

Prospective Financial Statements

Prospective Balance Sheet

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Assets			
Property, Plant and Equipment	330,941	330,506	(435)
Investments (incl Sinking Funds)	2,241	2,241	-
Biological Assets	1,702	1,702	-
Total Non-Current Assets	<u>334,884</u>	<u>334,449</u>	<u>(435)</u>
Working Capital			
Cash and Bank Deposits	9,041	5,610	(3,431)
Receivable and Accrued Revenue	5,008	5,008	-
Current Investment Balances	-	-	-
Total Current Assets	<u>14,049</u>	<u>10,618</u>	<u>(3,431)</u>
Less			
Payable and Staff Entitlements	6,194	6,194	-
Current Portion of Term Debt	-	-	-
Total Current Liabilities	<u>6,194</u>	<u>6,194</u>	<u>-</u>
Net Working Capital	<u>7,855</u>	<u>4,424</u>	<u>(3,431)</u>
Net Assets	<u>342,739</u>	<u>338,873</u>	<u>(3,866)</u>
Represented By			
Accumulated Funds	315,661	312,230	(3,431)
Restricted Reserves	4,636	4,636	-
Council Created Reserves	3,719	3,719	-
Public Equity	<u>324,016</u>	<u>320,585</u>	<u>(3,431)</u>
Non Current Liabilities			
Public Debt (gross)	18,723	18,288	(435)
	<u>18,723</u>	<u>18,288</u>	<u>(435)</u>
Net Liabilities and Equity	<u>342,739</u>	<u>338,873</u>	<u>(3,866)</u>

Comment

The variances in Cash and Bank Deposits, and Accumulated Funds, both reflect the delay caused to the EcoCare Wastewater Project by a change in engineering contractor.

Prospective Income Statement

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Revenue			
Significant Activities (per Prospective Revenue Summary)	17,937	19,347	1,410
Rates (per Prospective Revenue Summary)	21,407	14,485	(6,922)
Other Revenue	568	568	-
Total Operating Revenue	<u>39,912</u>	<u>34,400</u>	<u>(5,512)</u>
Expenditure			
Depreciation	10,665	10,720	55
Finance Costs	1,240	1,240	-
Other Costs	22,441	20,305	(2,136)
Total Operating Costs (per Prospective Cost of Services Summary)	<u>34,346</u>	<u>32,265</u>	<u>(2,081)</u>
Net Unadjusted Surplus	<u>5,566</u>	<u>2,135</u>	<u>(3,431)</u>
Unrealised Fair Value Changes	50	50	-
Net Surplus	<u>5,616</u>	<u>2,185</u>	<u>(3,431)</u>

Comment

The Rates variances reflects a re-timing of the initial receipt of Targeted Rates from EcoCare, as a consequence of the delay in the project construction timelines.

Prospective Movement in Public Equity

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Equity at 1 July	291,221	291,221	-
Net surplus for the Year	5,616	2,185	(3,431)
Prospective Infrastructure Revaluation	27,179	27,179	-
Total Recognised Revenue and Expenses	<u>32,795</u>	<u>29,364</u>	<u>(3,431)</u>
Equity at 30 June	<u>324,016</u>	<u>320,585</u>	<u>(3,431)</u>

