



WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

DRAFT FINANCIAL INFORMATION

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Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

DRAFT FINANCIAL STATEMENTS

ŌTOROHANGA DISTRICT COUNCIL

MARCH 2024



Te Kaunihera ā-Rohe o
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District Council
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ALL OF COUNCIL COST OF SERVICE STATEMENT

ALL OF COUNCIL COST OF SERVICE STATEMENT- 2024/34	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031/32 (\$000)	2032/33 (\$000)	2033/34 (\$000)
OPERATING REVENUE											
Activity Revenue	8,030	10,140	10,334	10,577	10,811	11,037	11,250	11,450	11,656	11,850	12,044
Targeted Rates	8,205	8,929	9,750	10,448	11,408	12,014	12,267	12,750	12,974	13,626	13,783
Development Contributions	10	10	265	271	11	11	11	11	297	12	12
General Rates	7,587	8,514	9,426	10,210	10,606	11,085	11,410	11,344	11,499	11,946	11,807
Other General Sources	10,394	12,908	14,077	14,641	15,043	15,288	15,505	15,645	15,809	15,908	16,027
<i>Total Operating Revenue</i>	34,177	40,501	43,853	46,148	47,879	49,435	50,443	51,200	52,236	53,341	53,674
OPERATING EXPENDITURE											
Trusted Leadership and Relationships	14,466	15,633	16,662	17,539	17,754	18,189	18,654	18,644	18,938	19,353	19,279
Strong Communities	1,660	2,192	2,255	2,387	2,448	2,504	2,563	2,591	2,639	2,685	2,748
Vibrant Places and Spaces	2,948	3,439	3,686	3,704	3,270	3,326	3,406	3,455	3,472	3,529	3,586
Sustainable Development and Public Safety	2,336	2,379	2,601	2,857	2,835	2,777	2,676	2,698	2,704	2,765	2,776
Resilient Infrastructure: Land Transport	9,889	11,974	12,306	12,740	13,222	13,654	13,725	14,250	14,676	14,738	14,515
Resilient Infrastructure: Water Supply	2,768	3,140	3,289	3,433	3,514	3,612	3,689	3,773	3,856	3,897	3,957
Resilient Infrastructure: Wastewater	990	1,424	1,259	1,291	1,349	1,367	1,389	1,647	1,463	1,480	1,508
Resilient Infrastructure: Stormwater	315	342	367	377	387	411	421	431	453	463	474
Resilient Infrastructure: Flood Protection	284	320	437	403	416	386	394	399	409	411	420
Responsible Waste Management	677	814	741	760	777	813	807	822	835	872	863
<i>Total Operating Expenditure</i>	35,389	41,656	43,602	45,491	45,972	47,039	47,726	48,709	49,445	50,194	50,126
Includes:											
Salaries and Wages	6,452	6,995	7,162	7,358	7,506	7,647	7,782	7,916	8,050	8,177	8,304
Depreciation and Amortisation	6,852	7,071	7,461	7,838	8,339	8,700	8,846	9,346	9,683	9,556	9,373
Interest	190	727	853	836	980	960	795	798	733	599	640
Operating Surplus (Deficit)	- 1,567	- 1,155	251	656	1,907	2,396	2,717	2,491	2,791	3,147	3,548
Operating Surplus Transferred to Reserves; or	-	-	251	656	1,907	2,396	2,717	2,491	2,791	3,147	3,548
Operating Deficit Funded from Reserves	- 1,567	- 1,155	-	-	-	-	-	-	-	-	-
CAPITAL AND RESERVES FUNDING REQUIREMENTS											
Capital Renewals	7,889	10,612	10,340	9,580	11,118	9,942	9,500	10,354	10,808	10,973	12,056
Capital Growth	150	425	409	158	162	165	169	455	176	179	182
Capital Level of Service	414	280	230	224	402	141	128	56	182	52	143
Loans Repaid	2,479	1,113	1,211	1,223	1,271	1,328	1,329	1,329	1,299	1,314	1,336
Operating Deficit	1,567	1,155	-	-	-	-	-	-	-	-	-
<i>Total Funding Required</i>	12,499	13,585	12,190	11,185	12,953	11,577	11,126	12,194	12,465	12,517	13,717
FUNDED BY:											
Funding from Non-Cash Expenses	7,023	5,659	5,926	5,353	6,507	5,197	4,853	6,068	6,187	6,163	7,163
Loans Raised	1,754	5,146	2,548	2,199	2,011	1,636	1,302	1,280	1,108	1,110	1,240
Transfer from General and Special Reserves	3,632	2,719	3,311	2,773	2,341	2,076	2,055	2,186	2,179	1,894	1,595
Capital Income	90	60	153	203	186	271	199	168	200	203	171
Operating Surplus (via reserve)	-	-	251	656	1,907	2,396	2,717	2,491	2,791	3,147	3,548
<i>Total Funding Applied</i>	12,499	13,585	12,190	11,185	12,953	11,577	11,126	12,194	12,465	12,517	13,717



PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES - 2024/34

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES - 2024/34	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031/32 (\$000)	2032/33 (\$000)	2033/34 (\$000)
INCOME											
Rates Income	13,798	15,205	16,659	18,017	19,307	20,335	20,850	21,192	21,503	22,548	22,513
Contributions	10	10	265	271	11	11	11	11	297	12	12
Water by Volume Rates	1,994	2,238	2,517	2,642	2,707	2,764	2,827	2,902	2,971	3,024	3,077
Subsidies and Grants	5,830	8,347	8,510	8,702	8,893	9,076	9,251	9,417	9,584	9,750	9,908
Other Income	2,200	1,793	1,823	1,876	1,918	1,961	1,999	2,033	2,072	2,100	2,136
Other Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	-
Total Income	23,832	27,593	29,775	31,507	32,836	34,147	34,938	35,556	36,426	37,433	37,647
EXPENDITURE											
Employee Benefit Expenses	6,452	7,208	7,379	7,580	7,733	7,878	8,017	8,155	8,293	8,424	8,555
Depreciation and Amortisation	6,852	7,071	7,461	7,838	8,339	8,700	8,846	9,346	9,683	9,556	9,373
Other Expenses	11,851	14,514	14,715	15,474	14,906	15,220	15,400	15,603	15,696	16,339	16,199
Finance Costs	190	221	327	327	485	485	350	385	351	246	316
Total Operating Expenditure	25,345	29,014	29,882	31,219	31,462	32,284	32,613	33,489	34,022	34,565	34,443
Profit Before Income Tax Expenses	- 1,513 -	- 1,422 -	- 107	- 288	- 1,374	- 1,863	- 2,325	- 2,067	- 2,404	- 2,869	- 3,203
Tax Expense	-	-	-	-	-	-	-	-	-	-	-
Profit For The Year	- 1,513 -	- 1,422 -	- 107	- 288	- 1,374	- 1,863	- 2,325	- 2,067	- 2,404	- 2,869	- 3,203
OTHER COMPREHENSIVE INCOME											
Gain/(Loss) on Property Revaluation	56,167	10,308	-	2,336	24,795	-	2,216	25,591	-	2,033	25,946
Gain/(Loss) on Reserve Funds	-	7,216	163	193	208	223	236	256	268	287	306
Total Other Comprehensive Income	56,167	17,524	163	2,529	25,004	223	2,452	25,847	268	2,320	26,252
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	54,654	16,102	57	2,817	26,377	2,086	4,777	27,913	2,672	5,188	29,455

RECONCILIATION OF PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES AND PROSPECTIVE COMBINED COST OF SERVICE STATEMENT FOR 10 YEARS COMMENCING 1 JULY 2024



RECONCILIATION OF PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES AND PROSPECTIVE COMBINED COST OF SERVICE STATEMENT FOR 10 YEARS COMMENCING 1 JULY 2024	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031/32 (\$000)	2032/33 (\$000)	2033/34 (\$000)
TOTAL OPERATING REVENUE (INCOME STATEMENT)											
Total Income	23,832	27,593	29,775	31,507	32,836	34,147	34,938	35,556	36,426	37,433	37,647
TOTAL OPERATING REVENUE (COST OF SERVICE STATEMENTS)											
Activity Revenue	8,030	10,140	10,334	10,577	10,811	11,037	11,250	11,450	11,656	11,850	12,044
Development Contributions	10	10	265	271	11	11	11	11	297	12	12
General Rates	7,587	8,514	9,426	10,210	10,606	11,085	11,410	11,344	11,499	11,946	11,807
Other General Sources	10,394	12,908	14,077	14,641	15,043	15,288	15,505	15,645	15,809	15,908	16,027
Targeted Rates	8,205	8,929	9,750	10,448	11,408	12,014	12,267	12,750	12,974	13,626	13,783
Variance	34,226	40,501	43,853	46,148	47,879	49,435	50,443	51,200	52,236	53,341	53,674
<i>Reconciling Items:</i>	-	-	-	-	-	-	-	-	-	-	-
Internal Recoveries	10,394	12,908	14,077	14,641	15,043	15,288	15,505	15,645	15,809	15,908	16,027
	10,394	12,908	14,077	14,641	15,043	15,288	15,505	15,645	15,809	15,908	16,027
TOTAL OPERATING EXPENDITURE (INCOME STATEMENT)											
Total Operating Expenditure	25,345	29,014	29,882	31,219	31,462	32,284	32,613	33,489	34,022	34,565	34,443
TOTAL OPERATING EXPENDITURE (COST OF SERVICE STATEMENTS)											
Trusted Leadership and Relationships	13,703	15,633	16,662	17,539	17,754	18,189	18,654	18,644	18,938	19,353	19,279
Strong Communities	1,660	2,192	2,255	2,387	2,448	2,504	2,563	2,591	2,639	2,685	2,748
Vibrant Places and Spaces	3,714	3,439	3,686	3,704	3,270	3,326	3,406	3,455	3,472	3,529	3,586
Sustainable Development and Public Safety	2,336	2,379	2,601	2,857	2,835	2,777	2,676	2,698	2,704	2,765	2,776
Resilient Infrastructure: Land Transport	9,889	11,974	12,306	12,740	13,222	13,654	13,725	14,250	14,676	14,738	14,515
Resilient Infrastructure: Wastewater	990	1,424	1,259	1,291	1,349	1,367	1,389	1,647	1,463	1,480	1,508
Resilient Infrastructure: Water Supply	2,768	3,140	3,289	3,433	3,514	3,612	3,689	3,773	3,856	3,897	3,957
Resilient Infrastructure: Stormwater	315	342	367	377	387	411	421	431	453	463	474
Resilient Infrastructure: Flood Protection	484	320	437	403	416	386	394	399	409	411	420
Responsible Waste Management	677	814	741	760	777	813	807	822	835	872	863
Variance	36,592	41,656	43,602	45,491	45,972	47,039	47,726	48,709	49,445	50,194	50,126
<i>Reconciling Items:</i>	-	-	-	-	-	-	-	-	-	-	-
Internal Recoveries	10,394	12,908	14,077	14,641	15,043	15,288	15,505	15,645	15,809	15,908	16,027
Internal Interest on Balance	209	271	358	369	535	535	394	426	388	280	346
	10,185	12,637	13,719	14,272	14,509	14,753	15,111	15,218	15,421	15,628	15,681



