



Manawatu District Council

Annual Plan 2016/17

Supporting Information

Supporting Information

The following financial and rating base information forms the basis of the Annual Plan Consultation document. There is a vast range of other policies and documents that guide us. For more detailed information please visit www.mdc.govt.nz and check out the Council's Long Term Plan.

Financial Overview and Statements

Financial Overview

The Council's Annual Plan covers the period 1 July 2016 to 30 June 2017. It incorporates operating and capital expenditure. In this section financial information is provided at a summary level but more detailed information for each activity and group of activities is included throughout the document.

Financial Strategy

The Long Term Plan 2015-25 includes the Council's Financial Strategy (see page 106). This Strategy outlines how Council intends to:

- Ensure the Council's long term financial position is sustainable
- Recognise which generation benefits and who should pay when considering its approach to funding
- Manage debt within defined levels
- Look after the District's infrastructure provided by previous generations for the use by current and future generations
- Leave financial capacity for future generations so they are capable of funding unanticipated high priority programmes
- Take account of ability to pay over the longer term
- Have robust systems and processes.

The Financial Strategy has close links with the Infrastructure Strategy which is also contained in the Long Term Plan (see page 115). Consistent with the Financial Strategy and its associated funding and financial policies, the Annual Plan achieves the following:

- Maintains the current level of service for each of the Council activities
- An ability to maintain the condition of the District's assets
- Forecasts net debt at 30 June 2017 of \$64.9m is the same as assumed in the Long Term Plan
- An increase in the total rates requirement for 2016/17 of 4.8%. This is less than increase forecast in the Long Term Plan.

To provide a degree of certainty to ratepayers the Financial Strategy sets limits on rate increases throughout the term of the Long Term Plan. In addition, it sets limits on what the Council considers to be sustainable levels of debt.

How does the Annual Plan compare:

- **Increase in total rates:** Council's rate limit is 5.9%, the Long Term Plan planned for 5.8%, our proposed actual rate is 4.8%
- **Borrowing:** Council can borrow up to \$73.7m, but are planning to borrow \$64.9m
- **Capital Expenditure:** Council planned in the Long Term Plan to spend \$21.6m on Capital projects, and are going to spend \$21.8m
- **Operating Surplus/ (Deficit):** In the current Long Term Plan we had planned for an operating deficit of -\$514k, our revised deficit is now -\$448k

Note: Based on September 2015 Business and Economic Research Ltd (BERL) local government cost indicator of 1.9% and a rating base growth assumption of 1%.

Rating Units

Rating units as 30 June of the preceding year e.g. 2015/16 = 30 June 2015

Manawatu District Council	2015/16	2016/17
Total Number of rating units	14,629	14,513

Rating System

Council provides local public services and infrastructure that the community need to survive and prosper. Providing these services comes at a cost and a large portion is collected from the rates that Council charge property owners. This document explains how rates are calculated.

The law that enables Councils to collect rates is the Local Government (Rating) Act 2002.

It is important to us that our rating system

- Provides enough revenue to cover costs
- Spreads the costs of providing services as fairly as possible
- Meets the legal requirements
- Can be understood by the ratepayer and promotes accountability

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

How Council calculate your rates

Rates are a property tax that is charged each year by the Council.

Council decide what services it will provide in the future and how much it will cost. The cost is then allocated over the properties in the district.

Changes in rates can be because of changes to house or land values, changes in Council costs, and changes in the services provided.

Types of rates

- General Rate – used to pay for services that are for public benefit and cannot be charged to specific users
- Uniform Targeted Rate – charged on every separately used or inhabited part of a property, used to pay for services that are provided to the community
- Targeted Rate – used to pay for identified services

Definition of Separately Used or Inhabited Part of a Rating Unit

A separately used or inhabited part of a rating unit includes any part of a rating unit that can be used separately or inhabited by either the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. As a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or separate use.

Separately used or inhabited part - for a residential rating unit. Includes a building or part of a building that is, intended to be used as, or is able to be used as, an independent residence with independent kitchen with connected cooking facilities, including flats and apartments and flats which share kitchen and bathroom facilities.

Separately used or inhabited part - for a commercial rating unit. Means a building or part of a building that is, or intended to be, or is able to be, separately tenanted, leased or subleased for commercial purposes.

Not rated as separately used parts of a rating unit:

- A residential sleep-out or granny flat without independent kitchen facilities
- A hotel/motel/hostel room with or without kitchen facilities
- Individual storage garages/sheds/partitioned areas of a warehouse
- Individual offices/premises of partners in a partnership
- Bed and breakfast home stay

Inspection of Rating Information Database

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, 135 Manchester Street, Feilding, between the hours of 8am and 5pm on all business days of the week.

Each property is put into a category that is decided from:

- where it is situated in the district
- what the property is used for
- what activities are allowed.

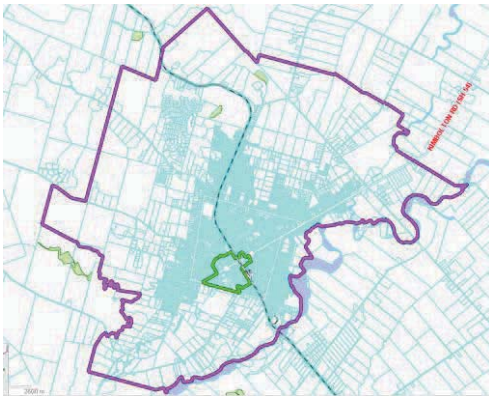
This differential category decides what calculation is used for the General Rate, Roading Targeted Rate and Parks and Sports Grounds Targeted Rate charges.