Prospective Cashflows

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Operating Activities			
<i>Cash to be provided from:</i>			
Rates	20,072	13,450	(6,622)
Fees, Charges and Other	4,146	2,660	(2,086)
Grants and Subsidies	14,200	13,507	(693)
Interest Received	318	297	(21)
	<u>38,736</u>	<u>29,314</u>	<u>(9,422)</u>
<i>Cash to be applied to:</i>			
Suppliers and Employees	21,627	15,662	(5,965)
Interest Expense	1,886	1,860	(26)
Taxes Including Net GST	(74)	(74)	-
	<u>23,439</u>	<u>17,448</u>	<u>(5,991)</u>
Net Cash From/(To) Operating Activities	<u>15,297</u>	<u>11,866</u>	<u>(3,431)</u>
Investing Activities			
<i>Cash to be provided from:</i>			
Sale of Assets	-	-	-
Sinking Fund Withdrawal	-	-	-
Disposal of Investments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash to be applied to:</i>			
Fixed Asset Purchases	17,205	16,770	(435)
Loans and Advances	-	-	-
Sinking Fund Instalments	345	345	-
	<u>17,550</u>	<u>17,115</u>	<u>(435)</u>
Net Cash From/(To) Investing Activities	<u>(17,550)</u>	<u>(17,115)</u>	<u>(435)</u>
Financing Activities			
Loans Raised	6,092	5,657	(435)
Loan Repayments	-	-	-
Net Cash From/(To) Financing Activities	<u>6,092</u>	<u>5,657</u>	<u>(435)</u>
Net Increase (Decrease) in Cash Held	<u>3,839</u>	<u>408</u>	<u>(3,431)</u>
Cash as at 1 July	<u>5,202</u>	<u>5,202</u>	<u>-</u>
Cash Resources at 30 June	<u>9,041</u>	<u>5,610</u>	<u>(3,431)</u>

Comment

The principal reason for the Revenue and Expenditure variances is the delay experienced in the project construction timelines for EcoCare.

Prospective Revenue Summary

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Revenue - Significant Activities			
Economic Development	-		
Social Development	313	313	-
Roading	14,905	15,889	984
Water Supply	1,608	1,608	-
Wastewater	34	34	-
Urban Stormwater	2	2	-
Land Drainage	3	3	-
Refuse	155	155	-
Reserves and recreation	442	511	69
Policy and Planning	-	-	-
Regulatory	1,812	2,169	357
Democracy	-	-	-
Forestry	-	-	-
Property	300	300	-
Corporate Services	3,093	3,093	-
Miscellaneous	-	-	-
	<u>22,667</u>	<u>24,077</u>	<u>1,410</u>
Less Internal Revenue	<u>(4,730)</u>	<u>(4,730)</u>	<u>-</u>
Total External Revenue	<u><u>17,937</u></u>	<u><u>19,347</u></u>	<u><u>1,410</u></u>

Rates Revenue

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
General Rates	10,808	11,030	222
Targeted Rates			
- Water	85	85	-
- Wastewater	8,298	959	(7,339)
- Stormwater	668	668	-
- Land Drainage	481	573	92
- Mangawhai Harbour Restoration	115	218	103
- Dargaville Development	91	91	-
- Dargaville Town Hall	26	26	-
	<u>9,764</u>	<u>2,620</u>	<u>(7,144)</u>
Interim Rates Levied	20,572	13,650	(6,922)
Less Depreciation Impacts - Revaluation	835	835	-
Total Council Rates	<u><u>21,407</u></u>	<u><u>14,485</u></u>	<u><u>(6,922)</u></u>

Prospective Cost of Service Summary Statement

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Expenditure			
Economic Development	220	200	(20)
Social Development	570	615	45
Roading	19,988	21,166	1,178
Water Supply	1,615	1,615	-
Wastewater	4,801	947	(3,854)
Urban Stormwater	564	564	-
Land Drainage	491	583	92
Refuse	718	825	107
Reserves and Recreation	1,578	1,618	40
Policy and Planning	383	390	7
Regulatory	2,576	2,879	303
Democracy	1,024	1,004	(20)
Forestry	137	137	-
Property	483	524	41
Corporate Services	3,093	3,093	-
Miscellaneous - Revaluation	835	835	-
	<u>39,076</u>	<u>36,995</u>	<u>(2,081)</u>
Less Internal Revenue	(4,730)	(4,730)	-
Total External Revenue	<u>34,346</u>	<u>32,265</u>	<u>(2,081)</u>

Prospective Rate Requirement and Public Debt Balances

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Public Debt – Net Balance (\$000) see Note	16,482	16,047	(435)
Separate Rates (\$000)	9,764	2,620	(7,144)
General Rate Including GUAC (\$000)	10,808	11,030	222
District Population	18,330	18,330	-
Rateable Properties	11,944	12,004	60
Public Debt Per Resident (\$)	899	875	(24)
Average General Rate Per Property (\$)	905	919	14

Note

Net debt is gross debt, minus any funded investment reserves (sinking funds) set aside to repay loans maturing in the future.