PROSPECTIVE BALANCE SHEET

PROSPECTIVE BALANCE SHEET FOR 10 YEARS COMMENCING 1 JULY 2024	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031/32 (\$000)	2032/33 (\$000)	2033/34 (\$000)
ASSETS											
Current Assets											
Cash and Cash Equivalents	4,529	3,217	2,300	2,497	2,566	3,236	3,329	2,681	3,010	3,446	3,677
Inventory	30	31	32	33	34	34	35	36	36	37	37
Property Inventory	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables	2,231	2,295	2,409	2,460	2,512	2,561	2,608	2,652	2,697	2,735	2,777
Loan Receivable	-	250	250	250	250	250	250	250	-	-	-
Total Current Assets	6,789	5,793	4,991	5,240	5,362	6,082	6,222	5,619	5,743	6,217	6,492
Non-current assets											
Intangible Assets	55	157	195	195	183	194	183	188	185	211	215
Investments	631	7,847	8,011	8,182	8,345	8,501	8,649	8,796	8,944	9,084	9,224
Property, Plant and Equipment	388,938	405,088	409,164	411,887	442,371	443,892	444,837	474,517	475,986	477,590	508,689
Loan Receivable	2,000	1,500	1,250	1,000	750	500	250	-	-	-	-
Total Non-Current Assets	391,624	414,593	418,620	421,264	451,649	453,088	453,918	483,501	485,115	486,885	518,128
Total Assets	398,413	420,386	423,611	426,505	457,011	459,169	460,141	489,120	490,858	493,102	524,620
LIABILITIES											
Current Liabilities											
Employee Benefit Liabilities	390	401	421	430	439	448	456	464	472	478	486
Income In Advance	720	741	778	794	811	827	842	856	871	883	897
Provisions	1	1	1	1	1	1	1	1	1	1	1
Trade and Other Payables	2,653	2,715	2,825	2,874	2,924	2,971	3,016	3,059	3,102	3,139	3,180
Borrowings	-	-	-	-	-	3,875	-	1,000	3,000	-	-
Development and Financial Contributions In Advance	541	541	541	541	541	541	541	541	541	541	541
Total Current Liabilities	4,304	4,399	4,565	4,640	4,715	8,662	4,856	5,921	7,986	5,042	5,104
Non-current liabilities											
Borrowings	448	6,223	9,223	9,223	13,275	9,400	9,400	9,400	6,400	6,400	8,400
Employee Benefit Liabilities	45	46	49	50	51	52	53	54	54	55	56
Provisions	16	16	16	16	16	16	16	16	16	16	16
Total non-current liabilities	508	6,285	9,287	9,288	13,342	9,468	9,468	9,469	6,470	6,471	8,472
Total liabilities	4,813	10,684	13,852	13,929	18,057	18,130	14,324	15,390	14,457	11,513	13,576
Net Assets	393,600	409,702	409,759	412,576	438,954	441,039	445,816	473,730	476,401	481,590	511,045
EQUITY											
Reserve Funds	2,973	3,023	3,074	3,125	3,234	3,346	3,462	3,582	3,707	3,836	3,969
Retained Earnings	165,478	164,006	163,848	164,085	165,350	167,101	169,310	171,256	173,536	176,276	179,346
Revaluation Reserves	225,150	242,673	242,837	245,366	270,369	270,592	273,044	298,891	299,159	301,478	327,730
Total Equity Attributable to ŌTODC	393,600	409,702	409,759	412,576	438,954	441,039	445,816	473,730	476,401	481,590	511,045



PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR 10 YEARS COMMENCING 1 JULY 2024	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031/32 (\$000)	2032/33 (\$000)	2033/34 (\$000)
BALANCE AT 1 JULY	338,946	393,600	409,702	409,759	412,576	438,954	441,039	445,816	473,730	476,401	481,590
Surplus/(Deficit) For The Year	54,654	16,102	57	2,817	26,377	2,086	4,777	27,913	2,672	5,188	29,455
Total Recognised Income/(Expense) For The Year Ended 30 June	54,654	16,102	57	2,817	26,377	2,086	4,777	27,913	2,672	5,188	29,455
BALANCE AT 30 JUNE	393,600	409,702	409,759	412,576	438,954	441,039	445,816	473,730	476,401	481,590	511,045
COMPRISED OF:											
Reserve Funds	2,973	3,023	3,074	3,125	3,234	3,346	3,462	3,582	3,707	3,836	3,969
Retained Earnings	165,478	164,006	163,848	164,085	165,350	167,101	169,310	171,256	173,536	176,276	179,346
Revaluation Reserves	225,150	242,673	242,837	245,366	270,369	270,592	273,044	298,891	299,159	301,478	327,730
	393,600	409,702	409,759	412,576	438,954	441,039	445,816	473,730	476,401	481,590	511,045



PROSPECTIVE STATEMENT OF CASH FLOW

PROSPECTIVE STATEMENT OF CASHFLOW FOR 10 YEARS COMMENCING 1 JULY 2024	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)	2028/29 (\$000)	2029/30 (\$000)	2030/31 (\$000)	2031/32 (\$000)	2032/33 (\$000)	2033/34 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from Rates Revenue	17,593	17,426	19,146	20,645	22,001	23,086	23,665	24,083	24,462	25,562	25,580
Receipts from Other Revenue	9,730	10,098	10,526	10,801	10,774	11,000	11,214	11,415	11,905	11,817	12,009
Interest Received	15	15	15	16	16	16	17	17	17	17	18
Dividends Received	4	10	10	10	11	11	11	11	11	12	12
Payments to Suppliers and Employee	- 17,276	- 21,648	- 21,964	- 22,995	- 22,580	- 23,042	- 23,363	- 23,707	- 23,937	- 24,719	- 24,705
Interest Paid	- 50	- 221	- 327	- 327	- 485	- 485	- 350	- 385	- 351	- 246	- 316
Net Cash Provided by Operating Activities	10,016	5,680	7,408	8,150	9,737	10,587	11,193	11,434	12,108	12,442	12,596
CASH FLOWS FROM INVESTING ACTIVITIES											
Proceeds from Sale of Property, Plant and Equipment	90	60	153	203	186	271	199	168	200	203	171
Purchase of Property, Plant and Equipment	- 6,992	- 13,114	- 11,509	- 8,376	- 14,151	- 10,429	- 7,708	- 13,539	- 11,285	- 9,262	- 14,628
Purchase of Investments	50	250	250	272	295	317	338	358	370	147	165
Purchase of Intangible Assets	- 20	- 37	- 219	- 52	- 50	- 76	- 54	- 70	- 64	- 94	- 73
Net Cash (Used in) Investing Activities	- 6,872	- 12,767	- 11,325	- 7,953	- 13,720	- 9,916	- 7,225	- 13,083	- 10,779	- 9,006	- 14,365
CASH FLOWS FROM FINANCING ACTIVITIES											
Proceeds from Borrowing	-	5,775	3,000	-	4,052	-	-	1,000	-	-	2,000
Repayment of Borrowing	-	-	-	-	-	-	3,875	-	1,000	3,000	-
Net Cash Provided by / (Used in) Financing Activities	-	5,775	3,000	-	4,052	-	3,875	1,000	1,000	3,000	2,000
Net (Decrease)/Increase in Cash, Cash Equivalents and Bank Overdrafts	3,144	- 1,311	917	197	69	670	93	649	329	436	232
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	1,385	4,529	3,217	2,300	2,497	2,566	3,236	3,329	2,681	3,010	3,446
Cash and Cash Equivalents at the End of the Year	4,529	3,217	2,300	2,497	2,566	3,236	3,329	2,681	3,010	3,446	3,677



STATEMENT OF RESERVE FUNDS

STATEMENT OF RESERVE FUNDS	OPENING BALANCE	TRANSFERS TO RESERVES DURING THE LIFE OF THE PLAN	TRANSFERS FROM RESERVES DURING THE LIFE OF THE PLAN	CLOSING BALANCE
REVALUATION RESERVES				
Asset Revaluation Reserve	- 225,149	- 93,225	- -	318,374
Investment Revaluation Reserve	- 1	- 9,355	- -	9,356
	- 225,150	- 102,580	- -	327,730
RESERVE FUNDS				
Ōtorohanga General Reserve	- 925	- 380	- -	1,305
Subdivision Reserve Fund	- 322	- 132	- -	454
ŌCB Reserve Fund	- 151	- 62	- -	213
KCB Reserve Fund	- 194	- 56	- -	250
ŌCB Property Development Reserve Fund	- 1,354	- 510	144 -	1,720
Upper Waipā Management Fund	- 27	- -	- -	27
	- 2,973	- 1,140	144 -	3,969
COUNCIL CONTROLLED RESERVES				
Trusted Leadership and Partnerships	- 1,324	- 140,481	138,888 -	2,917
Strong Communities	- 37	- 1,183	1,171 -	49
Vibrant Places and Spaces	- 11	- 4,408	3,766 -	632
Sustainable Development and Public Safety	- 72	- 3,150	3,888	810
Resilient Infrastructure: Land Transport	- 754	- 215,744	216,891	393
Resilient Infrastructure: Water Supply	- 2,033	- 50,317	50,215	1,931
Resilient Infrastructure: Wastewater	- 486	- 23,727	23,323	81
Resilient Infrastructure: Flood Protection	- 66	- 3,982	4,058	10
Responsible Waste Management	- 190	- 8,111	8,283 -	18
	- 230	- 451,102	450,482 -	390

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WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

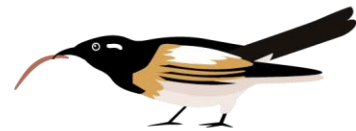
DRAFT ACCOUNTING POLICIES

ŌTOROHANGA DISTRICT COUNCIL

MARCH 2024



Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



REPORTING ENTITY

The prospective financial statements of the Ōtorohanga District Council are for the years ended 30 June 2025 to 30 June 2034.

The Ōtorohanga District Council (Council) is a territorial local authority governed by the provisions of the Local Government Act 2002 (the Act) and is domiciled in New Zealand.

The primary objective of Council is to provide services or goods for the community for social benefit rather than making a financial return. Accordingly, having regard to the criteria set out in the Public Benefit Entity Internal Public Sector Accounting Standards (PBE IPSAS), as a defined public entity under the Public Audit Act 2001, the Council is audited by the Auditor-General and is classed as a Public Sector Benefit Entity (PBE) for financial reporting purposes. Council has designated itself as a Tier 2 entity.

The financial information contained within this document is in terms of FRS 42: Prospective Financial Information. It has been prepared to enable the public to participate in the decision-making processes regarding the services to be provided by Council over the financial years 2024-2034 and to provide a broad accountability mechanism of Council to the community.

The operations of Council have been divided into the following Groups of Activities:

- Trusted Leadership and Relationships.
- Strong Communities.
- Vibrant Places and Spaces.
- Sustainable Development and Public Safety.
- Resilient Infrastructure: Land Transport.
- Resilient Infrastructure: Water Supply.
- Resilient Infrastructure: Wastewater.
- Resilient Infrastructure: Stormwater.
- Resilient Infrastructure: Flood Protection.
- Responsible Waste Management.

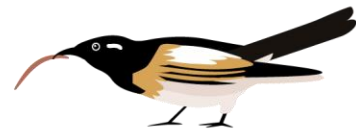
Council advise caution that the information in these statements may not be appropriate for purposes other than those described.

