	12.01	8.01
Okowhau	18.50	10.57	5.29	2.64		
Orchard Road	94.85	75.88				
Pukekapia No 1	3.36	1.68	0.84			
Pukekapia No 2	3.27	1.63	0.82			
Pukeroro	9.95	6.64	4.98			
Puketaha	18.46	12.92	9.23	5.54	2.77	0.92
Puketaha Urban	184.59					
Rangiriri	64.65	53.87	32.32			
Ruawaro East	9.11	6.07	3.04			
Ruawaro West	5.23	3.92	2.61	1.31		
Swan Road		17.47	11.64	5.82		
Tamahere	4.83					
Te Kowhai	14.11	10.58	5.29	3.53	1.76	0.88
Travers Road	37.91	25.27	18.95			

* Council collects this rate on behalf of Franklin District Council.

Summary Cost of Service Statement Year Ending 30 June

	2003/04 Budget \$000	2004/05 Budget \$000	2005/06 Budget \$000	2006/07 Budget \$000	2007/08 Budget \$000	2008/09 Budget \$000	2009/10 Budget \$000	2010/11 Budget \$000	2011/12 Budget \$000	2012/13 Budget \$000	2013/14 Budget \$000
Revenue											
Community Assets	7,027	8,578	12,544	8,150	8,337	8,256	8,435	8,656	8,903	9,160	9,426
Corporate Services	3,444	3,968	4,094	4,075	4,318	4,163	4,017	4,032	4,025	4,026	4,036
Democracy	0	0	950	0	0	0	0	0	0	0	0
Environmental Services	1,815	2,002	2,036	2,058	2,035	2,032	2,032	2,032	2,032	2,032	2,032
Roading	8,691	10,017	8,566	8,444	8,650	8,528	8,497	8,954	8,289	8,533	8,289
Total Revenue	20,977	24,565	28,190	22,727	23,340	22,979	22,981	23,674	23,249	23,751	23,783
Expenditure											
Community Assets	10,040	10,471	11,201	11,712	12,150	11,868	11,866	11,950	12,107	12,264	12,259
Corporate Services	3,669	4,199	4,160	4,595	4,767	4,798	4,846	4,978	5,132	5,318	5,510
Democracy	2,699	3,878	3,593	3,937	3,963	3,859	3,797	3,859	3,774	3,774	3,854
Environmental Services	3,363	3,627	3,698	3,816	3,860	3,817	3,796	3,745	3,754	3,744	3,756
Roading	13,785	14,055	13,375	13,905	14,481	14,919	15,146	15,489	15,676	16,023	15,984
Total Expenditure	33,556	36,230	36,027	37,965	39,221	39,261	39,451	40,021	40,443	41,123	41,363

Statement of Financial Performance

Year Ending 30 June

	2003/04 Budget \$000	2004/05 Budget \$000	2005/06 Budget \$000	2006/07 Budget \$000	2007/08 Budget \$000	2008/09 Budget \$000	2009/10 Budget \$000	2010/11 Budget \$000	2011/12 Budget \$000	2012/13 Budget \$000	2013/14 Budget \$000
Revenue											
Revenue from activities	20,977	24,565	28,190	22,727	23,340	22,979	22,981	23,674	23,249	23,751	23,783
General Rates (including UAGC)	20,247	21,157	21,835	22,528	23,811	23,718	23,576	23,765	24,091	24,369	24,362
Adjustments for Environmental Obligations	20	17	26								
Total Revenue	41,244	45,739	50,051	45,255	47,151	46,697	46,557	47,439	47,340	48,120	48,145
Expenditure											
Expenditure on activities	33,556	36,230	36,027	37,965	39,221	39,261	39,451	40,021	40,443	41,123	41,363
Total Operating Expenditure	33,556	36,230	36,027	37,965	39,221	39,261	39,451	40,021	40,443	41,123	41,363
Net Surplus/(Deficit)	7,688	9,509	14,025	7,289	7,930	7,436	7,106	7,418	6,897	6,997	6,782