Significant Forecasting Assumptions and Risks

Significant Forecasting Assumptions and Risks

Legislation requires us to state all significant forecasting assumptions and risks underlying the financial estimates¹. A number of assumptions have been made when preparing this Annual Plan, and those assumptions were agreed to by Council on 7 March 2007.

Those assumptions include:

Assumption	Probability of Occurrence	Financial Significance
• Interest rates will fluctuate over time. The Plan has been based on 2007 conditions	High	Medium
• The activities and levels of service provided by Council will not be subject to major change within the term of the document	High	High
• The District's population is projected to grow at 1.5 percent ² between census periods. Growth in the east of the District and around the Kaipara Harbour and in coastal areas is expected to continue to be relatively high compared to the rest of the District	Medium	Low
• There will be no major change in the present method of operating and funding the costs and operation of the roading network within the District during the period covered by the document, with the exception of the introduction of a target rate on forest owners to defray road maintenance costs caused by forest harvesting	High	High
• Council will continue to exist in its current form, activities and geographic area for the period covered by the document	High	High
• The continued development of the asset management plans will not disclose any major change in the levels of funding required to maintain the assets and infrastructure of Council	Medium	Medium
• Environmental standards for wastewater and stormwater discharges and community water supplies are expected to increase over time	High	High
• No major unforeseen natural event will affect the District or the infrastructure and other assets of the Council and its activities	High	High

¹ Local Government Act (LGA) 2002, Schedule 10

² NZ Statistics, Resident Population Projections (*High Scenario*) 2001 - 2006

Significant Forecasting Assumptions and Risks

Statement of Prospective Financial Information

The financial information contained within this document is prospective financial information in terms of Financial Reporting Standard 29. The purpose for which it has been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by the Kaipara District Council to the Kaipara community during the 2007/08 financial year. It is also intended to provide a broad accountability mechanism of the Council to the community. It must be noted that the information provided may not be appropriate for purposes other than as defined above.

In relation to the standard, the financial information presented in this Annual Plan is considered to be a 'forecast'. A forecast is based on assumptions which Councillors and staff reasonably expect to occur.

No actual financial results have been used within these statements, as they have been prepared before the completion of prior financial period results. Where required for opening balance values, forecasts of the final values for the 2007/08 year have been utilised.

The actual results for the financial year 2007/08 are likely to vary from the information presented and may vary materially depending upon circumstances that arise during the three year period.

The following assumptions have been made in preparing this Plan:

- that interest rates on new loans raised during the year will be 7 percent
- that interest earned on cash funds invested will be 7.23 percent

Loans will be raised when needed throughout the period. Sensitivity to changes to interest rates on the borrowed funds will therefore depend both upon the interest rates actually achieved and the proportion of the period still to run when the loans are raised.

Significant Assets

- Key assumptions concerning useful asset life are detailed within this document.
- Source of funds for future replacement is explained in the Funding Impact Statement

Accounting Policies

A Purpose

(a) General

The Kaipara District Council is a territorial local authority pursuant to the Local Government Act 2002. For the purposes of financial reporting the Kaipara District Council is a public benefit entity.

(b) Statement of Compliance

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and comply with New Zealand equivalents to IFRS (NZ IFRS) as appropriate for public benefit entities. The first financial statements prepared in accordance with NZ IFRS will be completed for the year ended 30 June 2007.

The effect of the transition to NZ IFRS on the reported financial position, financial performance, and cash flows of the Council was disclosed on a separate schedule accompanying the 2006/2016 Long Term Council Community Plan Financial Statements in Volume Two.

B Accounting Policies

The accounting policies set out below have been applied consistently to the Council's consolidated financial statements and its prospective financial statements, as appropriate.

1 Basis of financial statement preparation

The prospective financial statements are prepared under the historical cost convention, as modified by the revaluation of:

- biological assets,
- certain classes of property, plant and equipment,

2 Judgement and estimations

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances are reviewed on an ongoing basis. Actual results may differ from these estimates.

Revisions of accounting estimates are recognised in the periods in which the estimates are revised.