The prospective financial statements were authorised for issue by Council on 25 June 2024. The Mayor and Chief Executive that authorise the issue of the prospective financial statements by Council are responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results have been incorporated in these prospective financial statements. It is not intended to update the prospective financial statements subsequent to presentation.

MEASUREMENT BASE

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.





DRAFT

ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of results and financial position have been applied consistently to all years presented from 1 July 2024 unless otherwise stated.

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 93 and Part 1 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ PBE IPSAS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. Council is a tier 2 reporting entity using the public sector Public Benefit Entity Accounting Standards, as it has expenses between \$2.0m and \$30.00m, and is not publicly accountable.

Although Council is not publicly accountable, Council has included a separate Cost of Services Statement for each significant activity.

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

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

The 2023/24 Annual Plan adopted by the Council in June 2023 has been provided as a comparator for these prospective financial statements. The closing balance in this comparative differs from the opening position used to prepare these prospective financial statements, which is based on the most up-to-date forecast information.

2 BUDGET FIGURES

The budget figures have been prepared in accordance with NZ GAAP and comply with NZ PBE IPSAS, and other applicable Financial Reporting Standards, using accounting policies that are consistent with those adopted in preparing these financial statements. Then as a tier 2 reporting entity, Council uses the public sector Public Benefit Entity Accounting Standards.

3 REVENUE

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

RATES REVENUE

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

WAKA KŌTAHI NZ TRANSPORT AGENCY ROADING SUBSIDIES

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 substance 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.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

VESTED OR DONATED PHYSICAL ASSETS

Where a physical asset is acquired for nil or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

DIRECT CHARGES – SUBSIDISED

(i) RENDERING OF SERVICES - SUBSIDISED

Rendering of services at a price that is not approximately equal to the value of the service provided by Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow Council to fully recover the cost of providing the service (such as building consents, water connections, dog licencing, 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 Council issues the invoice or bill for the service. Revenue is recognised at 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 Council has an obligation to refund the cash received for the service (or the extent that the customer has the right to withhold the payment from Council for the service) if the service is not completed.

(ii) SALE OF GOODS – SUBSIDISED

A sale of goods at a price that is not approximately equal to the value of the goods provided by Council is considered a non-exchange transaction.

This includes sales of goods where the price does not allow Council to fully recover the cost of producing the goods 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 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

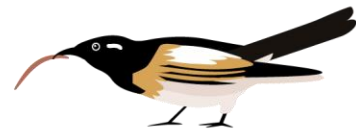
DIRECT CHARGES – FULL COST RECOVERY

(i) RENDERING OF SERVICES - FULL COST RECOVERY

Revenue from the rendering of services (such as resource consents, etc.) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(ii) SALE OF GOODS – FULL COST RECOVERY





Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Council.

INTEREST AND DIVIDENDS

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

4 BORROWING COSTS

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

5 GRANT EXPENDITURE

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

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

6 LEASES

OPERATING LEASES

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

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held with banks and other short-term investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a current liability in the statement of financial position.

8 DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are initially recorded at the amount due, less any provision for expected credit losses (ECL).

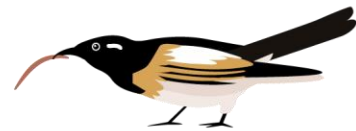
Council has reviewed individual debtor balances to determine the ECL to recognise for short-term receivables.

Rates are "written-off":

- When remitted in accordance with Council's rates remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.





9 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.
- **RESTRICTED ASSETS** – Restricted assets are mainly parks and reserves and related buildings owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- **INFRASTRUCTURE ASSETS** – Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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 are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' 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 expense 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 expenses.

ADDITIONS

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

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

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

DISPOSALS

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported 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 comprehensive revenue and expenses.

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 Council and the cost of the item can be measured reliably.





DEPRECIATION

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

ASSET CLASSES	USEFUL LIFE (YEARS)	DEPRECIATION RATE
Buildings		
• Internal Fitout	5-31	3.2-20%
• Structure	5-58	1.7-20%
• Roof	5-55	1.8-20%
• Plant	5-10	10-20%
• Services	5-35	2.8-20%
• Other Site Improvements	80	1.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixture	10	10% DV
Library Books	6.6	15% DV
Plant and Machinery	2.5-3	33.33-40%
WATER TREATMENT		
Piping	20-100	1-5%
Equipment	5-100	1-20%
Other	2-100	1-50%
WASTEWATER		
Piping	50-90	1.11-2%
Equipment	10-81	1.23-10%
Other	20-80	1.25-5%
STORMWATER		
Piping	40-100	1-2.5%
Equipment	15-80	1.25-6.66%
Other	20-100	1-5%
ROADING		
<i>Pavement (Basecourse)</i>		
• Sealed	7-79	1.26-14.3%
• Unsealed	9-80	1.25-11.1%
<i>Pavement (Sub-Base)</i>		
• Sealed	7-74	1.35-14.3%
• Unsealed	2-73	1.37-50%
Seal	1-16	6.25-100%
Culverts	1-90	1.11-100%
Bridges	37-76	1.31-2.7%
Kerb & Channel/ Catchpits	2-55	1.81-50%
Footpaths	2-74	1.35-50%
Streetlights	1-57	1.75-100%
Signposting	1-14	7.14-100%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. Items that are fully depreciated are recorded as having a useful life of 1 year.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.



Property, plant and equipment 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 asset's fair value less cost to sell and value in use.

10 INTANGIBLE ASSETS

SOFTWARE ACQUISITION

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

AMORTISATION

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

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

- Computer software (finite life) 3 years 33.3%

IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

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 asset's fair value less cost to sell and value in use.

11 GOODS AND SERVICES TAX (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables which are stated as GST inclusive. When GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Commitments and contingencies are disclosed exclusive of GST.

12 COST OF SERVICE STATEMENTS

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

COST ALLOCATION

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

- Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.
- Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

13 OTHER FINANCIAL ASSETS

Financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost





- Fair value through other comprehensive revenue and expenses (FVTOCRE)
- Fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset as initial recognition unless it has been designated as FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council management model for managing them.

A financial asset is classified and subsequently measured as amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT AMORTISED COST

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits and community loans.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTOCRE

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designate into this category all equity investments that are not held for trading as they are strategic investments that are intended to be held for the medium to long-term.

EXPECTED CREDIT LOSS ALLOWANCE (ECL)

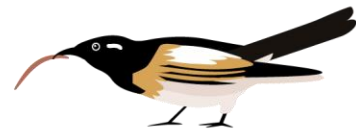
Council recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligation in full.





PREVIOUS ACCOUNTING POLICY (SUMMARISED)

In the previous year, other financial assets were classified into the following categories:

- Loans and receivables at amortised cost (included term deposits, related party loans, and community loans), and
- Available for sale financial assets.

The main differences from the prior year's policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter bankruptcy, receivership or liquidation, and default payments were indicators the asset is impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

14 PAYABLES

PAYABLES UNDER EXCHANGE TRANSACTIONS

Payables under exchange transactions are recognised when ODC becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, payables under exchange transactions are recorded at amortised cost.

DEPOSITS AND BONDS

Deposits and bonds are recognised at their face value at the time they are received. The refund of deposits and bonds is recognised at the time that all conditions related to that bond are met.

BORROWINGS

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

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 ENTITLEMENTS

SHORT-TERM EMPLOYEE ENTITLEMENTS

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

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

LONG-TERM EMPLOYEE ENTITLEMENTS

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

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.





PRESENTATION OF EMPLOYEE ENTITLEMENTS

Sick leave, annual leave, and vested long service leave are classified as a current liability. 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.

15 PROVISIONS

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that 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 expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

LANDFILL POST-CLOSURE COSTS

Council, as operator of the Ōtorohanga and Kāwhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. An allowance for post-closure costs is recognised as a provision within the balance sheet.

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 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 liability.

FINANCIAL GUARANTEE CONTRACT LIABILITIES

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

Financial guarantee contract liabilities are measured initially at their fair value. If a financial guarantee was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is practicable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

16 EQUITY

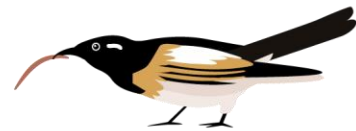
Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated comprehensive revenue and expenses
- Restricted reserves
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve.

RESTRICTED RESERVES





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

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

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at Council's discretion.

ASSET REVALUATION RESERVE

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets to fair value.

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

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

17 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

A number of assumptions and estimates are used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- The physical condition of the asset. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of any asset.
- The remaining useful life over which the asset will be depreciated. These estimates can be impacted by local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, Council could be over or underestimating the depreciation charge recognised in the Statement of Comprehensive Revenue and Expense. To minimise this risk useful lives are determined with reference to the NZ Infrastructural Asset Valuation and Depreciation guidelines published by the National Asset Management Steering Group. Asset inspections and condition modelling are also carried out regularly as part of Council's asset management planning activities.
- The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location.

18 ROUNDING ERRORS

Some rounding errors may occur in the financial statements due to stating dollar amounts to the nearest \$1,000.

19 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies:

CLASSIFICATION OF PROPERTY

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental from these properties is incidental to holding these properties. These properties are held for





service delivery objectives as part of the ODC's social housing policy. These properties are accounted for as property, plant and equipment.

20 Changes in Accounting Policies

Adoption of PBE IPSAS 41, Financial Instruments, has been applied from 1 July 2022. See note 13 above for the impact on financial statements.

Other than the above, there have been no changes in accounting policies.



FUNDING IMPACT STATEMENT

INTRODUCTION

The Local Government (Rating) Act 2002 sets out the methods by which local authorities can rate and the detailed criteria around their uses.

The Local Government Act 2002 sets out processes and policies that local authorities must apply in the establishment of their rating systems, including the provisions of information to communities.

This funding impact statement sets out:

- The revenue and financing mechanisms used;
- An indicative level or amount of funding for each mechanism;
- Explanatory information supporting the use of general and targeted rates; and
- A summary of the total rates requirement.

The application of funding methods to Council's activities is summarised in a table at the end of this section.

This statement should be read in conjunction with Council's Revenue and Financing policy that sets out Council's policies in respect of each source of funding of operating and capital expenses.

RATING POLICY

Introduction

The rating Policy outlines how the rate funding required to fund activities will be set by the Council.

This includes Council's high level rating philosophy, and summarises the rationale for the rating decisions taken. In making these decisions, Council has considered:

- The distribution and timing of benefits;
- Rating efficiency and transparency;
- Community preferences; and
- The overall impact on the economic, cultural, social and environmental well-being of the district.

The policy provides the link between the funding decisions taken at the activity level, with the eventual rates assessment that each ratepayer will receive. The overview of the resulting mix of general and targeted rates, user charges and other funding sources is set out in the Funding Impact Statement for activities or groups of activities. More details for each activity are set out under the significant activities pages.

Property valuations and rates distribution

The Council sets the total amount of rates required to fund its expenditure based on the budgeted costs included in the 10-year plan. For the majority of its rates, Council uses property valuations as the basis to distribute the total rates requirement proportionately across all properties in the district.

Property revaluations are performed every three years and Council uses these valuations for the purposes of calculating the rates each property has to pay. Council contracts Quotable Value (QV) as its valuation service provider (VSP). The latest revaluation of the district was carried out on 1 October 2022 and these values have been used for rating purposes for the Long Term Plan. The rating valuations are intended to provide relative values only and are based on the market value of a property at a particular point in time. It cannot be taken as market valuation.