Differential Category	Description
1. Feilding Residential	Being all rating units situated within the 2009 Feilding differential rating area* used solely or principally for residential or farming purposes or is vacant, but excluding those rating units included in Category 2 and 3.
2. Feilding Rural	Being all rating units situated within the 2009 Feilding differential rating area* being properties zoned Rural 1, Rural 2 or Flood Channel 2 under the Manawatu District Plan.
3. Feilding CBD	Being all rating units situated within the 2009 Feilding Central Business differential rating area*, not used solely or principally for residential purposes.
4. Rural	Being all rating units situated outside the 2009 Feilding differential rating area* excluding those rating units included in Category 5 and 6.
5. Industrial and Commercial	Being all rating units zoned Industrial under the Manawatu District Plan and used solely or principally for commercial or industrial purposes excluding those rating units included in Category 3 OR all rating units in the Feilding differential rating area used solely or principally for conducting a business but excluding those rating units in Category 3.
6. Utilities	Being all rating units situated within the Manawatu District that have been identified by the Valuer General as infrastructure utility networks.

*“Feilding differential rating area” as delineated on the plan filed in the office of the Council

*“Feilding Central Business District differential rating area as delineated on the plan filed in the office of the Council

“Feilding Differential Rating Area 2009”



“Feilding Central Business District Differential Rating Area 2009”



Goods and Services Tax (GST)

All amounts stated in this rating system document are GST inclusive.

General Rate

The capital value (CV) of the property is multiplied by the cents in the \$ that the property category is assigned to.

Differential Category	Basis	Differential	Cents in the \$	Estimated Revenue \$
1. Feilding Residential	CV	1.00	0.10871	1,497,832
2. Feilding Rural	CV	0.50	0.05436	153,147
3. Feilding CBD	CV	2.25	0.24460	299,634
4. Rural	CV	0.40	0.04348	1,985,095
5. Industrial and Commercial	CV	1.60	0.17394	234,170
6. Utilities	CV	1.60	0.17394	130,250

Total revenue collected from General Rates for 2016/2017 is \$ 4,300,128.

Parks and Sports Grounds Targeted Rate

The Capital Value (CV) of the property is multiplied by the cents in the \$ that the property category is assigned to.

Differential Category	Basis	Differential	Cents in the \$	Estimated Revenue \$
1. Feilding Residential	CV	1.00	0.05923	816,102
2. Feilding Rural	CV	0.30	0.01777	50,066
3. Feilding CBD	CV	2.75	0.16289	197,537
4. Rural	CV	0.30	0.01777	811,193
5. Industrial and Commercial	CV	1.50	0.08885	119,615
6. Utilities	CV	1.75	0.10366	77,620

Total revenue collected from Parks and Sport Grounds targeted rate for 2016/2017 is \$2,074,133.

This excludes the \$25 target rate included in the Uniform Targeted Rates.

Roading Targeted Rate

The Capital Value (CV) of the property is multiplied by the cents in the \$ that the property category is assigned to.

Differential Category	Basis	Differential	Cents in the \$	Estimated Revenue \$
1. Feilding Residential	CV	1.00	0.10497	1,446,247
2. Feilding Rural	CV	0.65	0.06823	192,234
3. Feilding CBD	CV	2.75	0.28866	353,607
4. Rural	CV	0.65	0.06823	3,114,686
5. Industrial and Commercial	CV	1.50	0.15745	211,974
6. Utilities	CV	1.75	0.18369	137,555

Total revenue collected from Roothing Targeted Rate for 2016/2017 is \$5,456,303.

This excludes the \$100 target rate included in the Uniform Targeted Rate.

Uniform Targeted rates

This rate is charged for each separately used or inhabited parts of a rating unit.

The Uniform Targeted Rates (UTR) include the following services:

Activity	Uniform Targeted Rate 2016/17	Revenue to be collected 2016/2017
Animal Control	15	193,022
Cemeteries	24	318,543
Civil Defence	16	193,022
Governance & Strategy	185	2,420,729
Environmental & Regulatory Management	157	2,062,005
Local Halls and Recreation Complexes	36	468,111
Parks and Sports Grounds	25	327,652
Public Conveniences	31	400,361
Solid Waste	68	1,103,089
Roothing	100	1,310,610
TOTAL	\$673	\$8,401,367

Kerbside Recycling Targeted Rate

This rate is applied to each separately used or inhabited parts of a rating unit that has the recycling service available, excluding vacant land.

Feilding Kerbside Recycling Targeted Rate	\$ 123.00
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Total revenue to be generated by Feilding Kerbside Recycling Targeted Rate for 2016/2017 is 816,397.

Makino Aquatic Centre and Libraries Targeted Rate

This rate is charged for each separately used or inhabited parts of a rating unit.

Within Feilding Differential Rating Area	\$ 266.00
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Outside the Feilding Differential Rating Area	\$ 189.00
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Total revenue generated by the Makino Aquatic Centre and Libraries Targeted Rate for 2016/2017 is \$2,996,865.

Feilding CBD Redevelopment Targeted Rate

This rate is applied to properties that are in the Feilding CBD category.

