

The forecast financial statements and reserves

Prospective financial information

The financial information contained within this document is prospective financial information in terms of Financial Reporting Standard (FRS) 42: Prospective Financial Statements. 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 Council over the next 10 financial years to 30 June 2031, and to provide a broad accountability mechanism for Council to the community. The information contained within these prospective financial statements may not be suitable for use in another capacity.

The information in the prospective financial statements is based on estimates and the preparation requires the exercise of judgement. The actual financial results that will be achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected, or may not have been predicted, or Council may subsequently take actions that differ from the courses of action on which the prospective financial statements are based.

Council authorised the prospective financial statements on 4 March 2021. Council believes that the assumptions underlying these prospective financial statements are appropriate, and has approved the long term plan for distribution.

Council and management of Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual financial results have been incorporated within the prospective financial statements. Minor rounding may exist in the numbers included in the financial statements.

The information presented in the financial statements are shown on the next page onwards.

Statement of Comprehensive Revenue and Expense

As at 30 June

	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Rates revenue	28,566	31,050	33,400	35,497	38,010	39,233	40,843	42,362	44,226	45,776	47,507
Development and financial contributions	244	227	233	344	243	524	254	259	558	271	277
Subsidies and grants	4,018	4,933	5,001	5,212	5,928	6,061	6,114	6,240	6,376	6,489	6,660
Fees and Charges	5,245	5,265	5,654	6,149	6,493	6,633	6,305	6,433	6,190	6,372	6,515
Finance revenue	1,025	376	370	362	353	337	336	340	351	365	397
Other revenue	1,194	2,099	2,201	2,146	2,269	2,194	2,230	2,257	2,337	2,371	2,463
Total Revenue	40,292	43,950	46,859	49,710	53,296	54,982	56,082	57,891	60,038	61,644	63,819
Personnel costs	11,068	11,756	11,988	12,265	12,513	12,767	13,025	13,289	13,558	13,833	14,113
Finance expenses	989	531	893	1,070	1,336	1,509	1,610	1,640	1,670	1,702	1,721
Depreciation and Amortisation	8,355	8,566	9,743	10,592	11,728	12,857	13,635	14,696	15,898	16,615	17,974
Other expenses	19,682	23,302	24,737	25,774	26,764	27,203	28,119	28,475	29,265	30,005	30,437
	40,094	44,155	47,361	49,701	52,341	54,336	56,389	58,100	60,391	62,155	64,245
Net Surplus/Deficit	198	(205)	(502)	9	955	646	(307)	(209)	(353)	(511)	(426)
Other comprehensive income											
Increase in Asset Revaluation Reserves	12,064	5,464	19,558	2,054	5,841	20,061	2,107	6,153	21,426	2,317	6,668
Total other comprehensive revenue and expenses	12,064	5,464	19,558	2,054	5,841	20,061	2,107	6,153	21,426	2,317	6,668
Total Comprehensive Revenue and Expense	12,262	5,259	19,056	2,063	6,796	20,707	1,800	5,944	21,073	1,806	6,242