3 Financial Instruments

Designation of financial assets and financial liabilities into instrument categories is determined by the purpose of the financial instruments, policies and practices of management, the relationship with other instruments and the reporting costs and benefits of each designation. The designations applied are reflected in the financial statements of the Council.

Accounting Policies

(a) Financial Assets

Financial assets are initially recorded at fair value with any unrealised gains or losses, including interest, recognised in the Income Statement. Transaction costs are expensed as they are incurred.

The method for subsequent measurement of financial assets depends on the designation the assets have been given: Financial assets designated at fair value through profit or loss, including financial assets that are held for trading, continue to be recorded at fair value excluding transaction costs, and are revalued annually. Any resultant gains or losses are recognised in the Income Statement.

Financial assets that are available for sale are also subsequently recorded at fair value excluding transaction costs, and are revalued annually. Any resultant gains or losses are recognised directly in equity except for impairment losses, any interest calculated using the effective interest method, which are all recognised in the Income Statement.

Loans and receivables and held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables issued with a duration less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired. Interest and impairment losses are recognised in the Income Statement.

(b) Financial Liabilities

Financial liabilities designated at fair value through profit or loss are recorded at fair value with any realised and unrealised gains or losses, including interest, recognised in the Income Statement. Transaction costs are expensed as they are incurred.

Other financial liabilities are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities entered into with a duration less than 12 months are recognised at their nominal value. Amortisation on monetary items, is recognised in the Income Statement as is any gain or loss when the liability is derecognised.

4 Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at cost. Revaluations are carried out for some classes of property to reflect the service potential or economic benefit obtained through control of the asset. Revaluations are based on the fair value of assets, with changes reported by class of asset. All infrastructural and roading land valuations are undertaken or reviewed by independent qualified valuers and are carried out on a three yearly cycle. Optimised Depreciated Replacement Cost is the methodology applied in these valuations.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate cost or revalued amounts, net of residual values, over the estimated useful lives. Assets to be depreciated include:

Accounting Policies

	Expected Life Years	Depreciation Straight Line %
Roothing		
Top Surface (seal)	9-8	10.2
Pavement (basecourse)		
- Urban Sealed	35	2.9
- Rural Sealed	35	2.9
- Unsealed	6	16.7
Foundation and Unsealed Subgrade	n/a ³	-
Culverts	50	2.0
Kerb and Channel	50	2.0
Bridges	100	1.0
Signs	14	7.1
Lights	26	3.8
Water	60	1.7
Wastewater	60	1.7
Stormwater	60	1.7
Elderly Persons' Housing	50	2
Halls	50	2
Swimming Baths	50	2
Plant, Equipment and Motor Vehicles	5 - 10	10 - 20
Buildings	50	2
Building Contents	10	10
Other Plant	5	20
Computer Equipment	5	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

5 Biological Assets and Agricultural Produce

Forest assets

Forest assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the Statement of Financial Position at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the

³ Not depreciated

Accounting Policies

Statement of Financial Performance together with the change in fair value for each accounting period.

The valuation of the Council's forests is based on the present value of expected discounted cash flow models where the fair value is calculated using cash flows from continued operations, based on sustainable forest management plans taking into account growth potential. Forest assets are valued separately from the underlying freehold land.

6 Investments

The Group classifies its investments in the following categories:

- Loan advances and receivables
- Sinking Funds
Loan advances and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Sinking Funds are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every balance date.

7 Trade and Other Receivables

Trade and other receivables are stated at their net realisable value.

8 Cash and Cash Equivalents

Cash and cash equivalents comprises cash balances and call deposits, and other short-term highly liquid investments with maturities of six months or less.

9 Impairment

The carrying amounts of the Council's assets, are reviewed at each balance date to determine whether there is any indication of impairment. Where impairment occurs the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

10 Leases

Finance leases transfer to the lessee substantially all of the risks and rewards of ownership. At inception, finance leases are recognised as assets and liabilities on the Statement of Financial Position at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognised as

Accounting Policies

an asset. Assets leased under a finance lease are depreciated as if the assets are owned. Operating leases, where the lessor substantially retains the risks and rewards of ownership, are recognised in the Income Statement in a systematic manner over the term of the lease. Lease incentives are recognised in the Income Statement as a reduction in rental expense.