The capital value of the property is multiplied by \$ 0.21663 cents.

Total revenue generated by Feilding CBD Redevelopment Targeted Rate for 2016/2017 is \$259,279.

Feilding CBD Security Targeted Rate

This rate is applied for each separately used or inhabited parts of a rating unit that are in the Feilding CBD category.

Feilding CBD Security	\$ 272.00
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Total revenue to be collected by Feilding CBD Security Target Rate for 2016/2017 is \$ 73,949.

Ultra-Fast Broadband Targeted Rate

This rate is applied for each separately used or inhabited part of a rating unit that is capable of being connected to this service as it runs past the rating unit.

Ultra Fast Broadband	\$ 990.00
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Total revenue to be collected by Ultra Fast Broadband Targeted Rate in the industrial area for 2016/2017 is \$36,638.

Stormwater Targeted Rate

The Stormwater targeted rate is charged to all rating units within the following areas:

Within Feilding Differential Rating Area	\$ 106.00
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Zoned as Rongotea Village in District Plan	\$ 121.00
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Zoned as Sanson Village in District Plan	\$ 128.00
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Total revenue to be generated from Stormwater Targeted Rate for 2016/2017 is \$ 716,871.

Rural Land Drainage Targeted Rates

This rate is charged for the properties that are part of the scheme, the cents in \$ is multiplied by the land value.

Total revenue to be generated from the Rural Land Drainage Targeted Rate for 2016/2017 is \$ 83,769.51.

Category	Cents in \$	Estimated Revenue \$
Bainesse drainage district		
Bainesse Class A	0.000457	4,697
Bainesse Class B	0.000247	2,936
Bainesse Class C	0.000194	1,174
Makowhai drainage district		
Makowhai Class A	0.000388	4,523
Makowhai Class B	0.000275	3,015
Makowhai Class C	0.000058	1,508
Maire drainage district		
Maire Class A	0.000584	2,072
Maire Class B	0.000253	1,657
Maire Class C	0.000182	1,243
Maire Class D	0.000316	828
Oroua Downs drainage district		
Oroua Downs Class A	0.000904	28,086
Oroua Downs Class B	0.000599	21,064
Oroua Downs Class C	0.000287	14,043

Wastewater Disposal Targeted Rate

The Wastewater disposal targeted rate is based on the level of wastewater service provided to the property.

“Connected” –	A charge for each toilet or urinal, that is connected to a Council operated wastewater scheme, excluding restricted service or those that have chosen volumetric charging. Any separately used or inhabited part of a rating unit that is used exclusively or principally as a residence will be charged for one toilet for each residence.
“Serviceable” –	50% of the connected rate for rating unit that is capable of being connected to a Council wastewater scheme as the reticulations runs past the rating unit.
“Restricted” –	80% of the connected rate for each toilet or urinal, or each separately used or inhabited part of a rating unit that is connected to a Council operated wastewater scheme, receiving a restricted service. Any separately used or inhabited part of a rating unit that is used exclusively or principally as a residence will be charged for one toilet for each residence. This includes Mount Taylor.

Wastewater disposal - Connected	\$ 665.00
Wastewater disposal - Serviceable	\$ 332.50
Wastewater disposal - Restricted	\$ 532.00

Total revenue to be generated from Wastewater Disposal Targeted Rates 2016/2017 is \$ 5,236,300.

Volumetric Wastewater Charges

For those users that have chosen volumetric charging, wastewater volumes will be based on flowmeter reading or 80% of the water consumption. The wastewater charge will be \$161 every three months per connection. Should discharge exceed 304 cubic meters within the rating year, an additional charge of \$1.00 per cubic meter will be charged.

Water Supply Targeted Rates – Urban

The Water Supply Targeted Rate are based on the level of water service provided to the property.

“Connected” –	A charge for each separately used or inhabited part of a rating unit that is connected to a Council operated water supply, excluding restricted service or extraordinary connection or those that have chosen volumetric charging.
“Serviceable” –	50% of the connected charge for each rating unit that is capable of being connected to the Council water supply as the supply runs past the rating unit.
“Restricted” –	80% of the connected charge for each separately used or inhabited part of a rating unit that is connected to a Council operated water supply, receiving a restricted service. This includes Mount Taylor and Sanson.

Water supply - Connected	\$ 427.00
Water supply - Serviceable	\$ 213.50
Water supply - Restricted	\$ 342.00

Total revenue to be generated from Water Supply – Urban Targeted Rates 2016/2017 is \$ 2,748,352.

Volumetric Water Charges

Those users that are extraordinary (as defined in Council’s Bylaws) or have chosen volumetric charging have their water metered and charged three monthly based on the pipe size.

15 mm to 20 mm	\$156.00
25 mm	\$166.00
32 mm	\$166.00
40 mm	\$176.00
50 mm	\$176.00
100 mm	\$208.00
150 mm	\$228.00

Should consumption exceed the water usage of 380 cubic meters within the rating year, an additional consumption charge of \$1.35per cubic meter will be charged.

Water Supply Targeted Rates - Rural

A water supply targeted rate is charged to properties in the schemes based on what units are allocated or supplied.