**Prospective Statement of Cash Flows
For year ending 30 June**

	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES											
Rates	28,566	31,050	33,400	35,497	38,010	39,233	40,843	42,362	44,226	45,776	47,507
Subsidies and grants	4,018	4,933	5,001	5,212	5,928	6,061	6,114	6,240	6,376	6,489	6,660
Development and financial contributions	244	227	233	344	243	524	254	259	558	271	277
Finance revenue	50	376	370	362	353	337	336	340	351	365	397
Fees, charges and other revenue	6,439	7,362	7,854	8,295	8,761	8,826	8,536	8,690	8,527	8,743	8,979
Finance expenses	(988)	(531)	(893)	(1,070)	(1,336)	(1,509)	(1,610)	(1,640)	(1,670)	(1,702)	(1,721)
Cash disbursed to suppliers and employees	(30,750)	(35,058)	(36,725)	(38,038)	(39,277)	(39,969)	(41,144)	(41,765)	(42,823)	(43,838)	(44,550)
NET CASH FLOWS FROM OPERATING ACTIVITIES	7,579	8,359	9,240	10,602	12,682	13,503	13,329	14,486	15,545	16,104	17,549
CASH FLOWS FROM INVESTING ACTIVITIES											
Proceeds from investments	975	693	681	665	646	614	612	619	642	670	734
Investments purchased/appropriations	(1,500)	-	1	1,002	3	138	284	(297)	(1,746)	(4,252)	(5,237)
Property, plant & equipment acquired	(19,076)	(20,424)	(16,363)	(25,208)	(20,146)	(22,000)	(11,474)	(11,620)	(11,552)	(11,900)	(9,633)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(19,601)	(19,731)	(15,681)	(23,541)	(19,497)	(21,248)	(10,578)	(11,298)	(12,656)	(15,482)	(14,136)
CASH FLOWS FROM FINANCING ACTIVITIES											
Loans raised	13,883	9,879	7,433	16,396	10,323	10,117	2,608	2,581	2,310	2,171	840
Loans repaid	(1,578)	(2,026)	(2,489)	(2,858)	(3,425)	(3,808)	(4,011)	(4,084)	(4,155)	(3,900)	(3,854)
NET CASH FLOWS FROM FINANCING ACTIVITIES	12,305	7,853	4,944	13,538	6,898	6,309	(1,403)	(1,503)	(1,845)	(1,729)	(3,014)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	283	(3,519)	(1,497)	599	83	(1,436)	1,348	1,685	1,044	(1,107)	399
Cash and cash equivalents at 1 July	5,569	5,852	2,333	836	1,435	1,518	82	1,430	3,115	4,159	3,052
CASH AND CASH EQUIVALENTS at end of year	5,852	2,333	836	1,435	1,518	82	1,430	3,115	4,159	3,052	3,451

**Prospective Statement of Changes in Net
Assets/Equity
As at 30 June**

	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2020-21	2021- 22	2022- 23	2023- 24	2024- 25	2025- 26	2026- 27	2027- 28	2028- 29	2029- 30	2030- 31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Equity at beginning of year	455,909	473,035	478,294	497,350	499,413	506,209	526,916	528,716	534,660	555,733	557,539
Net surplus/(deficit) for the year	12,262	5,259	19,056	2,063	6,796	20,707	1,800	5,944	21,073	1,806	6,242
Total equity at end of year	468,171	478,294	497,350	499,413	506,209	526,916	528,716	534,660	555,733	557,539	563,781
Components of equity											
Accumulated surplus/(deficit) at beginning of year	175,600	173,350	166,791	168,447	169,380	171,101	173,963	173,231	171,658	169,057	165,911
Net Surplus/(deficits) for the year	198	(205)	(502)	9	955	646	(307)	(209)	(353)	(511)	(426)
Net other movements	164	(6,354)	2,158	924	766	2,216	(425)	(1,364)	(2,248)	(2,635)	(5,127)
Accumulated surplus/(deficits) at end of year	175,962	166,791	168,447	169,380	171,101	173,963	173,231	171,658	169,057	165,911	160,358
Council created reserves at beginning of year	1,087	1,088	(42)	(1,404)	(1,634)	(1,840)	(1,976)	(2,077)	(2,197)	(2,221)	(2,266)
Movements for year	1	(1,130)	(1,362)	(230)	(206)	(136)	(101)	(120)	(24)	(45)	2
Council created reserves at end of year	1,088	(42)	(1,404)	(1,634)	(1,840)	(1,976)	(2,077)	(2,197)	(2,221)	(2,266)	(2,264)
Restricted reserves at beginning of year	16,777	16,612	24,096	23,300	22,606	22,046	19,966	20,492	21,976	24,248	26,928
Movements for year	(165)	7,484	(796)	(694)	(560)	(2,080)	526	1,484	2,272	2,680	5,125
Restricted reserves at end of year	16,612	24,096	23,300	22,606	22,046	19,966	20,492	21,976	24,248	26,928	32,053
Revaluation reserves at beginning of year	262,445	281,985	287,449	307,007	309,061	314,902	334,963	337,070	343,223	364,649	366,966
Revaluation surplus/(deficit)	12,064	5,464	19,558	2,054	5,841	20,061	2,107	6,153	21,426	2,317	6,668
Revaluation reserves at end of year	274,509	287,449	307,007	309,061	314,902	334,963	337,070	343,223	364,649	366,966	373,634
Total equity at end of year	468,171	478,294	497,350	499,413	506,209	526,916	528,716	534,660	555,733	557,539	563,781