Statement of Movement in Equity

Year Ending 30 June

	2003/04 Budget \$000	2004/05 Budget \$000	2005/06 Budget \$000	2006/07 Budget \$000	2007/08 Budget \$000	2008/09 Budget \$000	2009/10 Budget \$000	2010/11 Budget \$000	2011/12 Budget \$000	2012/13 Budget \$000	2013/14 Budget \$000
Equity at Start of the Year	438,306	445,994	455,503	469,528	476,817	484,747	492,183	499,289	506,707	513,604	520,601
Net Surplus/(Deficit) for the year	7,688	9,509	14,025	7,289	7,930	7,436	7,106	7,418	6,897	6,997	6,782
Equity at End of Year	445,994	455,503	469,528	476,817	484,747	492,183	499,289	506,707	513,604	520,601	527,383

The accounting policies, assumptions and risks should be read in conjunction with these financial statements.

Statement of Financial Position Year Ending 30 June

	2003/04 Budget \$000	2004/05 Budget \$000	2005/06 Budget \$000	2006/07 Budget \$000	2007/08 Budget \$000	2008/09 Budget \$000	2009/10 Budget \$000	2010/11 Budget \$000	2011/12 Budget \$000	2012/13 Budget \$000	2013/14 Budget \$000
Assets											
Current Assets											
Cash/Short Term Deposits	7,161	5,575	8,733	12,075	16,148	20,159	23,130	26,751	31,142	35,559	40,009
Accounts Receivable	2,454	3,526	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453	3,453
Investments	47	35	31	25	26	27	28	28	13	13	13
Total Current Assets	9,662	9,136	12,217	15,553	19,627	23,639	26,611	30,232	34,608	39,025	43,475
Non-Current assets											
Investments	6,089	6,046	6,016	5,985	5,958	5,931	5,904	5,904	5,876	5,863	5,851
Investment Properties	3,185	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574	3,574
Fixed Assets	434,921	448,369	461,699	469,708	474,246	477,942	482,200	485,954	488,980	491,049	492,545
Total Non-Current Assets	444,195	457,989	471,289	479,267	483,778	487,447	491,678	495,432	498,430	500,486	501,970
Total Assets	453,857	467,125	483,506	494,820	503,405	511,086	518,289	525,664	533,038	539,511	545,445
Liabilities											
Current Liabilities											
Accounts Payable	6,238	6,843	6,012	6,039	6,247	6,223	6,239	6,330	6,368	6,466	6,494
Total Current Liabilities	6,238	6,843	6,012	6,039	6,247	6,223	6,239	6,330	6,368	6,466	6,494
Non-Current Liabilities											
Employee Entitlements	176	165	154	154	154	154	154	154	154	154	154
Term Debt	1,449	4,614	7,812	11,810	12,257	12,526	12,607	12,473	12,912	12,290	11,414
Total Non-Current Liabilities	1,625	4,779	7,966	11,964	12,411	12,680	12,761	12,627	13,066	12,444	11,568
Total Liabilities	7,863	11,622	13,978	18,003	18,658	18,903	19,000	18,957	19,434	18,910	18,062
Net Assets	445,994	455,503	469,528	476,817	484,747	492,183	499,289	506,707	513,604	520,601	527,383
Equity											
Accumulated Funds	374,175	382,755	396,274	402,899	408,700	414,155	419,035	424,100	428,558	432,925	437,039
Asset Revaluation Reserve	57,072	57,072	57,072	57,072	57,072	57,072	57,072	57,072	57,072	57,072	57,072
Reserves	14,747	15,676	16,182	16,846	18,975	20,956	23,182	25,535	27,974	30,604	33,272
Total Equity	445,994	455,503	469,528	476,817	484,747	492,183	499,289	506,707	513,604	520,601	527,383

The accounting policies, assumptions and risks should be read in conjunction with these financial statements.