Effect of new valuations on rates

It is important to note that an increase/ decrease in values does not automatically mean that there will be an increase/ decrease in rates. It depends on whether the valuation of a property changes more than the average of the group of property values. Council does not collect extra rates as a result of valuation changes. Council calculates the total rate requirement for the year and then uses capital values as the basis to distribute this total. Therefore, a change in the capital value (value of

land and improvements) of a property will only impact the rates bill of the property to the extent that the change is higher or lower than the average change.

Council rate assessments contain different charges that make up the annual levy:

- General Rates (calculated on capital value with no differentials);
- Uniform Annual General Charge (set charge); and
- Targeted Rates (uniform charge or value based charge).

HOW COUNCIL RATES

Explanation of Rates

There are two types of rates – general rates and targeted rates.

These may be charged in two ways:

- On a uniform basis – to all rateable land for which the rate is set; or
- Differentially – on a different basis for different categories of land.

They may be charged on a fixed amount, including as a fixed amount per rating unit, per separately used or inhabited part of a rating unit, or number of services used such as number of water closets, or using a factor – such as land or capital value.

General Rate

The Council sets a general rate with no differentials, based on the capital value of each rating unit.

Uniform Annual General Charge

Uniform annual general charge (UAGC) is a specific levy of an equal amount on every rating unit within the district and does not vary with the value of the rating unit.

It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate. Individuals benefit as each has an equal opportunity to access and use the assets and services, and to an

extent, many within the community make similar use of assets and services.

Council considers a range from 25% to 26% of the rates requirement should be recovered by way of a Uniform Rate charged to every rating unit in the district, which reflects the equal opportunity to access and use the assets and services.

Targeted Rates

Council sets targeted rates for different functions of council where the benefit of having access to particular function(s) or service(s) exist to particular groups of ratepayers.

Land Transport Rate

This is funded by a District Wide rate in the dollar plus a uniform targeted rate. Roothing needs to be managed as a network and on a district-wide basis, progressively throughout the funding year. This is consistent with the policy approach to funding taken by NZ Transport Agency (Council's primary Roothing funding source) to fund Roothing as a network.

District-Wide rating spreads the cost of roading amongst all ratepayers. An advantage of this is that it makes larger expenditure commitments more affordable than annually uneven cost recoveries targeted to specific ratepayer categories. It therefore provides regularity to funding to appropriately manage the district asset.

Kāwhia Community Rate

A targeted rate levied across the Kāwhia/ Aotea Community to fund services that directly benefit these communities.

Hall Targeted Rates

Some Halls have specific areas defined by the hall committees and Council collects a targeted rate from ratepayers within these areas. Funds received are available to Hall Committees to go towards the operation, maintenance, renovation and/or extension of those facilities.

Water Supplied By Volume Rates – Rural Water Schemes (Arohena, Tihiroa, Ranginui and Waipā)

Separate rating units in the Rural Water Supply areas with water meters are levied a targeted rate for water usage. This rate is set on a per cubic metre usage basis.

Separate rating units in the Rural Water Supply areas also attract a charge for each meter connected to the Rural Water Scheme.

Refuse Targeted Rate

All properties situated in the Ōtorohanga and Kāwhia Community that have a building erected thereon are levied a uniform targeted rate for each separately occupied portion of that building.

Ōtorohanga Security Targeted Rate

A targeted rate in the dollar and a uniform targeted rate for all properties within the “Security Patrol Area” to fund a Security Patrol Service in a defined area of the Ōtorohanga Community.

Ōtorohanga Wastewater

All properties that are connected to the Ōtorohanga Sewerage Treatment & Reticulation Scheme are levied a rate per separately used or inhabited part of the rating unit. All properties with four or less water closets or urinals pay a flat fee. For all water closets or urinals over 4, a charge for each additional water closet or urinal applies.

Water Supplied by Volume Rates - Ōtorohanga

Separate rating units in the Ōtorohanga Water Supply areas with water meters are levied a targeted rate for water usage. This rate is set on a per cubic metre usage basis.

All separate rating units, either rateable or non-rateable, receiving a supply from the Ōtorohanga Community Water Supply will have a charge for each water meter.

Refuse Targeted Rate

All properties situated within the Kāwhia/Aotea and Ōtorohanga Community that have a building erected thereon are levied a uniform targeted rate for each separately occupied portion of that building.

Kāwhia Water Supply

All properties that are connected to the Kāwhia Water Supply Scheme are levied a uniform targeted rate for each separately occupied portion of any building.

Kāwhia Targeted Water Loan Rate

Properties in the Kāwhia Community water supply area are levied a targeted loan rate to finance loan repayment costs in respect of loans raised for capital expenditure on the Kāwhia water scheme.

Water Supplied by Volume Rates - Kāwhia

Separate rating units in the Kāwhia Community water supply area with water meters are levied a targeted rate for water usage over the free allowance. This rate is set on a per cubic metre usage basis.

Separate rating units outside the Kāwhia Community water supply area with water meters that are using water from the Kāwhia scheme are levied a targeted rate for water usage, on a per cubic metre basis, with a minimum charge per annum.

All separate rating units, either rateable or non-rateable, receiving a supply from the Kāwhia Community Water Supply will have a charge for each water meter.

Kāwhia/Aotea Seawall Protection

Properties within the Kāwhia/Aotea Community pay a uniform targeted rate for each rating unit to fund the maintenance and repairs of the Kāwhia and Aotea seawalls.

Differential Targeted Rates

Differential Definitions

Properties within the Ōtorohanga Community may be charged targeted rates under one of two differentials. The differentials are applied based on the use to which the land is put.

The definitions of the two land use categories are:

- Ōtorohanga Commercial
- Ōtorohanga Residential

The following targeted rates are set using differentials.

Ōtorohanga Community Rate

The area of the Ōtorohanga Community is defined on a map approved by Council. Valuation numbers begin with either 05540 or 05541.

Ōtorohanga Targeted Sewerage Loan Rate

Areas of benefit are defined on maps and approved by Council.

Ōtorohanga Targeted Water Loan Rate

Areas of benefit are defined on maps and approved by Council.

Setting of Rates

Rates are set by Council by way of resolution for each financial year, referred to as the Rating Year. These rates will remain in effect for the rating year and will not be affected by a change in the rateable value or factors of a rating unit during the financial year in which the rates are set.

Utility Charges for non-rateable properties

Non-rateable properties are liable for targeted rates and charges for the provision of utility services, such as water, wastewater and refuse collection.

Instalments

Rates and charges for the year ending on 30 June 2025 will be assessed in two instalments, which will become due and payable on the following dates:

30 August 2024

28 February 2025

Charges for Water Metered Rates for Ōtorohanga Community Supply for the year ending on 30 June 2025 will be assessed in four instalments, which will become due and payable on the following dates:

30 August 2024

29 November 2024

28 February 2025

30 May 2025

Charges for Water Metered Rates for the Kāwhia Community Water Supply and all Rural Water supplies for the year ending on 30 June 2025 will be assessed in two instalments, which will become due and payable on the following dates:

30 August 2024

28 February 2025

Penalties

In accordance with Section 57 and 58 of the Local Government (Rating) Act 2002.

A penalty of 10% is added to each instalment or part thereof “current rates” which are unpaid after the due date for payment on the following dates:

30 August 2024

28 February 2025

For Water Metered Rates for the Ōtorohanga Community, a penalty of 10% is added to all amounts of rates remaining unpaid a day after the due date, as listed below:

30 August 2024

29 November 2024

28 February 2025

30 May 2025

For Water Metered Rates for the Kāwhia Community Water Supply and all Rural Water supplies, a penalty of 10% is added to all amounts of rates remaining unpaid a day after the due date, as listed below:

30 August 2024

28 February 2025

Utility Charges for non-rateable properties

A penalty of 10% is added to previous year’s rates “rates in arrears” that remain unpaid on 1 July 2024, and again on 1 January 2025.

The Council level FIS

- Links the Councils Revenue and Financing Policy, the annual setting of rates, fees, development contribution and the annual borrowing requirement;
- Sets out the revenue and financing mechanisms that will be used in each year along with an indicative level or amount of funds to come from each mechanism; and
- Shows the planned application of funds in each year.

All of Council Funding Impact Statement

[illegible]

2024/25 Rates Information

Total Revenue Required	Rates 2024/25 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
5,460,600	General Rate (partially funds activities as detailed below)	Every rating unit in the district	Rate in the \$ on capital value			6,491,473,500	\$0.0008412
2,340,257	Uniform Annual General Charge (partially funds activities as detailed below)	Every rating unit in the district	Fixed amount for each rating unit			4,287	\$545.90
4,796,702	Land Transport Rate (partially funds the Land transport programme in compliance with the Revenue and Financing Policy).	Every rating unit in the district	Rate in the \$ on capital value			6,491,473,500	\$0.0005172
			Fixed amount for each rating unit			4,287	\$335.67
325,014	Ōtorohanga Community Targeted Rate (partially funds activities as detailed on page	Every rating unit in the defined Ōtorohanga Community area	Rate in the \$ on capital value	Commercial Properties	Ratio 2.5	174,970,100	\$0.0005033
			Fixed amount for each rating unit	Residential Properties	Ratio 1.0	676,747,300	\$0.0002013
						1,388	\$72.55
202,040	Kāwhia Community Targeted Rate (partially funds activities as detailed on page	Every rating unit in the defined Kāwhia/Aotea Community area	Rate in the \$ on capital value			383,030,350	\$0.0003618
			Fixed amount for each rating unit			606	\$104.73
255,285	Refuse Collection Targeted Rate Ōtorohanga	Every rating unit in the defined Ōtorohanga Community area	Fixed amount for each separately used or inhabited part of a rating unit			1,412	\$180.80
174,469	Refuse Collection Targeted Rate Kāwhia	Every rating unit in the defined Kāwhia/Aotea Community area	Fixed amount for each separately used or inhabited part of a rating unit			525	\$332.32
251,389	Water Supply Targeted Rate Kāwhia	Every rating unit in the defined Kāwhia Water Supply area	Fixed amount for each separately used or inhabited part of a rating unit			412	\$610.17