11 Provisions

A provision is recognised in the Statement of Financial Position when the Council has a legal or constructive obligation arising from a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are recorded at the best estimate of the expenditure required to settle the obligation. Provisions to be settled beyond 12 months are recorded at their present value.

12 Employee Entitlements

Provision is made for the Council's liability for annual and long service leave, and sick leave.

Liability for sick leave is measured as the amount of unused entitlement accumulated at balance date that the Council anticipates employees will use in future periods.

13 Revenue

(a) Rating Revenue and Services rendered

Revenues from rating and user fees and charges are recognised in the Income Statement when the rates are struck and invoices are issued for services provided and contracts completed.

(b) Rental income

Rental income recognised in the Income Statement on a straight-line basis over the term of the lease.

(c) Government grants

Grants and subsidies paid by the Government are recognised as revenue at fair value when the primary conditions of entitlement have been met.

14 Expenses

(a) Borrowing Costs

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

(b) All other expenses are recognised when goods and services have been received.

15 Goods and Services Tax

The figures disclosed in the financial statements are exclusive of Goods and Services Tax, except accounts receivable and accounts payable, which are GST inclusive.

Accounting Policies

16 Forecasts

The Council approves prospective financial statements after a period of consultation with the public as part of the Annual Plan or Long Term Council Community Plan process. From 1 July 2006, forecasts has been prepared in accordance with NZ International Financial Reporting Standards and are consistent with the accounting policies adopted for the preparation of financial statements from that date.

17 Overhead Cost Allocation

All corporate costs are allocated to operating activities. The method used to allocate overhead costs is that of assessed usage.

18 Statement of Cash flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- (a) Cash means cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of long-term assets and other investments not included in cash equivalents.
- (c) Financing activities are those activities that result in changes in the size and composition of the capital structure of the Council. This includes both equity and debt not falling within the definition of cash.
- (d) Operating activities are the principal revenue-producing activities of the Council and other activities that are not investing or financing activities. This includes interest and dividends received in relation to investments.

19 Comparative Figures

There are no comparative figures in the Long Term Council Community Plan 2006-2016 owing to the adoption of International Financial Reporting Standards for the term of this plan.

The Council's Annual Report for the year ended 30 June 2006 was prepared in accordance with generally accepted accounting practice (GAAP). The Annual Report for the year ended 30 June 2007, and subsequent years, will comply with this Statement of Accounting Policies in accordance with NZ IFRS.

In future, when the presentation or classification of items in the financial statements are amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Accounting Policies

C Changes in Accounting Policies

Accounting policies are changed only if the change is required by a Standard or Interpretation or provides more reliable and relevant information.

Funding Impact Statement

1 Introduction

The Funding Impact Statement should be read in conjunction with Council's Revenue and Financing Policy.

The Local Government Act 2002 requires the inclusion of the information which follows:

2 Revenue and Funding Mechanisms

Council proposes that the following revenue and financing sources be used to cover estimated expenditure levels –

- General rates
- A uniform annual general charge
- Targeted rates for water supply, wastewater disposal, stormwater disposal, land drainage, Mangawhai harbour restoration, Dargaville development, Dargaville town hall loan servicing, and Forest Owners for roading impacts
- Fees, charges and sales
- Subsidies and grants
- Sundry income and interest
- Working capital
- Depreciation funds
- Loan funds

3 General Rates

3.1 Valuation System on which the General Rates will be assessed

Council proposes to set a general rate based on the land value of each rating unit in the District.

3.2 A Uniform Annual General Charge (UAGC) will be set

Council proposes to set a uniform annual general charge. The UAGC is calculated as one fixed amount per rating unit.

3.3 Is the General Rate set Differentially?

No. Council, from 1 July 2004, sets the general rate based on undifferentiated land values across the District.