Statement of Cashflows

Year Ending 30 June

	2003/04 Budget \$000	2004/05 Budget \$000	2005/06 Budget \$000	2006/07 Budget \$000	2007/08 Budget \$000	2008/09 Budget \$000	2009/10 Budget \$000	2010/11 Budget \$000	2011/12 Budget \$000	2012/13 Budget \$000	2013/14 Budget \$000
Cashflow from operating activities											
Cash will be provided from:											
General Rates (including UAGC)	20,247	21,157	21,835	22,528	23,811	23,718	23,576	23,765	24,091	24,369	24,362
Targeted Rates	4,642	4,612	4,795	4,662	4,746	4,757	4,795	4,834	4,873	4,911	4,950
Fees and Charges	2,452	3,241	3,240	3,232	3,197	3,197	3,197	3,197	3,197	3,197	3,195
Subsidies	7,922	8,373	7,334	7,554	7,760	7,637	7,607	8,064	7,398	7,642	7,398
Water by Meter	1,066	1,037	1,164	1,319	1,407	1,467	1,528	1,589	1,650	1,710	1,771
Interest Received	474	448	496	594	430	430	430	430	430	430	430
Dividends	750	750	750	750	750	750	750	750	750	750	750
Financial Contributions	1,200	2,769	6,721	2,089	2,049	1,767	1,767	1,767	1,767	1,767	1,767
Other	1,704	1,653	2,571	1,652	1,657	1,657	1,656	1,656	1,656	1,655	1,655
	40,457	44,040	48,906	44,380	45,807	45,380	45,306	46,052	45,812	46,431	46,278
Cash will be applied to:											
Operating Costs	24,398	27,633	26,163	27,021	26,875	26,874	27,235	27,436	26,889	27,058	27,081
Interest	189	101	328	557	826	857	877	882	873	904	860
Goods and Services Tax	745	814	906	818	848	840	838	853	848	860	857
	25,332	28,548	27,397	28,396	28,549	28,571	28,950	29,171	28,610	28,822	28,798
Net Cash from Operating Activities	15,125	15,492	21,509	15,984	17,258	16,809	16,356	16,881	17,202	17,609	17,480
Cashflow from Investing Activities											
Cash will be provided from:											
Sale of Fixed Assets	1,276	1,686	340	640	440	540	90	90	90	90	90
Cash will be applied to:											
Purchase of Fixed Assets	17,633	21,929	21,889	17,279	14,073	13,609	13,555	13,218	13,341	12,659	12,244
Net Cash from Investing Activities	(16,357)	(20,243)	(21,549)	(16,639)	(13,633)	(13,069)	(13,465)	(13,128)	(13,251)	(12,569)	(12,154)
Cashflows from Financing Activities											
Cash provided from:											
Loans Raised	1,439	3,279	3,542	4,492	1,512	1,512	1,512	1,512	2,312	1,512	1,521
Cash will be applied to:											
Repayment of Public Debt	1	114	344	495	1,064	1,241	1,432	1,644	1,872	2,135	2,397
Net Cash from Financing Activities	1,438	3,165	3,198	3,997	448	271	80	(132)	440	(623)	(876)
Net (Decrease)/Increase in Cash Held	206	(1,586)	3,158	3,342	4,073	4,011	2,971	3,621	4,391	4,417	4,450
Total Cash Resources at 1 July	6,955	7,161	5,575	8,733	12,075	16,148	20,159	23,130	26,751	31,142	35,559
Total Cash Resources at 30 June	7,161	5,575	8,733	12,075	16,148	20,159	23,130	26,751	31,142	35,559	40,009