Stanway/Halcombe – unit charge	\$ 254.00
Waituna West – unit charge	\$ 426.00
Kiwitea rural water – unit charge	\$ 258.75 tbc
Kiwitea rural water – additional unit supply	\$ 336.68 tbc

Total revenue to be generated from Water Supply Targeted Rates – Rural for 2016/2017 is \$ 1,041,676.50

Himatangi Beach Wastewater Disposal – Capital Contribution Targeted Rate

A capital contribution targeted rate is charged on properties that ratepayers have signed an agreement to pay their capital contribution over a set term for the Himatangi Beach wastewater scheme.

Category	Targeted Rate
Five year term, 1 July 2013 to 30 June 2018	\$2,384
Ten year term, 1 July 2013 to 30 June 2023	\$1,392
Twenty year term, 1 July 2013 to 30 June 2033	\$ 923

Rongotea Water Supply – Capital Contribution Targeted Rate

A capital contribution targeted rate is charged on properties that ratepayers have signed an agreement to pay their capital contribution over a set term for the Rongotea water scheme.

Category	Targeted Rate
Three year term, 1 July 2015 to 30 June 2018	\$1,510
Five year term, 1 July 2015 to 30 June 2020	\$ 966
Ten year term, 1 July 2015 to 30 June 2025	\$ 564
Twenty year term, 1 July 2015 to 30 June 2035	\$ 374

Rates invoice and penalty dates

The rates detailed in this Rating System (excluding the metered water) are calculated annually and detailed on the Rates Assessment. This covers the year 1 July 2016 to 30 June 2017.

The Rate Assessment is divided into four instalments. Council send an invoice for each of the instalments August, November, February and May. The due date for payment of the invoice is the last Friday of the month it is invoiced.

- A 10 percent penalty will be charged to the invoice balance that is not paid by the due date.
- A 10 percent penalty will be charged on 1 July and again on 1 January to any balance that is not paid from previous years.

If annual rates are paid by 25 November 2016, any penalty charged for instalment one will be reversed.

	Instalment One	Instalment Two	Instalment Three	Instalment Four
Invoice Date	1 August 2016	1 November 2016	1 February 2017	1 May 2017
Payment Due Date	26 August 2016	25 November 2016	24 February 2017	26 May 2017
Penalty Date	1 September 2016	1 December 2016	2 March 2017	1 June 2017

Individual 2016/2017 property rates assessments can be viewed on the website www.mdc.govt.nz, Property and Rates search function or call 06 323 0000.

Examples of different property categories and the impact of the rates rise

Rating Category	Capital Value	2015/16 Total Rates (GST Incl)	2016/17 Total Rates (GST Incl)	\$ Annual Change	% Change
Feilding Residential	\$295,000	\$2,912	\$3,066	\$154	5.3%
Feilding Residential (multit-unit)*	\$1,850,000	\$29,525	\$31,114	\$1,589	5.4%
Feilding Rural	\$430,000	\$2,516	\$2,651	\$135	5.3%
Feilding Rural	\$600,000	\$1,908	\$2,011	\$103	5.4%
Feilding CBD	\$310,000	\$7,043	\$7,358	\$315	4.5%
Feilding CBD	\$510,000	\$7,533	\$7,853	\$320	4.2%
Rural with no services	\$140,000	\$982	\$1,043	\$61	6.2%
Rural with no services	\$630,000	\$1,589	\$1,678	\$89	5.6%
Rural with wastewater	\$240,000	\$1,741	\$1,838	\$97	5.6%
Rural with services	\$180,000	\$2,157	\$2,308	\$151	7.0%
Rural with services	\$200,000	\$2,183	\$2,341	\$158	7.2%
Rural with farming as one remission	\$960,000	\$1,188	\$1,243	\$55	4.6%
Rural with farming as one remission	\$4,550,000	\$5,633	\$5,891	\$258	4.6%
Industrial/Commercial	\$1,260,000	\$6,815	\$7,129	\$314	4.6%
Industrial/Commercial	\$7,732,000	\$31,053	\$32,389	\$1,336	4.3%
Utilities	\$5,000,000	\$22,955	\$24,003	\$1,048	4.6%
Utilities	\$7,000,000	\$31,786	\$33,229	\$1,443	4.5%

*Does not include volumetric charges (sewerage + water)

Prospective Statement of Comprehensive Revenue and Expense

	Note	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Revenue				
Rates revenue		29,707	31,454	31,085
Financial income		276	453	364
Subsidies and grants		7,380	5,983	6,865
Development contributions		680	697	691
Other revenue		7,410	8,215	8,390
Other gains/(losses)		416	417	417
Total revenue	1	45,868	47,218	47,812
Expenditure				
Personnel costs		9,464	9,920	10,347
Depreciation and amortisation	2	12,086	12,907	12,911
Finance costs		3,039	3,699	3,411
Other operating expenses		20,663	21,207	21,591
Total operating expenditure	1	45,251	47,732	48,260
Operating surplus/(deficit) before tax		616	(514)	(448)
Income tax expense		0	0	0
Net surplus/(deficit) after tax	3	616	(514)	(448)
Other comprehensive income and expense				
Gains on the revaluation of property, plant and equipment		11,256	15,020	14,945
Total other comprehensive income and expense		11,256	15,020	14,945
Total comprehensive revenue and expense for the year		11,873	14,506	14,497

Prospective Statement of Changes in Net Assets/Equity

	Note	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Opening Equity Balance	4	582,581	594,454	594,454
Total comprehensive revenue and expense for the year		11,873	14,506	14,497
Closing equity Balance		594,454	608,960	608,951