Total Revenue Required	Rates 2024/25 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
75,241	Water Supply Targeted Loan Rate – Ōtorohanga	Every rating unit in the defined Ōtorohanga Water Supply area	Rate in the \$ on capital value	Commercial Properties Residential Properties	Ratio 2.0	146,307,000	\$0.0001552
					Ratio 1.0	676,747,300	\$0.0000776
64,841	Water Supply Targeted Loan Rate – Kāwhia	Every rating unit in the defined Kāwhia Water Supply area	Rate in the \$ on capital value			269,677,800	\$0.0002404
5,755	Water Supply Targeted Loan Rate – Arohena Rural Scheme	Every rating unit in the defined Arohena Rural Water Scheme area	Rate in the \$ on capital value	Arohena Rural Water Scheme		159,205,500	\$0.0000361
758,617	Sewerage Treatment Targeted Rate	Every rating unit in the defined Ōtorohanga Sewerage Treatment area	Fixed amount for each separately used or inhabited part of a rating unit	1 unit 2 to 4 5 or more	per urinal	1,383	\$547.41
						35	No charge \$44.44
143,195	Sewerage Treatment Targeted Loan Rate	Every rating unit in the defined Ōtorohanga Sewerage Treatment area	Rate in the \$ on capital value	Commercial Properties Residential Properties	Ratio 2.5	143,627,000	\$0.0003541
					Ratio 1.0	651,977,400	\$0.0001416
28,825	Rural Halls Targeted Rate	Every rating unit within the defined Rural Hall areas	Rate in the \$ on capital value Fixed amount for each separately used or inhabited part of a rating unit	Arohena Kio Kio Puketotara/Ngutunui Honikiwi		263,544,500	\$0.000010
						470,200,600	\$0.000006
						499,324,100	\$0.000009
						204,046,600	\$0.000013
				Arohena		58	\$45.00
				Kio Kio		206	\$20.00
36,748	Kawhia/Aotea Erosion Targeted Rate	Every rating unit within the Kawhia/Aotea Community area	Fixed amount for each rating unit			583	\$63.03
7,790	Aotea Erosion Targeted Loan Rate	Every rating unit within the defined Aotea Community area	Fixed amount for each property that did not make a capital contribution			24	\$324.58
94,634	Security Patrol Rate	Every commercial property within the defined Ōtorohanga Commercial area	Rate in the \$ on capital value			84,425,000	\$0.0005605
			Fixed amount for each rating unit			96	\$492.89
1,296,000	Water Supplied by Volume – Rural Water Supplies	Every property connected to the defined Rural Water Schemes.	Fixed amount for each cubic metre of water consumed	Arohena		411,900	\$0.86
				Tihiroa		250,000	\$1.66
				Ranginui		135,000	\$0.64
				Waipā		230,000	\$1.27

Total Revenue Required	Rates 2024/25 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
			Fixed amount per meter	Arohena Tihiroa Ranginui – First meter Additional meter Waipā		74 60 5 11 149	\$595.18 \$750.00 \$1,800.00 No charge \$325.00
930,000	Water Supplied by Volume – Ōtorohanga Water Supply	Every property connected to the defined Ōtorohanga Water Supply Scheme	Fixed amount for each cubic metre of water consumed	All connected properties		350,000	\$1.80
			Fixed amount per meter	All connected properties		1493	\$200.00
12,000	Water Supplied by Volume – Kāwhia Water Supply	Every property connected to the defined Kāwhia Water Supply Scheme	Fixed amount for each cubic metre of water consumed (220 cubic metre free allowance)	All connected properties		6,328	\$1.60
			Fixed amount per meter	All connected properties		15	\$125.00
				Minimum charge (where applicable)			\$610.17
17,259,402	TOTAL						

Examples of Indicative Contributions to Council Services – 2024/25 year

Property Value	585,000	637,500	750,000	937,500	621,000	737,500	1,500,000	2,300,000	5,000,000
	Ōtorohanga Residential	Ōtorohanga Residential	Ōtorohanga Commercial	Ōtorohanga Commercial	Kāwhia	Kāwhia	Rural	Rural	Rural
Activity	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance	354.73	370.79	493.75	573.24	437.47	484.20	488.20	669.95	1,283.34
Community Development and Empowerment	42.29	44.09	47.94	54.37	43.52	47.52	73.65	101.07	193.60
Community Service Providers and Contestable Grants	28.01	29.20	31.75	36.01	28.83	31.47	48.78	66.94	128.22
Economic Development and Wellbeing	95.43	99.58	1,167.10	1,304.87	94.83	103.18	153.90	211.20	404.56
Resource Management	45.24	47.16	51.29	58.16	46.56	50.83	78.78	108.11	207.10
Corporate Planning/Projects	82.88	86.40	93.96	106.55	85.30	93.12	144.33	198.07	379.41
Environmental Health, Public Amenity and Safety	49.99	52.12	56.68	64.27	51.45	56.17	87.06	119.47	228.86
Animal Control	30.80	32.11	34.92	39.60	31.70	34.61	53.64	73.61	141.01
Iwi Liaison	22.29	23.24	25.27	28.66	22.94	25.04	38.82	53.27	102.04
Parks & Reserves and Council Owned Property	243.97	254.65	305.04	350.06	314.14	348.90	384.62	527.81	1,011.06
Swimming Pools	69.44	72.40	78.73	89.28	71.47	78.03	120.94	165.96	317.91
Rubbish & Recycling Services	219.91	220.42	221.51	223.33	394.51	395.64	20.88	28.66	54.90
On Demand Supply	4.43	4.61	5.02	5.69	706.25	706.66	7.71	10.58	20.26
Wastewater	632.04	632.14	632.37	632.76	2.59	2.83	4.39	6.03	11.54
Libraries, Learning & Development	79.46	82.84	90.08	102.15	81.77	89.28	138.37	189.89	363.75
Civil Defence and Emergency Management	24.24	25.27	27.48	31.17	24.95	27.24	42.22	57.93	110.97
Coastal Structures	6.82	7.11	7.73	8.77	95.32	98.93	11.88	16.30	31.23
Building Control	85.33	88.96	96.74	109.70	87.82	95.87	148.60	203.92	390.63
Cemeteries	16.57	17.28	18.79	21.31	17.06	18.62	28.86	39.60	75.86
Stormwater	116.14	122.56	272.36	329.31	125.20	136.70	3.19	4.38	8.40
Land Transport	734.00	765.23	832.14	943.68	755.41	824.71	1,278.27	1,754.14	3,360.19
Wastewater Loan	95.28	103.83	305.39	381.74	-	-	-	-	-
Water Loan	52.22	56.90	133.89	167.37	171.71	203.92	-	-	-
	\$3,131.50	\$3,238.91	\$5,029.94	\$5,662.05	\$3,690.80	\$3,953.48	\$3,357.11	\$4,606.88	\$8,824.84

Proposed Rates Levies and Funding Mix

Ōtorohanga District

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
General Rate										
Ōtorohanga Rural	4,451,877	4,891,791	5,286,528	5,507,881	5,767,228	5,937,212	5,891,299	5,968,016	6,208,387	6,120,381
Ōtorohanga Community	692,169	762,630	833,612	869,211	910,866	938,461	931,945	944,832	983,667	970,492
Kāwhia Community	316,554	339,947	367,730	383,494	401,934	414,175	411,363	417,116	434,327	428,576
	5,460,600	5,994,368	6,487,870	6,760,585	7,080,028	7,289,848	7,234,608	7,329,964	7,626,381	7,519,449
Uniform Annual General Charge										
Ōtorohanga Rural	1,246,281	1,368,987	1,482,641	1,545,945	1,620,012	1,669,065	1,657,445	1,680,324	1,749,342	1,725,859
Ōtorohanga Community	763,163	837,631	906,452	944,410	988,884	1,018,036	1,010,171	1,023,334	1,064,559	1,049,479
Kāwhia Community	330,813	362,396	391,422	407,039	425,401	437,119	432,930	437,755	454,548	447,283
	2,340,257	2,569,015	2,780,516	2,897,393	3,034,298	3,124,220	3,100,546	3,141,413	3,268,449	3,222,621
Separate Rooding Rate										
Ōtorohanga Rural	2,737,433	2,844,373	3,057,629	3,545,127	3,830,150	3,910,610	4,112,368	4,168,258	4,487,443	4,516,367
Ōtorohanga Community	425,611	443,438	482,145	559,464	604,927	618,128	650,536	659,902	710,998	716,148
Kāwhia Community	194,647	197,665	212,688	246,834	266,934	272,801	287,148	291,327	313,933	316,256
	3,357,691	3,485,475	3,752,463	4,351,425	4,702,011	4,801,539	5,050,053	5,119,487	5,512,374	5,548,771
Separate Rooding Uniform Annual Charge										
Ōtorohanga Rural	766,331	796,009	857,532	995,042	1,075,887	1,099,348	1,156,964	1,173,593	1,264,430	1,273,550
Ōtorohanga Community	469,265	487,048	524,275	607,866	656,741	670,541	705,141	714,730	769,467	774,434
Kāwhia Community	203,415	210,718	226,392	261,989	282,519	287,913	302,203	305,743	328,549	330,060
	1,439,011	1,493,775	1,608,199	1,864,897	2,015,147	2,057,803	2,164,308	2,194,066	2,362,446	2,378,045
Total Rate Levy District Wide	12,597,559	13,542,633	14,629,048	15,874,300	16,831,484	17,273,410	17,549,515	17,784,930	18,769,650	18,668,886

Ōtorohanga Rural

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Water Supply Rates										
Arohena RWS Loan	5,755	5,072	1,889	1,933	1,967	1,996	2,021	2,051	2,073	2,100
Halls										
Arohena Hall	2,635	2,635	2,635	2,635	2,635	2,635	2,635	2,635	2,635	2,635
Arohena Hall	2,610	2,610	2,610	2,610	2,610	2,610	2,610	2,610	2,610	2,610
Honikiwi Hall	1,901	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653
Kio Kio Hall	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	2,821	4,232
Kio Kio Hall	4,120	4,120	4,120	4,120	4,120	4,120	4,120	4,120	4,120	4,120
Maihihi Hall	-	-	-	-	-	-	-	-	-	-
Otewa Hall	3,100	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275
Puketotara/Ngutunui Hall	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494	4,494
Puketotara/Ngutunui Hall	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444	3,444
Tokanui Crossroads	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
District Wide	9,201,922	9,901,160	10,684,332	11,593,994	12,293,278	12,616,235	12,818,076	12,990,191	13,709,602	13,636,157
Total Rate Levy Ōtorohanga Rural	9,236,502	9,935,984	10,715,973	11,625,679	12,324,997	12,647,983	12,849,849	13,021,995	13,741,427	13,669,420

Ōtorohanga Community

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Separate Ōtorohanga Community Rate										
Differential Rating Area No 1	88,067	116,979	129,423	132,046	136,155	141,077	143,752	146,891	151,357	154,198
Differential Rating Area No 2	136,251	186,997	209,847	214,403	221,385	229,713	234,396	239,850	247,488	252,486
	224,318	303,976	339,270	346,449	357,540	370,790	378,148	386,741	398,845	406,684
Separate Ōtorohanga Community Uniform Annual Charge										
Uniform Annual General Charge	100,696	130,875	145,401	148,478	153,232	158,910	162,063	165,746	170,934	174,293
Sewerage Loan Special Rate										
Differential Rating Area No 1	50,855	68,961	77,100	80,580	83,947	86,509	89,293	95,336	98,331	99,811
Differential Rating Area No 2	92,340	129,537	146,973	153,832	160,492	165,632	171,210	183,062	189,087	192,212
	143,195	198,498	224,073	234,412	244,439	252,141	260,503	278,398	287,418	292,023
Water Loan Special Rate										
Differential Rating Area No 1	22,712	43,337	48,215	47,674	53,036	55,548	57,752	60,055	62,435	64,879
Differential Rating Area No 2	52,529	103,560	116,866	115,716	128,913	135,210	140,771	146,589	152,612	158,809
	75,241	146,897	165,081	163,390	181,949	190,758	198,523	206,644	215,047	223,688
Refuse Rate										
Separate Uniform Refuse Rate	255,285	237,730	244,022	249,631	254,640	260,014	264,892	268,344	273,071	277,688
Sewerage Rate										
Separate Sewerage Rate	757,062	867,853	966,400	979,092	1,015,522	1,028,463	1,045,263	1,070,734	1,077,450	1,098,198
Separate Sewerage Rate	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555
	758,617	869,408	967,955	980,647	1,017,077	1,030,018	1,046,818	1,072,289	1,079,005	1,099,753
Security Patrol										
Separate Security Patrol Rate	47,317	37,959	38,784	39,568	40,313	41,021	41,716	42,420	43,086	43,747
Separate Uniform Annual Charge	47,317	37,959	38,784	39,568	40,313	41,021	41,716	42,420	43,086	43,747
	94,634	75,918	77,568	79,136	80,626	82,042	83,432	84,840	86,172	87,494
District Wide	2,350,207	2,530,747	2,746,484	2,980,951	3,161,418	3,245,166	3,297,793	3,342,797	3,528,691	3,510,553
Total Rate Levy Ōtorohanga Community	4,002,193	4,494,049	4,909,854	5,183,094	5,450,921	5,589,839	5,692,172	5,805,799	6,039,183	6,072,176