Prospective Statement of Financial Position
As at 30 June

	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
ASSETS											
Current Assets											
Cash + cash equivalents	5,852	2,333	836	1,435	1,518	82	1,430	3,115	4,159	3,052	3,451
Receivables	4,422	3,540	3,610	3,680	3,750	3,820	3,890	3,960	4,030	4,100	4,170
Inventory	132	171	171	171	171	171	171	171	171	171	171
Total current assets	10,406	6,044	4,617	5,286	5,439	4,073	5,491	7,246	8,360	7,323	7,792
Non current assets											
Property + plant + equipment	474,336	499,100	525,807	541,584	555,988	586,827	585,373	586,668	602,602	601,130	598,860
Other financial assets-non current	20,341	24,920	23,729	22,972	22,198	19,830	20,352	21,832	24,100	26,775	31,893
Intangible assets	600	328	328	328	328	328	328	328	328	328	328
Total non current assets	495,277	524,348	549,864	564,884	578,514	606,985	606,053	608,828	627,030	628,233	631,081
TOTAL ASSETS	505,683	530,392	554,481	570,170	583,953	611,058	611,544	616,074	635,390	635,556	638,873
LIABILITIES											
Current Liabilities:											
Payables and deferred revenue	5,008	6,965	7,025	7,085	7,145	7,205	7,265	7,325	7,385	7,445	7,505
Employee entitlements - current	861	859	876	893	910	927	944	961	978	995	1,012
Borrowings - current	1,624	2,248	2,509	3,226	3,590	3,923	3,848	3,768	3,668	3,576	3,415
Provisions	113	948	958	968	978	988	998	1,008	1,018	1,028	1,038
Total current liabilities	7,606	11,020	11,368	12,172	12,623	13,043	13,055	13,062	13,049	13,044	12,970

Non current liabilities

Employee entitlements - non current

258 250 250 250 250 250 250 250 250 250 250

Provisions - non current

1,056 673 675 677 679 681 683 685 687 689 691

Borrowings - non current

28,592 40,155 44,838 57,658 64,192 70,168 68,840 67,417 65,671 64,034 61,181

Total non current liabilities**29,906 41,078 45,763 58,585 65,121 71,099 69,773 68,352 66,608 64,973 62,122****TOTAL LIABILITIES****37,512 52,098 57,131 70,757 77,744 84,142 82,828 81,414 79,657 78,017 75,092****NET ASSETS****468,171 478,294 497,350 499,413 506,209 526,916 528,716 534,660 555,733 557,539 563,781****EQUITY**

Accumulated funds

175,962 166,791 168,447 169,380 171,101 173,963 173,231 171,658 169,057 165,911 160,358

Council created reserves

1,088 (42) (1,404) (1,634) (1,840) (1,976) (2,077) (2,197) (2,221) (2,266) (2,264)

Restricted reserves

16,612 24,096 23,300 22,606 22,046 19,966 20,492 21,976 24,248 26,928 32,053

Asset revaluation reserves

271,006 284,033 303,591 305,645 311,486 331,547 333,654 339,807 361,233 363,550 370,218

Investment revaluation reserves

3,503 3,416 3,416 3,416 3,416 3,416 3,416 3,416 3,416 3,416 3,416

TOTAL EQUITY**468,171 478,294 497,350 499,413 506,209 526,916 528,716 534,660 555,733 557,539 563,781**

Funding Impact Statement - Whole of Council

For the year commencing 1 July

Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

SOURCES OF OPERATING FUNDING

Rates Revenue:

General Rates, Uniform Annual General Charges, rates penalties	20,307	20,720	22,024	23,321	24,909	25,048	26,113	26,481	27,526	28,098	28,292
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Targeted Rates