Statement of Borrowing Year Ending 30 June

	2003/04 Budget \$000	2004/05 Budget \$000	2005/06 Budget \$000	2006/07 Budget \$000	2007/08 Budget \$000	2008/09 Budget \$000	2009/10 Budget \$000	2010/11 Budget \$000	2011/12 Budget \$000	2012/13 Budget \$000	2013/14 Budget \$000
Balance of External Loans											
Roading	1,369	3,590	5,220	6,749	7,657	8,412	9,005	9,424	9,658	9,692	9,514
Council Properties	10	9	8	7	5	4	3	1			
Pools	70	56	41	26	9						
Wastewater			73	67	60	53	46	38	829	801	779
Water		959	2,470	4,961	4,526	4,057	3,553	3,010	2,425	1,797	1,121
	1,449	4,614	7,812	11,810	12,257	12,526	12,607	12,473	12,912	12,290	11,414
Balance of Internal Loans											
Roading	7,692	6,707	5,686	4,616	4,093	3,167	2,708	2,360	1,675	1,261	1,033
Council Properties	510	348	229	137	46	38	29	19	10		
Rural Housing	2										
Wastewater		455	442	429	415	400	384	367	470	442	431
Water	122	57									
	8,326	7,567	6,357	5,182	4,554	3,605	3,121	2,746	2,155	1,703	1,464
External Principal Payments											
Roading		99	274	443	605	756	919	1,092	1,278	1,477	1,690
Council Properties	1	1	1	1	1	1	1	1	1		
Pools		14	15	16	17	9					
Wastewater			6	6	6	7	7	8	9	29	31
Water			48	29	435	468	505	543	584	629	676
	1	114	344	495	1,064	1,241	1,432	1,644	1,872	2,135	2,397
Internal Principal Payments											
Roading	2,036	1,204	1,291	1,070	1,023	996	1,059	698	685	414	228
Council Properties	165	162	119	92	91	9	9	10	9	10	
Rural Housing	2										
Wastewater			13	13	14	15	16	17	18	28	29
Water	79	65	57								
	2,282	1,431	1,480	1,175	1,128	1,020	1,084	725	712	452	257
The following external loans will be raised											
Roading Loans	1,369	2,320	1,904	1,972	1,512	1,512	1,512	1,512	1,512	1,512	1,512
Huntly Swimming Pool	70										
Wastewater			78						800		9
Water		959	1,560	2,520							
	1,439	3,279	3,542	4,492	1,512	1,512	1,512	1,512	2,312	1,512	1,521
The following internal loans will be raised											
Council Properties		576	774								
Roading Loans		220	270		500	70	600	350			
Wastewater		455							120		19
Water											
		1,251	1,044		500	70	600	350	120		19

Statement of Borrowing

Year Ending 30 June (continued)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	Budget %	Budget %	Budget %	Budget %	Budget %	Budget %	Budget %	Budget %	Budget %	Budget %	Budget %
Interest Rate on External Debt											
Average interest rate on Public Debt	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Treasury Management Policy											
Council adopted a Treasury Management Policy on the 25 March 2003. Adherence to policy is measured by the following criteria:											
Public Debt Servicing Cost											
Public Debt repayments expressed as a percentage of general rate revenue (including UAGC). The policy stipulates that servicing costs must not exceed 15% of general rate revenue (including UAGC) in any one financial year.	0.0%	0.5%	1.6%	2.2%	4.5%	5.2%	6.1%	6.9%	7.8%	8.8%	9.9%
Total Debt Repayment											
Total debt loan repayment expressed as a percentage of Total Debt. The policy stipulates that debt repayment should not exceed 30% of total borrowing).	0.4%	2.2%	4.2%	4.0%	8.4%	9.6%	11.0%	12.7%	14.0%	16.7%	20.2%
Long Term Debt to Equity percentage. The policy stipulates that the Long Term Debt to Equity ratio should not exceed 5%.	0.2%	1.1%	1.8%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.5%	2.3%
Total Liabilities to Assets											
Total liabilities to assets percentage. The policy stipulates that the Total Liabilities to assets ratio should not exceed 8%.	1.7%	2.6%	3.0%	3.7%	3.8%	3.8%	3.8%	3.7%	3.7%	3.6%	3.4%

Statement of Accounting Policies

Reporting Entity

Waikato District Council is a territorial authority governed by the Local Government Act 2002 (LG Act). Waikato District Council has full ownership of Tanlaw Corporation Limited (a Council Controlled Trading Organisation in terms of the LG Act).

The financial statements have been prepared in accordance with the requirements of section 111 of the LG Act, which includes the requirement to comply with generally accepted accounting practice, and the accounting standards and guidelines adopted by the Institute of Chartered Accountants of New Zealand.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain fixed assets.

Accounting Policies

The following accounting policies, which materially affect the measurement of results and financial positions, have been applied.