Kāwhia Community

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Separate Kāwhia Community Rate	138,572	168,645	189,715	191,502	196,127	200,406	202,332	206,932	211,097	213,030
Separate Kāwhia Community Uniform Annual Charge	63,468	72,996	81,306	82,072	84,054	85,888	86,714	88,685	90,470	91,298
Aotea Erosion Protection Rate										
Aotea Erosion Separate Rate	36,748	113,815	98,034	100,380	62,815	63,985	65,037	65,854	66,657	67,568
Aotea Erosion Loan Rate	7,790	7,550	-	-	-	-	-	-	-	-
Separate Water Rate - Debt Servicing	64,841	75,771	74,390	67,748	66,671	65,588	64,507	63,423	62,337	61,252
Seperate Water Rate-Connected Properties	251,389	289,628	336,233	346,692	361,450	368,436	377,420	374,032	376,560	384,979
Kāwhia Refuse Rate	174,469	207,063	230,538	234,160	234,902	239,458	243,858	247,871	252,174	256,472
District Wide	1,045,430	1,110,726	1,198,232	1,299,355	1,376,789	1,412,009	1,433,645	1,451,941	1,531,357	1,522,175
Total Rate Levy Kāwhia Community	1,782,707	2,046,194	2,208,448	2,321,909	2,382,808	2,435,770	2,473,513	2,498,738	2,590,652	2,596,774

Example Rate Increases

The following rate increases are indicative only and are only for reference purposes. The actual increases in later years may be impacted by revaluations of the rating roll and any changes in the number of properties in an area. The following examples exclude specific rates such as Rural Hall rates.

Property		2024/25		2025/26		2026/27	
		% change	\$ change	% change	\$ change	% change	\$ change
Ōtorohanga Residential							
	585,000	12.87%	\$ 357.18	10.95%	\$ 342.91	8.58%	\$ 298.16
	637,500	12.53%	\$ 360.75	11.06%	\$ 358.32	8.59%	\$ 308.99
Ōtorohanga Commercial							
	750,000	8.30%	\$ 385.47	7.86%	\$ 395.18	7.94%	\$ 431.02
	937,500	7.66%	\$ 402.94	8.46%	\$ 479.21	8.01%	\$ 491.92
Kāwhia							
	621,000	16.71%	\$ 528.42	14.90%	\$ 549.80	8.47%	\$ 359.15
	737,500	16.66%	\$ 564.48	14.54%	\$ 574.75	8.41%	\$ 380.62
Rural							
	1,500,000	9.26%	\$ 284.39	5.65%	\$ 189.79	7.76%	\$ 275.20
	2,300,000	7.21%	\$ 309.88	5.48%	\$ 252.61	7.78%	\$ 377.84
	5,000,000	4.70%	\$ 395.88	5.27%	\$ 464.64	7.80%	\$ 724.23



WEAVING THE
FUTURE, TOGETHER
KOTAHITANGA
ŌTOROHANGA DISTRICT COUNCIL

LONG TERM PLAN DISCLOSURE STATEMENT

ŌTOROHANGA DISTRICT COUNCIL

FOR PERIOD COMMENCING 1 JULY 2024

Financial Regulations Benchmarks



Te Kaunihera ā-Rohe o
Ōtorohanga
District Council
Where kiwi can fly



FINANCIAL REGULATIONS BENCHMARKS

PURPOSE

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

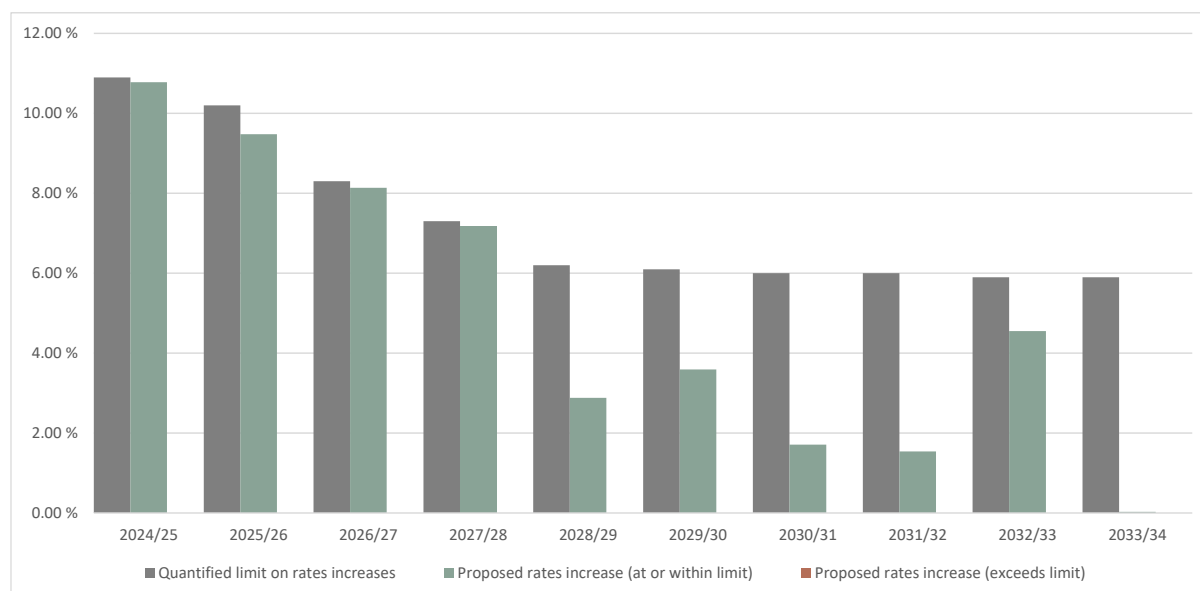
The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if its planned rates increases equal or are less than each quantified limit on rates increases.

RATES (INCREASES) AFFORDABILITY

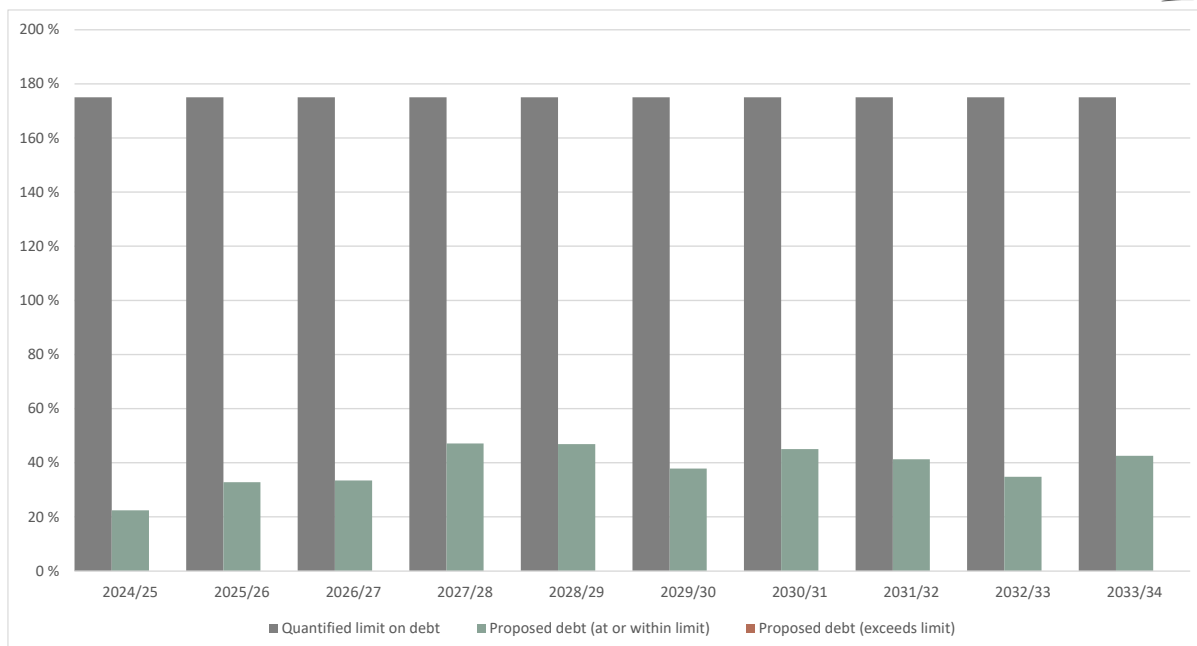
The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is LGCI inflation plus 8% for 2024/25 and 2025/26, 6% for 2026/27, 5% for 2027/28 and then 4% from 2028/29 onwards.



DEBT AFFORDABILITY BENCHMARK

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

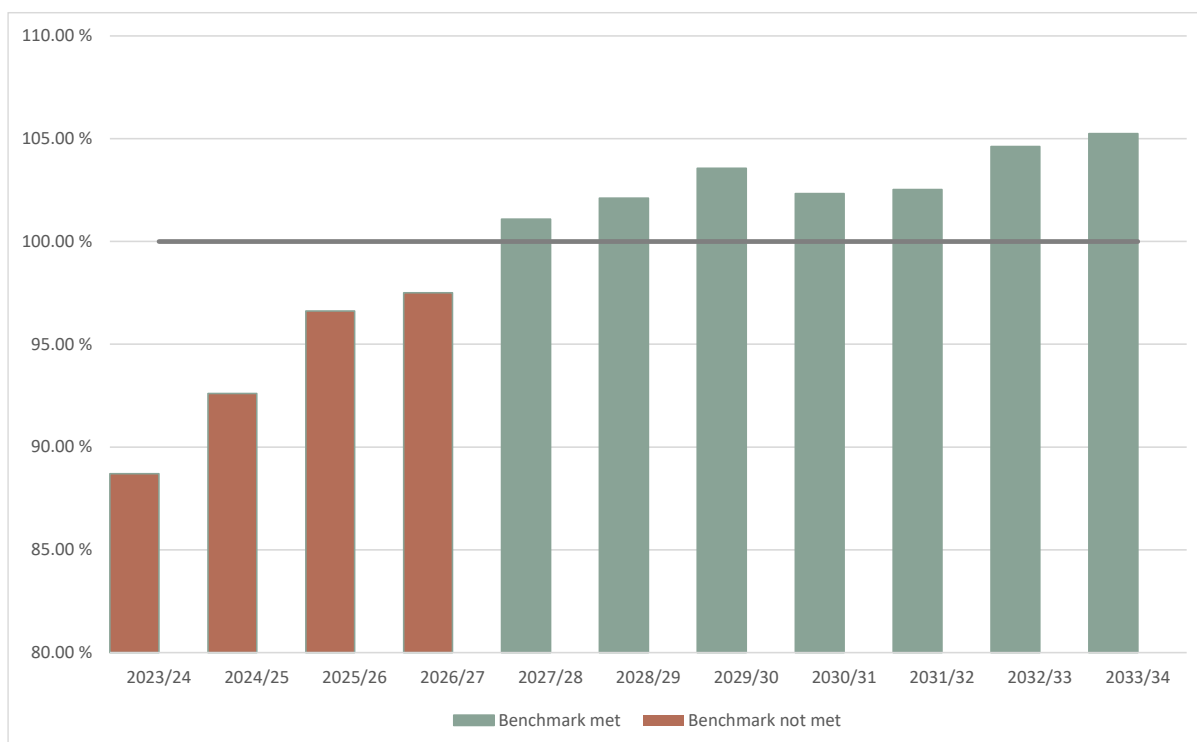
The following graph compares council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is debt being no more than 175% of total revenue for the year.