Stormwater	524	560	673	719	864	1,128	1,069	1,292	1,384	1,554	1,878
Wastewater	3,623	4,385	5,088	5,651	5,975	6,443	7,008	7,505	7,848	8,281	9,032
Water Supply (excl water by meter)	2,987	3,294	3,460	3,671	4,022	4,384	4,352	4,746	5,052	5,406	5,851
Refuse Collection	734	1,450	1,507	1,473	1,565	1,537	1,586	1,624	1,693	1,698	1,703
Public and Community Halls	52	53	55	56	57	59	60	61	63	64	66
Tirau Community Board	37	34	35	36	36	37	37	30	23	24	24
Business Promotion Tokoroa Ward	8	8	8	8	8	8	9	9	9	9	9
Business Promotion Putaruru Ward	81	84	76	80	82	84	88	90	95	97	99
Tokoroa CBD	29	143	135	130	130	130	131	127	123	123	123
Putāruru CBD	65	65	66	68	69	71	73	74	75	77	79
Recycling	459	615	642	660	677	698	721	734	753	773	788
less elimination of internal Council rates	(673)	(701)	(719)	(735)	(750)	(767)	(784)	(800)	(818)	(835)	(854)

Other Revenue

Subsidies & grants for operating purposes	1,885	3,099	2,970	2,980	3,018	3,085	3,153	3,218	3,288	3,359	3,435
Fees, charges & targeted rates for water supply	5,538	5,558	5,957	6,456	6,807	6,957	6,634	6,768	6,536	6,722	6,873
Interest & dividends from investments	1,025	723	711	695	676	644	642	649	672	700	764

Forecast reserve movements during 2021-31

	Note	Forecasted balance as at 1 July 2021*	Transfers in	Transfers out	Forecasted balance as at 30 June 2031
Council created reserves					
Pensioner Housing Account	A	(220)	(312)	-	(532)
Swdc Asset Purchase	B	(58)	-	-	(58)
Roading reserve extra NZTA subsidy	C	386	-	(386)	-
Riverside Access Reserve	D	421	-	(70)	351
National Waste Levy Reserve	E	109	-	(222)	(113)
Finan Contributions - Roothing	F	151	-	(180)	(29)
S/W Finan Contribution Reserve	F	83	-	(83)	-
Stormwater Financial Contribution Reserve	F	2	-	-	2
Water Financial Contribution Reserve	F	1	-	-	1
Mayoral Grants Reserve	G	19	-	-	19
Forestry / Airport Reserve	H	619	-	(265)	354
Land Purchase	I	(41)	-	(2,402)	(2,443)
Whakamaru Forestry Reserve	J	184	-	-	184
Solidwaste Ringfencing	K	(729)	729	-	-
3 Waters Reform Funding Reserve	L	2,051	-	(2,051)	-
Total Council created reserves		2,978	417	(5,659)	(2,264)
Asset Replacement Reserves					
General ARR	M	800	1,868	(3,426)	(758)
District Water ARR	M	4,921	9,820	(12,337)	2,404
District Wastewater ARR	M	8,629	16,064	(14,680)	10,013

District Stormwater ARR	M	6,780	2,593	(6,838)	2,535
Waste Disposal ARR	M	978	1,337	(1,295)	1,020
Plaza Theatre ARR	M	7	170	(236)	(59)
Vehicle ARR	M	276	-	(162)	114
Toilets ARR	M	175	1,713	(2,391)	(503)
Sport & Events Centre ARR	M	738	926	(705)	959
Sportsgrounds ARR	M	323	1,318	(1,137)	504
Reserves ARR	M	2	7,239	(3,412)	3,829
Cemeteries ARR	M	66	453	(391)	128
Libraries ARR	M	14	-	(49)	(35)
Swimming Pools ARR	M	(96)	3,420	(392)	2,932
Bridges ARR	M	904	1,700	589	3,193
General Properties ARR	M	405	4,103	822	5,330
Trade Training Centre ARR	M	84	-	29	113
Putaruru CCTV ARR	M	32	11	14	57
Tokoroa CCTV ARR	M	106	11	103	220
Information Services ARR reserve	M	959	-	(977)	(18)
District Recycling ARR	M	148	145	(378)	(85)
Total Asset Replacement Reserves		26,251	52,891	(47,249)	31,893