Funding Impact Statement

4 Targeted Rates

Council proposes to set targeted rates as follows:

- (a) **Water Supply** – water will be charged by quantity consumed in all six Water Supply Areas, all differentiated by location, and with an additional uniform charge per separately rateable property at Glinks Gully, and at Maungaturoto (excluding Maungaturoto Station Village Area). A non-connection fee of \$20 will apply annually to properties to which water can be provided, but which are not connected.
- (b) **Wastewater Disposal**
 - (i) A uniform annual connection fee per separately occupied or inhabited residential property, differentiated by location. A uniform non-connection fee, being 50% of the full connection fee per separately unoccupied or uninhabited residential property capable of being effectively connected to a public sewerage drain, differentiated by area.
 - (ii) A uniform annual pan charge per commercial wc or urinal, other than specified educational establishments, and differentiated by area.
 - (iii) A graduated scale of pan charges, based on a notional one pan per 20 pupils/staff members, for certain schools and educational establishments (paying sewerage charges) as defined in the Rating Powers (Special Provision for certain Rates for Educational Establishments) Amendment Act 2001, and any amending or repealing legislation in respect of that Act.
- (c) **Stormwater disposal** - an annual charge calculated on the basis of rateable land value, and differentiated by area.
- (d) **Land Drainage** - an annual charge calculated on the basis of land value, and differentiated by area.
- (e) **Mangawhai Harbour Restoration** - a uniform annual charge on every separately rateable property within the Mangawhai Harbour Restoration Rating Area.
- (f) **Dargaville Development** - an annual charge calculated on the basis of land value within the Dargaville Rating Area, and differentiated between Urban and Rural.
- (g) **Dargaville Town Hall Development Loan** - a uniform annual charge on every rateable property within the former Dargaville Borough, and the former Hobson County, and differentiated between those two Rating Areas.

Funding Impact Statement

(h) **Forest Owners for Roding Impacts** - an annual rate, calculated on land values, on owners of land classified as Exotic Forest in the Council rate roll. Small woodlots on predominantly farming land are not to be targeted.

5 Funding Forecast Statement

The table which follows sets out the revenue and financing mechanisms used, and the quantum of revenue forecast produced by each mechanism.

Funding for Operating Expenditure	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
General Rate	7,468	7,592	124
Uniform Annual General Charge	3,340	3,358	18
Targeted Rates	4,050	2,620	(1,430)
Development contributions	205	2,147	1,942
Fees, Charges and Sales	4,763	2,193	(2,570)
Subsidies and Grants	13,952	13,707	(245)
Sundry Income	568	568	-
Total Forecast Operating Expenditure	34,346	32,185	(2,161)

Explanation of Variances -

General Rate - The actual 6.7% rate increase in the Annual Plan reflects inflation applicable to roading maintenance above the rate of CPI.

Targeted Rates – The re-timing of the commencement date for Mangawhai EcoCare rating revenue is the principal reason for this variance.

Development Contributions – The variance represents the commencement of development contributions for Otamatea roading.

Funding Impact Statement

Funding for Capital Expenditure	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Variance from LTCCP \$000
Depreciation Funding	10,665	10,720	55
Borrowings	6,092	5,657	(435)
Subsidies and Grants	448	393	(55)
Draw-down on Reserves	-	-	-
Total Forecast Capital Expenditure	17,205	16,770	(435)

Explanation of Variances -

Loans Raised - A downward revision to the overall funding of wastewater capex, through the re-timing of Coastal Care, partly offset by increases in water and refuse.

Funding Impact Statement

Indicative Rating Levels for 2007/2008

The estimates below are indicative only, and will be recalculated on updated rating information database figures, and other relevant data, at the time of actually assessing the rates (approximately in early July).

Income From Rates

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Increase/ (Decrease) %
General Rates			
Land Rate	7,468	7,672	
Uniform Annual General Charge (UAGC)	3,340	3,358	
Total General Rates	10,808	11,030	2.0%
Targeted Rates			
Land Drainage	481	573	
Stormwater	668	668	
Water	85	85	
Wastewater	8,298	959	
Mangawhai Harbour Restoration	115	218	
Dargaville Town Hall Loan	26	26	
Dargaville Development	91	91	
Forest Owners - roading impacts (see note below)	-	-	
Total Targeted Rates	9,764	2,620	(73.2%)
Total Rates (excluding GST)	20,572	13,650	(33.6%)
plus GST	2,571	1,706	
	<u>23,143</u>	<u>15,356</u>	(33.6%)

Note This estimate is premised on the expectation that Regional Development Funding will be made available by Land Transport New Zealand in 2007/08. Should that not occur, this targeted rate will be levied to produce a maximum annual revenue stream of \$570,000.