Prospective Balance Sheet

	2016	2017	2017
Note	Annual Plan	Long Term Plan	Annual Plan
	\$000	\$000	\$000
Assets			
Current assets			
Cash and cash equivalents	1,276	798	767
Accounts receivable	6,583	6,744	6,750
Investment in Council Controlled Entities	141	227	227
Other financial assets	338	705	705
Non-current assets held for sale	634	634	634
Total current assets	8,972	9,107	9,083
Non-current assets			
Property, plant and equipment	643,905	666,087	665,495
Intangible assets	1,145	1,047	1,662
Forestry assets	40	0	0
Non-current assets for sale	0	0	0
Investment in Council Controlled Entities	4,544	4,317	4,317
Other financial assets	3,658	2,953	2,953
Total non-current assets	653,292	674,405	674,427
Total assets	662,264	683,512	683,510
Liabilities			
Current liabilities			
Accounts payable	7,973	8,168	8,175
Provisions	69	103	103
Employee entitlements	738	756	757
Borrowings	1,873	5,000	5,000
Total current liabilities	10,653	14,028	14,035
Non-current liabilities			
Provisions	661	606	606
Borrowings	56,496	59,918	59,918
Total non-current liabilities	57,157	60,524	60,524
Total liabilities	67,810	74,552	74,559
Equity			
Retained earnings	458,936	457,988	458,054
Other reserves	135,518	150,972	150,897
Total equity	594,454	608,960	608,951
Total Liabilities and Equity	662,264	683,512	683,510

Prospective Statement of Cash Flows

	Note	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Cash flows from operating activities				
Cash was provided from:				
Receipts from rates revenue		29,707	31,454	31,085
Interest received		258	435	346
Dividend received		18	18	18
Receipts from other revenue		15,470	14,895	15,946
Cash was disbursed to:				
Payments to suppliers and employees		(30,093)	(31,086)	(31,788)
Interest paid		(3,039)	(3,699)	(3,411)
Income tax paid		0	0	0
Goods and services tax (net)		0	0	0
Net cash from operating activities		12,321	12,017	12,196
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of forestry		90	33	33
Proceeds from sale of property, plant and equipment		2,050	2,050	2,050
Net investments movements		62	479	479
Cash was disbursed to:				
Purchase of intangible assets		(665)	(52)	(52)
Purchase of property, plant and equipment		(32,933)	(21,553)	(21,765)
Net cash from investing activities		(31,397)	(19,043)	(19,255)
Cash flows from financing activities				
Cash was provided from:				
Proceeds from borrowing		15,451	8,422	8,422
Cash was disbursed to:				
Repayment of borrowings		0	(1,873)	(1,873)
Net cash from financing activities		15,451	6,549	6,549
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(3,625)	(477)	(510)
Cash, cash equivalents and bank overdrafts at the beginning of the year		4,900	1,275	1,276
Cash, cash equivalents and bank overdrafts at the end of the year		1,275	798	766

Notes to the Financial Statements

Note 1

Reconciliation of Prospective Statement of Comprehensive Revenues and

The Funding Impact Statements throughout the document are prepared in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. They do not comply with Generally Accepted Accounting Practices (GAAP). However, the core financial statements (prospective statement of comprehensive revenue and expense, prospective statement of changes in net assets / equity, prospective statement of financial position and the prospective statement of cash flows) are prepared in compliance with GAAP. The following is a reconciliation between the income and expenditure shown in the prospective statement of comprehensive revenue and expense and the Council's overall Funding Impact Statement.

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Operating Revenue in the FIS	39,450	42,208	41,967
Subsidies and grants for capital expenditure	5,042	3,603	4,455
Development and financial contributions	960	991	973
Net gain and losses not included in FIS	416	417	417
Total Revenue in the Statement of Comprehensive Revenues and Expenditure	45,868	47,218	47,812
Applications of Operating Funding in the FIS	33,165	34,825	35,349
Depreciation not included in the FIS	12,086	12,907	12,911
Total Operating Expenditure in the Statement of Comprehensive Revenues and Expenses	45,251	47,732	48,260

Note 2

Depreciation and Amortisation Expense per Group of Activities

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Community Facilities	1,284	1,457	1,457
District Development	0	0	0
Emergency Management	6	8	8
Environmental and Regulatory	12	13	13
Governance and Strategy	0	5	5
Roading Network	6,863	6,976	6,976
Solid Waste	60	66	66
Stormwater and Drainage	461	509	509
Wastewater	1,189	1,473	1,473
Water Supply	1,609	1,711	1,711
Support Services	601	689	693
Total Depreciation and Amortisation	12,086	12,907	12,911

Note 3

Explanation of Net Operating Surplus (Deficit) after tax

Section 100 of the Local Government Act 2002 requires Council to ensure projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. The table below details the make up of the net surplus/(deficit) as detailed in the Statement of Comprehensive Income Statement.