BALANCED BUDGET BENCHMARK

The following graph displays 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 the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

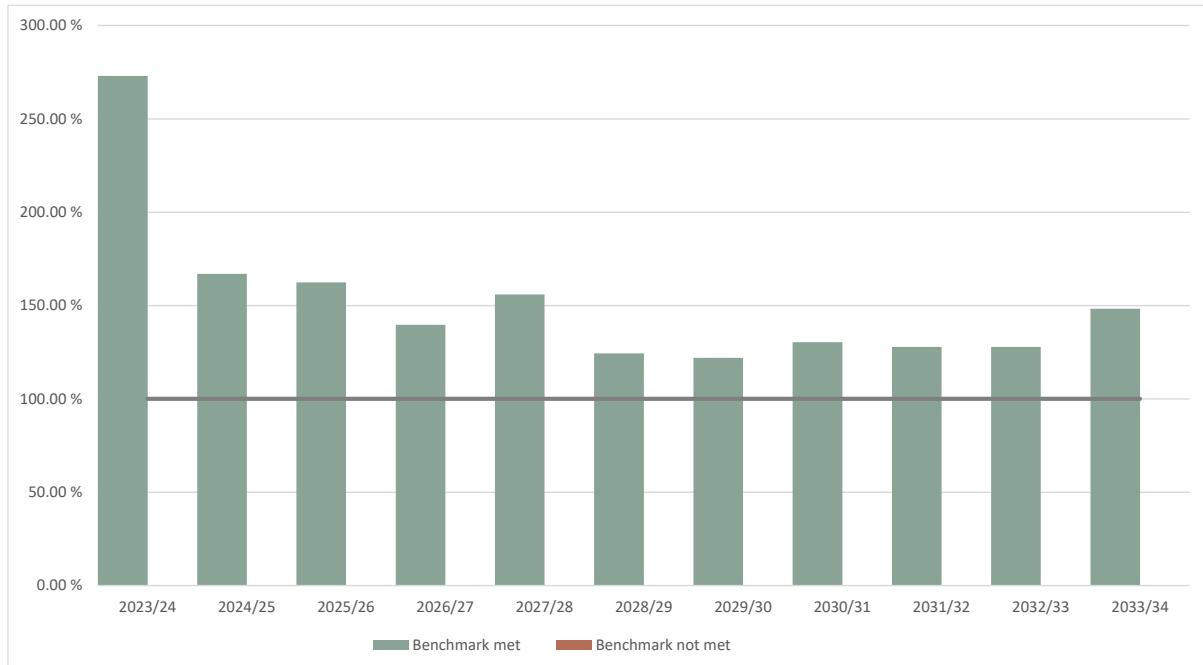




ESSENTIAL SERVICES BENCHMARK

The following graph displays council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

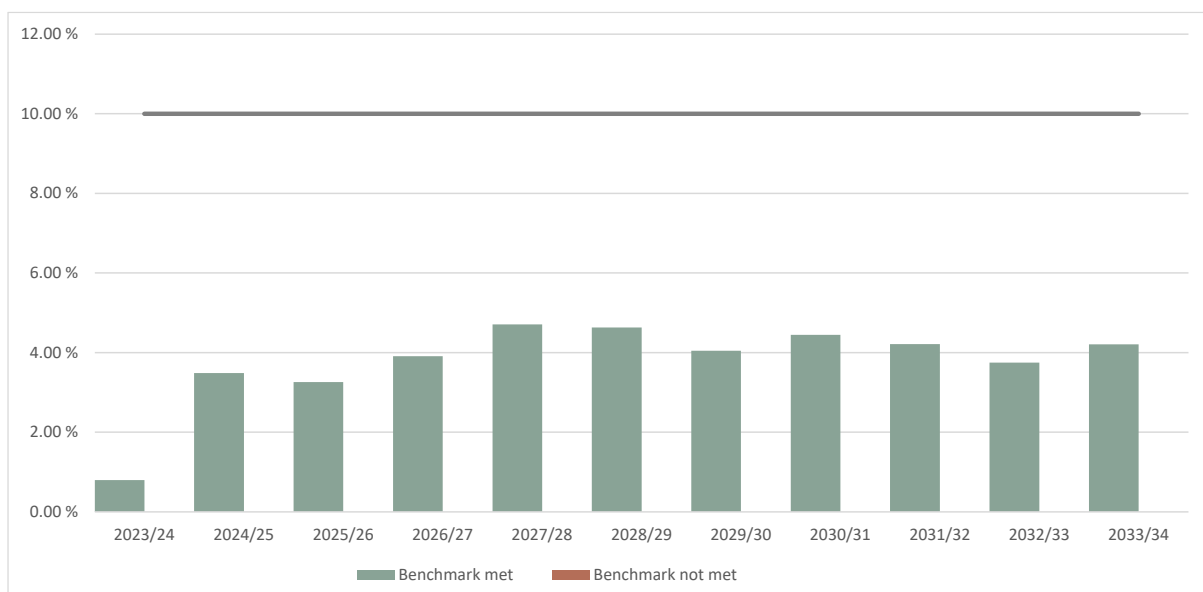
The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



DEBT SERVICING BENCHMARK

The following graph displays 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).

Taking into account that Statistics New Zealand projects the district's population to grow more slowly than national population projections, Council will it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



TREASURY MANAGEMENT POLICY

Approval and Review	Details
Approval authority	Council
Administrator	Group Manager Business Enablement
Effective date	1 st July 2024
Next review date	1 st July 2027

[illegible]

Introduction

- 1 Ōtorohanga District Council (Council) undertakes liability management (borrowing), investment, cash, and associated risk management activity (in total referred to in this document as treasury activity). Council's borrowing and investment activities are carried out within the requirements of the Local Government Act 2002 (the Act) and its various amendments, which define the operating environment for local authorities in relation to borrowing, investment and treasury risk management activity.
- 2 This Treasury Management Policy (the Policy) document includes the Liability Management Policy and Investment Policy as required by Part 6, sections 104 and 105 of the Act. The policy provides the framework for all of Council's treasury activities and defines key responsibilities and the operating parameters within which treasury activity is to be carried out.
- 3 The scope of this policy covers treasury activity at the Council level and is formally reviewed and updated from time to time, but at least once every three years, although this review is normally in conjunction with the review of the 10-Year Plan.
- 4 Council's borrowing activity is largely driven by its capital expenditure programme.
- 5 Council also manages a portfolio of investments comprising equity, property, and treasury investments.
- 6 Council's broad objectives in relation to treasury activity are as follows:
 - (a) Compliance with the Act and any other relevant local authority legislation.
 - (b) To manage Council's investments according to its strategic and commercial objectives and optimise returns within these objectives.
 - (c) Avoidance of capital losses. For treasury investments this is achieved by investing on a hold to maturity basis (unless circumstances otherwise dictate) with creditworthy counter parties.
 - (d) Maintain funding mechanisms with an appropriate maturity profile to ensure adequate liquidity is available at margins and costs appropriate to Council's credit standing.
 - (e) To manage the operational cash position and ensure that any surplus cash is invested in approved liquid instruments, or where appropriate is used to minimise debt.
 - (f) Mitigate potential adverse interest rate risk and minimise financing costs within acceptable risk management parameters.
 - (g) Develop and maintain professional relationships with Council's bankers and the financial markets in general.
 - (h) Provide timely and accurate reporting of treasury activity and performance to the Risk and Assurance Committee
- 7 In meeting the above objectives, Council acknowledges that there are financial risks such as funding, liquidity, interest rate, credit and operational risks arising from its treasury activities.
- 8 Council is a risk averse entity and does not wish to incur undue risk from its treasury activities. Accordingly, Council's finance function in relation to its treasury activities is a risk management function focused on protecting Council's budgeted interest costs and interest income and stabilising Council's cash flows. Council seeks to prudently manage

these risks, and activity that is unrelated to its underlying cash flows or may be construed as speculative in nature is expressly forbidden.

Liability Management Policy

General Policy

- 9 Section 104 of the LGA 2002 provides that the Liability Management Policy required under Section 102(2)(b) must state the local authority's policies in respect of liability management, including:
 - (a) Interest rate exposure
 - (b) Credit exposure
 - (c) Liquidity
 - (d) Debt Repayment
- 10 Council's infrastructure and community assets generally have long economic lives and long-term benefits. The use of debt is seen as an appropriate and efficient mechanism for promoting intergenerational equity between current and future ratepayers in relation to Council's assets and investments, as well as assisting Council in meeting the infrastructure demands of its Communities in a timely basis. Council borrows as it considers appropriate within the flexible and diversified borrowing powers contained within the Local Government Act 2002. Borrowings not included in the current 10-Year Plan must be approved by Council resolution.
- 11 Council raises debt for the following primary purposes:
 - (a) General debt to fund Council's balance sheet.
 - (b) Specific debt associated with "special one-off" projects and capital expenditure.
 - (c) To fund assets with intergenerational qualities.
- 12 Council can borrow through a variety of market mechanisms including borrowing from the Local Government Funding Agency, (LGFA) the issue of bonds via the domestic capital markets or direct bank borrowing.
- 13 Council has a general preference to firstly use available internal reserves for its borrowing requirements and thereafter utilise external funding sources.
- 14 Given the relative advantages to each funding mechanism, Council may have a mix of LGFA, bank and capital markets borrowing over time. Generally, a bank facility is most appropriate to provide working capital and core funding where there is uncertainty regarding timing and amount of borrowing. When there exists a degree of certainty in terms of amount and term, the LGFA or bonds via the domestic capital markets are likely to provide an appropriate source of funding.

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New Zealand Local Government Funding Agency Limited Investment

- 15 Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, for example Borrower Notes;
- (b) Provide guarantees of the indebtedness of other Local Authorities to the LGFA and of the indebtedness of the LGFA itself;
- (c) Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- (d) Subscribe for shares and uncalled capital in the LGFA; and
- (e) Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

Borrowing Limits

In managing debt, Council will adhere to the following limits.

Ratio	Otorohanga
Net debt as a percentage of total revenue	< 175%
Net Interest as a percentage of total revenue	< 20%
Net Interest as a percentage of annual rates income (debt secured under debenture)	<25%
Liquidity (External, term debt and committed loan facilities and liquid investments/cash equivalents to existing external debt)	>110%

16 These ratios were developed with reference to the ratios required to borrow from the Local Government Funding Agency and the expected borrowing needs of the Ōtorohanga District Council over the 10 years.