Funding Impact Statement

Rates and Charges (incl GST)

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Increase/ (Decrease) %
General Rates			
Land Rate (cents in \$)	0.2853	0.2900	1.6%
UAGC (flat charge)	\$337	\$337	-
Targeted Rates			
	Fee Sought \$	Fee Sought \$	Increase/ (Decrease) %
Wastewater connection fees -- (non school users)			
- Dargaville	263	263	-
- Te Kopuru	387	387	-
Maungaturoto	368	368	-
Kaiwaka	533	533	-
Glinks Gully	593	593	-
Mangawhai (pan charge)	649	697	7.4
Water-metered rates per cubic metre			
Dargaville	1.44	1.44	-
Glinks Gully	2.98	2.98	-
Ruawai	4.12	4.12	-
Maungaturoto			
- Station Village ⁴	1.80	1.80	-
- Other Users ⁵	1.18	1.18	-
Water - Uniform annual charges			
Glinks Gully	266	266	-
Maungaturoto	171	171	-
Mangawhai Harbour Restoration	40	78.75	96.9
Dargaville Town Hall Loan -			
- Urban	10.20	10.20	-
- Rural	3.40	3.40	-
			-

⁴ Annual minimum is \$151.00.

⁵ The free quantity remains unchanged at 100 m³.

Funding Impact Statement

	LTCCP Revenue Sought 2007/08 \$000	Annual Plan Revenue Sought 2007/08 \$000	Increase/ (Decrease) \$000
Land Drainage (based on land values)			
1 Raupo Drainage District			
- Rural A	225	245	20
- Rural B	1	1	-
- Township	12	13	1
2 Other Drainage Districts (Hobson Area)			
Aoroa	3	3	-
Arapohue No 1	8	8	-
Arapohue No 2	6	6	-
Aratapu Swamp	16	16	-
Awakino Point	10	10	-
Awakino Valley	36	36	-
Greenhill	3	3	-
Hoanga	29	113	84
Horehore	27	27	-
Kaihu	26	26	-
Kopuru Swamp	11	11	-
Koremoa	3	3	-
Manganui	8	8	-
Mangatara	14	14	-
Mititai	10	10	-
Notorious	18	18	-
Oruariki	16	16	-
Otiria	3	3	-
Owairangi	5	5	-
Tangowahine No 1	9	9	-
Tangowahine No 2	13	13	-
Tatarariki No 1	6	6	-
Tatarariki No 2	3	3	-
Tatarariki No 3	7	7	-
Tikinui	7	7	-
Whakahara	6	6	-
Kaihu River Control	-	-	-

Funding Impact Statement

	LTCCP 2007/08 \$000	Annual Plan 2007/08 \$000	Increase/ (Decrease) %
Urban Stormwater (based on land values)			
Dargaville – urban differential area	501	501	-
Dargaville – rural differential area	31	31	-
Te Kopuru	15	15	-
Baylys Beach	26	26	-
Mangawhai	166	166	-
Kaiwaka	13	13	-
Dargaville Development (based on land values)			
Urban differential	99	99	-
Rural differential	2	2	-

Variations from the 2006/16 LTCCP

Council is required to report any variations between its Annual Plan and Revenue and Financing, Investment or Liability Management policies. Council has decided in this financial year to make the following allocations from the Forestry Equalisation and Reserve Contributions Funds. The Revenue and Financing Policy remains unchanged.

Activity	The Revenue and Financing Policy	2007/08 Annual Plan
Reserves and Recreation	100% from general rates and user charges	68.9% from general rates and user charges, and 31.1% (\$516,000) from Reserves Contribution Fund.