Budget Figures

The budget figures are those approved by Council, as part of the Annual Plan process. Comparative figures for the current year are enclosed based on the Annual Plan and the periodic budget reviews undertaken by Council in May and December each year. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Council for the preparation of the financial statements.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST with the exception of Accounts Receivable and Accounts Payable which are stated with GST included. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

Revenue Recognition

Rate revenue is recognised when levied.

Water billing revenue is recognised on an accrual basis. Unbilled sales, as a result of unread meters at year-end, are accrued on an average usage basis.

Transfund New Zealand roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in the Council - with or without conditions - are recognised as revenue when control over the asset is obtained.

Dividends are recognised on an accrual basis net of imputation credits.

Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence. Expenditure is recognised when the service has been provided or the goods received.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses.

The components of equity are:

- accumulated funds
- restricted reserves
- Council reserves
- separate rate reserves
- asset revaluation reserves.

Council processed a one-off adjustment in relation to environmental obligations in the 2001/2002 Annual Report, in line with the requirements of Financial Reporting Standard 15. The balance of the adjustment is adjusted on an annual basis and this has been allowed for in this Long-Term Council Community Plan.

Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

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

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

Accounts Receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectable debts.

Investments

All investments are stated at the lower of cost or net realisable value except for shares in other companies which are recorded at net asset backing. Any decreases are recognised in the Statement of Financial Performance.

Investment Properties and Properties Intended for Sale

Properties that fall within the accounting definition of investment properties are revalued annually at net current value by an independent registered valuer. The results of the revaluation are credited or debited to the investment property reserve. Where this results in a debit balance in the reserve, this balance is expensed on investment properties. Properties intended for resale are valued at the lower of cost and net realisable value.

Fixed and Other Non-Current Assets

Fixed assets consist of the following.

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

Valuation

All assets are valued at historical cost, except the following.

- Land and buildings are stated at Rating Valuation as at 1 July 2003 plus additions/development at cost. The rating valuations have been confirmed as suitable for financial reporting purposes by Valuation and Management Services. These are revalued every three years as part of the revaluation of the district.
- Infrastructural assets, including roading, bridges, water and wastewater reticulation are stated at depreciated replacement cost on a greenfields basis as at 1 July 2003 based on a valuation prepared by Beca Valuations Ltd - Registered Valuers. These will be revalued every three years.
- Land under roads and paper roads is valued at the average value of land in the Waikato District.

The next revaluation is scheduled for 1 July 2005. The results of revaluing are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance.

Additions

All additions between valuations are brought into the accounts at cost. Vested infrastructural assets have been valued on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing identical services.

Depreciation

Land is not depreciated. Depreciation is provided on a straight-line basis on all other fixed assets (including library books) at rates which will write-off the cost or variation of the assets to their estimated residual value over their useful lives.

The LG Act requires that Council operates a balanced budget - in other words, operating revenue is set at a level that covers operating expenses.

Section 100 of the LG Act provides an exemption in cases where it would not be financially prudent to meet the level of estimated expenses, taking into consideration service levels and the useful life of assets.

Council has consulted with the community signalling that it proposes not to fund depreciation on community rural halls. The reason for not funding depreciation on the following assets is because they are considered non-strategic and will not be replaced once they are no longer useful. The amount not being funded is shown in the following table.

Non Funded Depreciation

	2004/05	2005/06	2006/07
	\$	\$	\$
Community rural halls	71,500	71,700	71,700

Depreciation Rates - Council

	Useful Life (Years)	Depreciation Rate
Audio-Visual Materials and Electronic Games - Libraries	5	20%
Buildings - concrete	100	1%
Buildings - wooden	40	2.5%
Improvements	20	5%
Vehicles	6.6	15%
Library Books	8	12.5%
Computers	4	25%
Office equipment	3-10	10%-33%
Furniture and fixtures	10	10%
Water treatment	10-100	1%-10%
Water reticulation	20-100	1%-5%
Wastewater	10-100	1%-10%
Drainage	15-80	1.25%-6.66%
Urban stormwater	20-100	1%-5%
Roading		
Pavement - sealed	4-18	5.55%-25%
Pavement (basecourse)		
- sealed	30-60	1.67%-3.33%
- unsealed metal	12	8.33%
Surface water channel	60	1.67%
Culverts	80	1.25%
Guardrails/barriers	50	2%
Footpaths	40-80	1.25%-2.5%
Street lighting	25-35	2.86%-4%
Bridges	25-100	1%-4%