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Net surplus/(deficit) after tax	616	(514)	(448)
The surplus/(deficit) consists of the following			
Roading subsidy received from NZ Transport Agency to fund capital expenditure	3,692	3,603	3,765
Subsidies and Grants for capital expenditure	1,350	0	690
Capital contributions and connection fees used to fund capital expenditure	280	294	282
Development Contributions recognised as revenue but used to fund past of future capital expenditure in relation to growth	680	697	691
Depreciation not funded			
- Roothing (renewal funded by NZTA subsidy)	(3,310)	(3,365)	(3,365)
- Parks (only 50% of depreciation is funded)	(146)	(168)	(168)
- Halls (depreciation is only funded on recreation complexes)	(220)	(221)	(221)
Loans principal repayments funded from rates			
- CBD Redevelopment Loans	79	84	84
- Ultra Fast Broadband	1	3	3
Gain on Property recognised	416	417	417
Write back of the impairment of debt	0	0	0
Use of reserves and special funds	(2,206)	(1,858)	(2,626)
(including interest on growth account, subdivision development etc.)			
	616	(514)	(448)

Note 4

Water by meter included in Rates

Water charged by volume (water by meter) are included in rates revenue in the Statement of Comprehensive Revenue and Expense and in targeted rates in the Funding Impact Statements. The amount of water by meter

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Water by meter included in rates	900	947	947

Note 5 Opening Balances

The opening balances for 1 July 2016 do not agree with the closing balances for the prior year's Annual Plan (30 June 2016). The Annual Plan is approved by Council in June 2015 and the annual plan closing balances reflect the planned position at that time. Actual results for the 2015/16 financial year do not always reflect the position included in the plan. Potential changes include capital projects not progressing and therefore the associated funding is not uplifted, revaluations being different than planned, variances in cash requirements and the resulting impact on equity. To calculate the opening balances for the Annual Plan we have reforecasted the closing balances at 30 June 2016 to reflect known changes. This main items impacted include cash, investments, property plant and equipment, borrowing and equity.

Note 6 Funding Impact Statements - transfer between operational and capital activities

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Surplus (deficit) of operating funding	6,285	7,382	6,618
Surplus (deficit) of capital funding	(6,285)	(7,382)	(6,618)
Funding Balance	0	(0)	0
Loan principal repayments funded by rates	80	87	87
Depreciation funded by rates but transferred to reserve to fund renewal (current and future years)	8,410	9,153	9,157
Operating items funded from the transfer of reserves included in the capital activities	(2,206)	(1,858)	(2,626)
	6,284	7,382	6,618

Note 7

Reserve Fund Movements

Equity is made up of a number of reserves - refer to the Statement of Accounting Policies. Local Government Act 2002 Schedule 10, clause 16 requires the movement of these funds to be disclosed. The following is a summary of reserve funds over the life of the long term plan for each class of funds.

RETAINED EARNINGS

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
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Accumulated Funds

Included in the Accumulated Funds in the balance sheet are two types of reserves. These are separate funds and growth funds detailed below.

Growth Funds

These funds are created from Development and Financial Contributions levied. They are used for growth related expenditure for the creation of community assets. These include roads, parks and reserves, stormwater, wastewater and water supply.

Opening balances	1,850	1,066	714
Transfers to reserves	680	697	691
Transfers from reserves	(1,464)	(1,049)	(1,049)
Closing Balance	<u>1,066</u>	<u>714</u>	<u>356</u>

Depreciation Reserves

These funds are created from depreciation and amortisation funded through revenue sources. These funds are only applied to the renewal of existing assets and for principal repayments of loans.

Opening balances	8,535	5,117	2,041
Transfers to reserves	8,410	9,153	9,157
Transfers from reserves	(11,828)	(12,229)	(12,229)
Closing Balance	<u>5,117</u>	<u>2,041</u>	<u>(1,031)</u>

OTHER RESERVES

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
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Trusts and Bequests

Funds have been gifted to Council for specific purposes, and in many cases have other restriction placed on the fund. The purpose of the fund may not be revised without reference to the Courts or a third party. These include the Hook Bequest, Trewin Bequest, Wakerill Trust, Robert Dickson Library Trust, PA Broad Memorial Trust, Historical Trust, Childrens Welfare Trust, Robert Dickson Educational Trust, Museum Trust and the Feilding and District Relief Trust.

Opening balances	186	196	196
Transfers to reserves	7	7	7
Transfers from reserves	3	3	3
Closing Balance	196	207	207

Special Funds

These are funds set aside by Council. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council. They include the General Purpose Reserve, Insurance Reserve and the Land Subdivision Reserve.

Opening balances	1,292	1,316	1,316
Transfers to reserves	49	50	50
Transfers from reserves	(25)	(26)	(26)
Closing Balance	1,316	1,340	1,340

Revaluation Reserves

These reserves have been created from the revaluation movements of the property, plant and equipment. The

Opening balances	122,349	134,005	134,005
Transfers to reserves	11,256	15,020	14,945
Transfers from reserves	400	400	400
Closing Balance	134,005	149,426	149,350

Fair Value Through Other Comprehensive Revenue and Expenses

Opening balances	82	0	0
Transfers to reserves	0	0	0
Transfers from reserves	(82)	0	0
Closing Balance	0	0	0

TOTAL OTHER RESERVES

	135,518	150,972	150,897
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Funding Impact Statement