Targeted Rate Reserves

District Water Supply	N	(335)	336	-	1
District Wastewater	N	44	-	-	44
District Stormwater	N	(159)	160	-	1
Waste Collection	N	(64)	-	-	(64)
Upper Atiamuri Hall	N	(20)	20	-	-
Puketurua Hall	N	13	-	(13)	-
Waotu Hall	N	(5)	5	-	-
Lichfield Hall	N	7	-	-	7
Arapuni Hall	N	8	-	(8)	-

Tapapa Hall	N	15	17	-	32
Tirau Community Board	N	12	-	-	12
Tokoroa Promotions	N	69	-	-	69
Pride In Putaruru	N	36	-	-	36
Pride in Putaruru - Business rate	N	19	-	-	19
District Recycling	N	(655)	658	-	3
Total Targeted Rate Reserves		(1,015)	1,196	(21)	160

Purpose of reserve

- A. Pensioner housing: Manage the surpluses and deficits from the pensioner housing activity, when more or less rental is collected than is required to fund the annual expenditure of the pensioner houses.
- B. SWDC asset purchase: Hold the proceeds from the sale of assets until they are applied to purchase other assets
- C. Roothing reserve NZTA subsidy – was used to offset expenditure in year 1
- D. Riverside access: Manage sale of proceeds from certain stopped roads. This is to be used for opening up areas to public access in the South Waikato District.
- E. National waste levy: Manage the funds received from government relating to the national waste levy levied.
- F. Financial contributions: To manage financial contributions levied from the development of subdivisions until this funding is used for the development of related activities.
- G. Mayoral Grants reserve: Used to ringfence the budget allocated to this each year
- H. Forestry/Airport: This reserve is used to manage the funds received from the sale of the Amisfield trees, and future expenditure required for the airport.
- I. Land Purchase: To ring fence the costs of land purchased for development until the properties are sold.
- J. Whakamaru Forestry Reserve: The surplus received from the sale of trees to be used for Whakamaru reserve in the future.
- K. Solidwaste ringfencing: To repay the costs incurred in 2019 over time
- L. 3 Waters Reform funding reserve: Money allocated from the government as part of the reform.
- M. Asset replacement reserves: These accumulate funds from rates and are used for the future capital funding for the replacement of assets. Each major activity group e.g. water, roading, waste water, storm water, solid waste, has their own asset replacement reserve so that the funds from each can be applied to the appropriate activity's capital expenditure.
- N. Targeted rate reserves: These reserves are used to manage the surpluses and deficits of specific targeted activities such as water, stormwater, wastewater and halls, that arise when more or less rates revenue is collected to fund the annual expenditure of that activity. This ensures that rates collected from a certain group of targeted rate payers can only be used for the benefit of that group.

*Forecasted balance as at 1 July 2021. These balances have been re-forecasted during the LTP process rather than being the balance that was forecasted in the 2020/21 Annual Plan.

Depreciation and Amortisation

	Annual Plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Community Facilities	429	450	597	858	1,148	1,206	1,275	1,271	1,252	1,310	1,307
Economic & Community Development	80	79	80	78	81	81	83	67	51	52	53
Environment	508	574	605	675	713	721	724	731	747	770	775
Governance	491	478	611	765	860	916	1,075	1,145	1,201	1,419	1,478
Parks and reserves	452	444	501	549	567	579	629	628	578	626	622
Property	44	38	55	71	70	90	127	171	212	239	252
Solid Waste	202	200	223	219	220	224	228	226	227	230	230
Stormwater	495	499	510	515	579	601	621	740	756	767	944
Transport	3,594	3,581	4,037	4,242	4,448	5,183	5,444	5,687	6,737	6,940	7,208
Wastewater	1,147	1,326	1,576	1,642	1,914	2,044	2,157	2,515	2,569	2,639	3,132
Water	913	897	948	978	1,128	1,212	1,272	1,515	1,568	1,623	1,973
Total	8,355	8,566	9,743	10,592	11,728	12,857	13,635	14,696	15,898	16,615	17,974