Assets under Construction

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

Employee Entitlements

Provision is made in respect of the liability for annual leave, long service leave and retirement gratuities. For long service leave and gratuities this liability has been calculated on an actuarial basis, and for annual leave on an actual basis.

Finance Leases

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the lease item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period the Council is expected to benefit from their use.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

Financial Instruments

The Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their fair value.

Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services. Agency transactions in relation to assets owned by Council (such as rates collected on behalf of halls etc) are recognised as receipts and payments in the Statement of Cashflows given that they flow through the Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

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

Cost of Service Statements

The Cost of Service Statements report on the net cost of services for significant activities of Council, and are represented by the cost of providing the service less all revenue that can be allocated to these activities.

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for Direct and Indirect Costs

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

Cost Drivers for Allocation of Indirect Costs

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

Environmental Obligations

The Council has a legal obligation under the resource consents to provide ongoing maintenance and monitoring at the landfill sites at Ngaruawahia, Huntly, Raglan, and Te Kauwhata after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

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 Council.

Prospective Financial Information

The financial information contained within this document is prospective financial information in terms of accounting standard Financial Reporting Standard 29. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cashflow of Waikato District Council for the eleven year period from 2004/05 - 2013/2014.

In relation to that standard, the financial information for the 2004/2005 financial year is considered to be a "forecast", while the financial information relating to subsequent years is considered to be a "projection". The actual results achieved for the 2004/2005 financial year are likely to vary from the information presented, and may vary materially depending upon the circumstances that arise during the period.

The following assumptions have been made in preparing the Annual Plan:

- interest rates on new loans raised during the period will be 7.0%
- interest earned on funds invested during the period will be at 6.5%.

Both these assumptions are considered to be subject to considerable uncertainty given the volatility of the financial markets.

Council will review these assumptions during the year and amend its financial reporting accordingly.

Total loans raised during the 2004/2005 year are expected to amount to \$4,530,000 and will be raised when needed. Sensitivity to changes in interest rates on borrowed funds will therefore depend both upon the interest rates actually achieved and the timing of raising the loans. Over a full year period, the sensitivity to a 1% change in interest rates on new borrowed funds would be \$45,300.

Total funds invested are expected to average approximately \$6,368,000 throughout the 2004/2005 year, giving a sensitivity in interest earnings to a 1% change in interest rates of \$63,680 over a full year.

Changes in Accounting Policies

The forecast financial information on pages 99 to 104 of this document has been prepared in accordance with the Council's current accounting policies as specified on pages 105 to 108. The Council is aware that it may have to alter some of its accounting policies in the future as a result of the Accounting Standards Review Board's decision to adopt International Financial Reporting Standards as the basis for new New Zealand financial reporting standards, for periods commencing 1 January 2007. However, the forecast information presented does not take into account the potential impact on the Council of the new New Zealand financial reporting as this impact is not yet known.

Other Documents

Draft Overall Strategic Programme
Waikato District Strategic Plan 2001 - 2011 reviewed and adopted by Council 22 February 2000.

District Plan

Waikato District Council District Plan became operative in December 1997. The District Plan is in the process of being updated, and the proposed Plan will be notified in September 2004.

Asset Management Plans

Waikato District Council has produced Asset Management Plans for all infrastructural assets for the ten years to 2013/2014.

Reserves Strategy

Waikato District Council Reserves Strategy. Adopted by Council August 1995. Being reviewed in 2004/05.

Conservation Strategy

The Draft Conservation Strategy was released in November 2000. Working towards finalising in 2004.

Revenue and Financing Policy

The Revenue and Financing Policy is included as part of this draft Long-Term Council Community Plan.