Council

	Annual Plan 2016 \$000	Long Term Plan 2017 \$000	Annual Plan 2017 \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	4,090	4,214	4,000
Targeted rates	25,617	27,239	27,085
Subsidies and grants for operating purposes	2,337	2,381	2,410
Fees and charges	3,677	4,321	4,749
Interest and dividends from investments	276	453	364
Local authorities fuel tax, fines, infringement fees and other receipts	3,454	3,600	3,359
Total operating funding	39,451	42,208	41,967
Applications of operating funding			
Payments to staff and suppliers	30,127	31,127	31,938
Finance costs	3,039	3,699	3,411
Other operating funding applications	0	0	0
Total applications of operating funding	33,166	34,826	35,349
Surplus (deficit) of operating funding	6,285	7,382	6,618
Sources of capital funding			
Subsidies and grants for capital expenditure	5,042	3,603	4,454
Development and financial contributions	960	991	973
Increase (decrease) in debt	15,451	6,549	7,164
Gross proceeds from sale of assets	2,050	2,050	2,050
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	23,503	13,193	14,641
Applications of capital funding			
Capital expenditure			
- to meet additional demand	6,372	1,660	1,907
- to improve the level of service	11,705	5,482	6,628
- to replace existing assets	15,520	14,463	13,897
Increase (decrease) in reserves	(3,702)	(831)	(809)
Increase (decrease) of investments	(108)	(199)	(364)
Total application of capital funding	29,788	20,575	21,259
Surplus (deficit) of capital funding	(6,285)	(7,382)	(6,618)
Funding balance	0	0	0

Funding Impact Statement Community Facilities

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	631	654	629
Targeted rates	5,282	5,745	5,665
Subsidies and grants for operating purposes	4	4	4
Fees and charges	818	1,367	1,354
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	10	24
Total operating funding	6,745	7,780	7,676
Applications of operating funding			
Payments to staff and suppliers	4,664	4,832	4,823
Finance costs	1,096	1,285	1,285
Internal charges and overheads applied	939	1,012	916
Other operating funding applications	0	0	0
Total applications of operating funding	6,699	7,129	7,024
Surplus (deficit) of operating funding	46	651	652
Sources of capital funding			
Subsidies and grants for capital expenditure	1,350	0	0
Development and financial contributions	90	91	92
Increase (decrease) in debt	3,712	683	692
Gross proceeds from sale of assets	2,050	2,050	2,050
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	7,202	2,824	2,834
Applications of capital funding			
Capital expenditure			
- to meet additional demand	349	165	164
- to improve the level of service	6,827	1,108	1,098
- to replace existing assets	1,840	622	619
Increase (decrease) in reserves	(1,768)	1,580	1,605
Increase (decrease) of investments	0	0	0
Total application of capital funding	7,248	3,475	3,486
Surplus (deficit) of capital funding	(46)	(651)	(652)
Funding balance	0	0	0

Funding Impact Statement District Development

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	2,203	2,229	2,099
Targeted rates	63	95	96
Subsidies and grants for operating purposes	55	56	25
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	75	248	71
Total operating funding	2,396	2,628	2,291
Applications of operating funding			
Payments to staff and suppliers	2,078	2,096	1,930
Finance costs	281	284	286
Internal charges and overheads applied	295	322	291
Other operating funding applications	0	0	0
Total applications of operating funding	2,654	2,702	2,507
Surplus (deficit) of operating funding	(258)	(74)	(216)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	40	29	(95)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	40	29	(95)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(110)	154	(112)
Increase (decrease) of investments	(108)	(199)	(199)
Total application of capital funding	(218)	(45)	(311)
Surplus (deficit) of capital funding	258	74	216
Funding balance	0	0	0

Funding Impact Statement Emergency Management

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	218	226	224
Targeted rates	178	184	182
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	396	410	406
Applications of operating funding			
Payments to staff and suppliers	317	324	324
Finance costs	0	0	0
Internal charges and overheads applied	73	78	74
Other operating funding applications	0	0	0
Total applications of operating funding	390	402	398
Surplus (deficit) of operating funding	6	8	8
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	16
- to replace existing assets	5	16	0
Increase (decrease) in reserves	1	(8)	(8)
Increase (decrease) of investments	0	0	0
Total application of capital funding	6	8	8
Surplus (deficit) of capital funding	(6)	(8)	(8)
Funding balance	0	0	0

Funding Impact Statement Environmental and Regulatory

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	512	552	550
Targeted rates	1,821	1,963	1,961
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,476	1,510	1,509
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	23	23	24
Total operating funding	3,832	4,047	4,044
Applications of operating funding			
Payments to staff and suppliers	2,000	1,989	1,983
Finance costs	0	0	0
Internal charges and overheads applied	2,030	2,196	2,198
Other operating funding applications	0	0	0
Total applications of operating funding	4,030	4,185	4,181
Surplus (deficit) of operating funding	(199)	(137)	(137)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	(199)	(137)	(137)
Increase (decrease) of investments	0	0	0
Total application of capital funding	(199)	(137)	(137)
Surplus (deficit) of capital funding	199	137	137
Funding balance	0	0	0

Funding Impact Statement Governance Team

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	1,864	1,959	2,105
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	66	66
Total operating funding	1,864	2,025	2,171
Applications of operating funding			
Payments to staff and suppliers	576	654	820
Finance costs	0	0	0
Internal charges and overheads applied	1,288	1,365	1,346
Other operating funding applications	0	0	0
Total applications of operating funding	1,864	2,019	2,166
Surplus (deficit) of operating funding	0	6	5
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	51	0	0
Increase (decrease) in reserves	(51)	6	5
Increase (decrease) of investments	0	0	0
Total application of capital funding	0	6	5
Surplus (deficit) of capital funding	0	(6)	(5)
Funding balance	0	0	0