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue.

Net debt is defined as total debt less liquid financial assets/ investments.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Disaster recovery requirements are to be met through the scope provided by the liquidity ratio.

Liquidity and Funding Risk Management

17 Liquidity risk management refers to the timely availability of funds when needed without incurring penalty costs. Funding risk management centres on the ability to refinance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and terms of existing facilities.

18 Council's ability to readily attract cost effective borrowing is largely driven by its ability to maintain a strong balance sheet, levy rates and manage its relationships with capital market

investors, the LGFA and its bankers. Where practical, Council seeks a diversified pool of external borrowing and ensures bank borrowings and incidental arrangements (risk management products) are only sought from strongly rated New Zealand registered banks. This helps ensure that funds are available when required and amounts owing are paid in full on the due date.

19 Council minimises its liquidity risk by:

- (a) Matching expenditure to its revenue streams and managing cash flow timing differences through its bank facilities and/or maintaining a liquidity buffer.
- (b) Ensuring that any liquidity buffer investments are liquid and readily negotiable instruments.

20 The matching of longer-term expenditure and revenue requirements is monitored through the cash flow forecast prepared during the annual planning and 10-Year Plan process and reviewed through the quarterly forecast reports.

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21 In relation to funding risk management, Council aims to minimise the risk of debt maturing or being reissued in foreseeable periods of illiquidity or where credit margins are high, where practical, by maintaining access to multiple sources of funding, such as banks, loan stock funding and the LGFA and across a range of maturities.

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22 The maximum term for external debt is 20 years unless approved by Council.

Internal Borrowing

23 Council uses its cash reserves and external borrowing to internally fund capital expenditure as identified in the 10-Year Plan and Annual Plan and approved by Council resolution. The finance function is responsible for administering Council's internal loan portfolio.

24 The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity cost centres. This creates operational efficiencies as savings may be created by eliminating the negative margin that would be incurred through Council separately investing and borrowing externally.

25 The following operational parameters apply in relation to the management of Council's internal loan portfolio.

- (a) The finance function uses the internal loan portfolio as an input into determining its external debt requirements. In most cases, Council's reserves are used firstly to reduce external debt requirements, as this would normally reduce Council's net interest cost.
- (b) All internal borrowing activities are consistent with the principles and parameters outlined throughout this policy.
- (c) In determining a cost centre's internal loan amount, any depreciation reserve or other related amount is firstly allocated to that cost centre. Any additional funding is then provided through internal loans.
- (d) A notional internal loan is set up for all new capital projects, and specific operating projects in special circumstances, and allocated to the cost centre incurring the expenditure. External interest is apportioned across all internal loan balances.

- (e) Unless specified otherwise Principal repayments required in relation to internal loans will be on a fixed basis over the life of the loan.

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Interest Rate Risk Management

26 Council's borrowing gives rise to direct exposure to interest rate movements. Generally, given the long-term nature of Council's assets, projects and intergenerational factors, and Council's objective to avoid an adverse impact on rates, there is a preference to have an appropriate level of long-term fixed rate or hedged debt taking into account Council budget requirements, the nominal level of interest rates and other appropriate factors.

27 The Group Manager Business Enablement sets the interest rate risk management strategy by monitoring the interest rate markets on a regular basis and evaluating the outlook for short term rates in comparison to rates payable on its fixed rate borrowing.

28 The Council's general tendency is to have a high percentage of fixed rate or hedged borrowing. Notwithstanding the above, it may be appropriate from time to time, depending on the Council's outlook on interest rates to have a floating rate profile (any debt or interest rate risk management instrument where interest rates are being reset on a frequency of 180 days or less). The Council manages this specifically using the following operating parameter.

- The Group Manager Business Enablement can approve up to 50% of the total debt to have a floating rate profile.

Management implements an interest rate risk management strategy through the use of the following:

- Adjusting the average maturity of its borrowings, thereby managing interest rate risk; and
- Interest rate risk management products to convert fixed rate borrowing into fixed or hedged borrowing.

29 The following interest rate risk management instruments may be used for interest rate risk management activity, after seeking former prior approval of Council:

- Forward rate agreements;
- Interest rate swaps;
- Purchase of interest rate options products; and
- Interest rate collar type option strategies.

Borrowing Mechanisms

30 Otorohanga can borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper and debentures, direct bank borrowing, LGFA, accessing the short and long-term wholesale and retail debt capital markets directly or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size, and pricing) the Group Manager Business Enablement takes into account the following.

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- Available terms from banks, LGFA, debt capital markets and loan stock issuance;

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- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time;
- Prevailing interest rates and margins relative to term for loan stock issuance, debt capital markets, LGFA and bank borrowing;
- The market's outlook on future interest rate movements as well as its own;
- Legal documentation and financial covenants together with credit rating considerations

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors and financial institutions.

Debt Security

31 Council's current security arrangements consist of a charge over rates by way of a debenture trust deed. Council generally does not offer assets, other than a charge over rates or rates revenue, as security for any loan or performance of any obligation under an incidental arrangement.

Loan Repayment

32 The Council repays borrowings from refinancing or surplus general funds. Borrowings may be refinanced by further borrowings with a maximum 20-year term.

Contingent Liabilities

33 Council provides financial guarantees to community and service organisations. This is by application and after ensuring that the business plan of the guaranteed party is consistent with the strategic objectives of the Council and that the organisation has the means to service and repay the debt. Should the guarantee be called up, Council takes immediate action to recover the money.

Investment Policy

General Policy

- (a) Section 105 of the Act provides that the Investment Policy required to be adopted under Section 102(2)(c) must state the local authority's policies in respect of investments, including: the mix of investments.
- (b) the acquisition of new investments
- (c) an outline of the procedures by which investments are managed and reported.
- (d) an outline of how risks associated with investments are assessed and managed.

35 Council investments may be maintained to meet specific strategic and economic objectives outlined in the 10-Year Plan. The finance function monitors the investments and reports performance on a regular basis to the Chief Executive and Council. The types of investments held include:

- (a) Equity Investments
- (b) Loan Advances
- (c) Property Investments
- (d) Treasury Investments

Equity Investments

- 34 Council maintains equity investments in:
- (a) Waikato Regional Airport Limited
 - (b) New Zealand Local Government Funding Agency Limited
 - (c) Co-Lab Limited
 - (d) New Zealand Local Government Insurance Corporation Limited (Civic Assurance)
- 35 Other than to achieve strategic objectives, it is not Council's intention to undertake new equity investments. Council may periodically review investments with a view to exiting at a time when market conditions are favourable and overall strategic objectives are not compromised.
- 36 Any dividend income is part of general revenue.
- 37 Any purchase or disposition of equity investments not identified in the 10-Year Plan is by Council resolution.
- 38 At the time of disposal, Council determines the most appropriate use of sale proceeds.

New Zealand Local Government Funding Agency Limited Investment

39 Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA) and may borrow to fund that investment.

40 The Council's objective in making any such investment will be to:

- a) Obtain a return on the investment; and
- b) Ensure that the LGFA has sufficient capital to maintain an appropriate credit rating so that it continues as a source of attractively priced debt funding for the Council sector.

41 Because of these dual objectives, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

42 If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

Loan Advances

43 Council provides financial guarantees to community, service and other organisations but generally does not make loan advances, except in special circumstances, which would require Council resolution.

44 Council will determine on a case-by-case basis the financial return on the investment (including if a negative financial return) taking account of the contribution to the wellbeing of the community and Council's strategic objectives.

45 Where Council lends at a financial loss, the loss would be met by the budget that supports to purpose of the loan. Community loans would generally be offered a rate similar to Council's projected cost of finance. Loans to support commercial activities can expect Council to add a risk factor to the investment return.

46 Loan advances applications are required to be in writing with appropriate business plans and documentation to allow Council to undertake appropriate due diligence of the borrower and associated contracts at the borrower's expense. Council may undertake its own investigation or studies at its expense and expects the full co-operation of the borrower and its associates.

47 Council may by resolution make exception to the requirements of the above paragraph.

48 Loans investments greater than \$100,000 will in the first instance be funded from debt (this includes internal debt). New loan investments are limited to no more than 10% of Council's debt capacity at the time of making the investment. As prudent managers of debt Council will allocate debt capacity for the value of the potential drawable principal of loan investment to ensure that Council can always meet its obligations should all funds be drawn.

49 Council will resolve for each new loan:

- (a) That Council will enter the loan.
- (b) The party or parties Council is entering the loan agreement with.
- (c) The value of the loan
- (d) The term of the loan
- (e) The loan repayment criteria
- (f) The security requirements
- (g) The method by which interest will be calculated or interest rate (if fixed)
- (h) Penalty interest and other default requirements
- (i) Other conditions – such as use of the loan funds and accountability

50 All new loans will be documented with signed loan agreements appropriate for the size and potential risk exposure to the Council.

Guarantees

51 Council may provide financial guarantees to community, service, or other organisations. Guarantees will support the purpose of local government by improving the wellbeing of the community and meeting Council's strategic objectives.

52 Guarantee applications are required to be in writing with appropriate business plans and documentation to allow Council to undertake appropriate due diligence of the guaranteed party and associated contracts. Generally, the guaranteed party would meet all costs of seeking the guarantee.

53 Should the guarantee be called up; Council takes immediate action to recover the money.

54 Guarantees will be limited to no more than 5% of Council's debt capacity at the time of the Guarantee being approved. As prudent managers of debt Council will allocate debt capacity for the value of the guarantee to ensure that Council can always meet its obligations should a guarantee be called.

55 Granting of any guarantees is by Council resolution. Council will regularly (at least annually and more so if required by Council) monitor the financial circumstances of the guaranteed organisation.

Trust Funds

56 Where Council holds funds as a trustee or manages funds for a Trust then such funds must be invested on the terms provided within the trust. If the Trusts investment policy is not specified, then this policy should apply.

Property Investments

57 Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a rule, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Council. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. The assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

Council reviews the performance of its property investments on a regular basis.

Treasury Investments

58 Council may maintain treasury investments for the following purposes:

- (a) Provide cash in a natural disaster.
- (b) Invest amounts allocated to special funds and reserves.
- (c) Invest amounts allocated for approved future expenditure, to implement strategic initiatives or to support intergenerational allocations.
- (d) Invest the proceeds from the sale of assets.
- (e) Invest surplus cash.

59 Council's primary investment objective is capital protection. It utilises its surplus funds through internal lending to various activity centres within Council and through external investment to approved counterparties.

60 Within the above credit constraints, Council also seeks to:

- (a) Ensure investments are in liquid instruments.
- (b) Maximise investment return.
- (c) Match investment maturities to projected cash flow requirements to avoid realisations prior to maturity.
- (d) Manage potential capital losses due to interest rate movements if investments need to be liquidated prior to maturity.

61 Council is also able to undertake short-term investments funded by external borrowings that mature within the current financial year, with approved Counterparties, if it can earn a positive margin between the borrowing and investment interest rates.

Special Funds and Reserve Funds

62 Liquid assets are not required to be held against special funds and reserve funds. Instead, Council will internally borrow or utilise these funds wherever possible.

Unless otherwise directed by Council, internal borrowing to/(from) reserves will be undertaken at the external cost of borrowing.