Funding Impact Statement Roading Network

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	55	56	56
Targeted rates	5,913	6,110	6,109
Subsidies and grants for operating purposes	2,187	2,227	2,282
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	184	187	187
Total operating funding	8,339	8,580	8,634
Applications of operating funding			
Payments to staff and suppliers	4,292	4,347	4,453
Finance costs	197	198	198
Internal charges and overheads applied	346	370	318
Other operating funding applications	0	0	0
Total applications of operating funding	4,835	4,915	4,969
Surplus (deficit) of operating funding	3,504	3,665	3,665
Sources of capital funding			
Subsidies and grants for capital expenditure	3,692	3,603	3,765
Development and financial contributions	131	133	133
Increase (decrease) in debt	33	(84)	(84)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	3,856	3,652	3,814
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,381	133	656
- to improve the level of service	887	765	794
- to replace existing assets	6,965	6,693	6,857
Increase (decrease) in reserves	(1,873)	(274)	(828)
Increase (decrease) of investments	0	0	0
Total application of capital funding	7,359	7,317	7,479
Surplus (deficit) of capital funding	(3,504)	(3,665)	(3,665)
Funding balance	0	0	0

Funding Impact Statement Solid Waste

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	1,644	1,672	1,669
Subsidies and grants for operating purposes	91	94	99
Fees and charges	652	677	908
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1	1	1
Total operating funding	2,388	2,443	2,677
Applications of operating funding			
Payments to staff and suppliers	1,832	1,911	2,152
Finance costs	69	79	79
Internal charges and overheads applied	402	409	396
Other operating funding applications	0	0	0
Total applications of operating funding	2,303	2,399	2,627
Surplus (deficit) of operating funding	85	44	50
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(59)	713	713
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	(59)	713	713
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	5	784	785
- to replace existing assets	0	0	0
Increase (decrease) in reserves	21	(27)	(22)
Increase (decrease) of investments	0	0	0
Total application of capital funding	26	757	763
Surplus (deficit) of capital funding	(85)	(44)	(50)
Funding balance	0	0	0

Funding Impact Statement Stormwater and Drainage

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	166	185	181
Targeted rates	635	710	699
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	801	895	880
Applications of operating funding			
Payments to staff and suppliers	298	346	351
Finance costs	302	361	361
Internal charges and overheads applied	42	40	21
Other operating funding applications	0	0	0
Total applications of operating funding	642	747	733
Surplus (deficit) of operating funding	159	148	147
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	240	244	244
Increase (decrease) in debt	1,930	697	908
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	2,170	941	1,152
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,989	771	771
- to improve the level of service	0	0	211
- to replace existing assets	349	383	682
Increase (decrease) in reserves	(10)	(65)	(364)
Increase (decrease) of investments	0	0	0
Total application of capital funding	2,329	1,089	1,300
Surplus (deficit) of capital funding	(159)	(148)	(148)
Funding balance	0	0	0

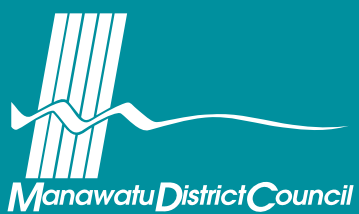
Funding Impact Statement Wastewater

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	4,510	4,849	4,639
Subsidies and grants for operating purposes	0	0	0
Fees and charges	708	745	956
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	5,218	5,594	5,595
Applications of operating funding			
Payments to staff and suppliers	2,823	2,853	2,908
Finance costs	1,404	1,571	1,571
Internal charges and overheads applied	33	27	21
Other operating funding applications	0	0	0
Total applications of operating funding	4,260	4,451	4,500
Surplus (deficit) of operating funding	958	1,143	1,095
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	268	280	271
Increase (decrease) in debt	3,195	2,336	2,136
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	3,463	2,616	2,407
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,477	0	0
- to improve the level of service	2,361	2,802	2,680
- to replace existing assets	3,889	2,623	2,509
Increase (decrease) in reserves	(3,306)	(1,668)	(1,687)
Increase (decrease) of investments	0	0	0
Total application of capital funding	4,421	3,759	3,502
Surplus (deficit) of capital funding	(958)	(1,143)	(1,095)
Funding balance	0	0	0

Funding Impact Statement

Water Supply

	2016 Annual Plan \$000	2017 Long Term Plan \$000	2017 Annual Plan \$000
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	0	0	0
Targeted rates	3,707	3,953	3,960
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	3,707	3,953	3,960
Applications of operating funding			
Payments to staff and suppliers	1,679	1,829	1,868
Finance costs	417	417	417
Internal charges and overheads applied	241	242	206
Other operating funding applications	0	0	0
Total applications of operating funding	2,337	2,488	2,491
Surplus (deficit) of operating funding	1,370	1,465	1,469
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	690
Development and financial contributions	232	244	233
Increase (decrease) in debt	1,399	337	102
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	1,631	581	1,025
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,176	593	316
- to improve the level of service	963	0	1,000
- to replace existing assets	1,924	3,601	2,066
Increase (decrease) in reserves	(1,062)	(2,148)	(888)
Increase (decrease) of investments	0	0	0
Total application of capital funding	3,001	2,046	2,494
Surplus (deficit) of capital funding	(1,370)	(1,465)	(1,469)
Funding balance	0	0	0



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