

# Notes to the Financial Statements

## He kupu Whakamahuki mō Ngā Tauākī Ahumoni

### Note 1

#### Reconciliation of Prospective Statement of Comprehensive Revenue and Expense to the Funding Impact Statement (FIS)

The Funding Impact Statements (FIS) 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 revenue and expenditure shown in the prospective statement of comprehensive revenue and expense and the Council's overall Funding Impact Statement.

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000	2031 \$000	2032 \$000	2033 \$000	2034 \$000
Operating Revenue in the FIS	63,656	66,615	70,736	75,913	79,567	83,578	88,768	92,815	96,948	102,193	105,946
Subsidies and grants for capital expenditure	6,017	4,378	4,362	4,578	6,589	6,680	7,396	7,574	7,662	7,884	7,301
Development and financial contributions	3,524	4,484	4,860	6,375	6,811	7,611	7,699	7,762	7,740	7,600	7,354
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Net gain and losses not included in FIS	(21)	311	313	320	500	326	435	329	526	310	435
Total Revenue in the Statement of Comprehensive Revenue and Expense	73,175	75,787	80,270	87,187	93,466	98,195	104,297	108,480	112,876	117,988	121,037
Applications of Operating Funding in the FIS	49,560	50,995	53,749	56,462	57,764	57,290	61,407	63,263	65,597	67,896	69,727
Depreciation not included in the FIS	27,683	27,242	29,620	30,924	32,188	33,207	35,003	36,427	37,748	39,786	40,753
Total Operating Expenditure in the Statement of Comprehensive Revenue and Expense	77,243	78,237	83,369	87,386	89,953	90,496	96,410	99,690	103,344	107,681	110,480

### Note 2

#### Depreciation and Amortisation Expense per Group of Activities

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000	2031 \$000	2032 \$000	2033 \$000	2034 \$000
Community Facilities	2,991	2,823	3,176	3,425	3,495	3,431	3,823	3,851	3,744	4,291	3,932
District Development	0	0	0	0	0	0	0	0	0	0	0
Emergency Management	19	0	0	0	0	0	0	0	0	0	0
Regulatory	30	79	79	72	13	14	13	13	8	6	6
Governance and Strategy	2	8	8	1	1	1	1	1	1	1	0
Roading Network	15,281	15,723	16,736	17,493	18,374	19,257	20,156	21,039	21,984	22,938	23,937
Solid Waste	150	153	155	156	157	154	155	156	156	156	154
Stormwater and Drainage	1,192	776	975	1,041	1,107	1,157	1,228	1,320	1,411	1,491	1,571
Wastewater	3,859	3,571	3,821	4,031	4,203	4,426	4,599	4,770	5,039	5,301	5,468
Water Supply	3,281	2,872	3,126	3,274	3,303	3,469	3,713	3,862	3,969	4,077	4,188

Support Services	879	1,237	1,545	1,431	1,537	1,299	1,314	1,415	1,435	1,523	1,498
Total Depreciation and Amortisation	27,683	27,242	29,620	30,924	32,188	33,207	35,003	36,427	37,748	39,786	40,753

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 Revenue and Expense.

	Annual Plan 2024 \$000	Year 1 2025 \$000	Year 2 2026 \$000	Year 3 2027 \$000	Year 4 2028 \$000	Year 5 2029 \$000	Year 6 2030 \$000	Year 7 2031 \$000	Year 8 2032 \$000	Year 9 2033 \$000	Year 10 2034 \$000
Net surplus/(deficit) after tax	(4,068)	(2,450)	(3,099)	(199)	3,514	7,698	7,887	8,790	9,531	10,306	10,556
The surplus/(deficit) consists of the following											
Roading subsidy received from NZ Transport	4,344	4,378	4,362	4,578	6,589	6,680	7,396	7,574	7,662	7,884	7,301
Subsidies and grants for capital expenditure	1,673	0	0	0	0	0	0	0	0	0	0
Capital contributions and connection fees used to	202	185	190	1,206	1,334	1,696	1,624	1,555	1,593	1,629	1,666
Development contributions recognised as revenue but used to fund past or future capital expenditure in relation to growth	3,321	4,299	4,670	5,169	5,477	5,915	6,075	6,207	6,147	5,971	5,688
Depreciation not funded											
- Roothing (renewal funded by NZTA subsidy)	(5,792)	(8,019)	(8,536)	(8,922)	(9,371)	(9,821)	(10,280)	(10,730)	(11,212)	(11,698)	(12,208)
- Parks (only 50% of depreciation is funded)	(531)	(428)	(507)	(555)	(575)	(593)	(682)	(689)	(649)	(770)	(726)
- Halls (depreciation is only funded on high priority hall's, Civic Centre and Te Kawau recreation centre)	(451)	(463)	(469)	(495)	(497)	(500)	(528)	(518)	(484)	(569)	(564)
- Library (only 50% of depreciation is funded)	0	(180)	(199)	(207)	(215)	(218)	(230)	(234)	(236)	(264)	(259)
- Makino Aquatic Centre (only 50% of depreciation is funded)	0	(223)	(257)	(271)	(269)	(240)	(266)	(272)	(275)	(316)	(318)
- Property (only 50% of depreciation is funded)	0	(139)	(155)	(170)	(173)	(126)	(138)	(138)	(136)	(121)	(122)
-3 Waters revaluation impact	(1,300)	0	0	0	0	0	0	0	0	0	0
- Roothing (unfunded revaluation impact )	(2,800)	0	0	0	0	0	0	0	0	0	0
Loans principal repayments funded from rates											
- CBD redevelopment loans	129	123	135	144	155	169	100	84	97	109	123
- Ultra Fast Broadband	6	5	5	4	4	3	3	3	3	3	3
Gain on property recognised	(21)	311	313	320	500	326	435	329	526	310	435
Write back of the impairment of debt	0	0	0	0	0	0	0	0	0	0	0
Vested Assets	0	0	0	0	0	0	0	0	0	0	0
Use of reserves and special funds (including interest on growth account, subdivision	(3,012)	(2,300)	(2,651)	(1,001)	556	4,408	4,378	5,618	6,497	8,139	9,537
	(4,068)	(2,450)	(3,099)	(199)	3,514	7,698	7,887	8,790	9,531	10,306	10,556



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 included in rates is:

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000	2031 \$000	2032 \$000	2033 \$000	2034 \$000
Water by meter included in rates	1,350	1,441	1,477	1,517	1,557	1,595	1,632	1,670	1,706	1,742	1,779

Note 5

Opening Balances

The opening balances for 1 July 2024 do not agree with the closing balances for the prior year’s Annual Plan (30 June 2021). The annual plan was approved by Council in May 2023 and the annual plan closing balances reflect the planned position at that time. Actual results for the 2023/24 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 Long Term Plan we have reforecasted the closing balances at 30 June 2024 to reflect known changes. The main items impacted include cash, investments, property plant and equipment, borrowing and equity.

Note 6

Funding Impact Statements - transfer between operational and capital activities

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2024 \$000	2025 \$000	2026 \$000	2027 \$000	2028 \$000	2029 \$000	2030 \$000	2031 \$000	2032 \$000	2033 \$000	2034 \$000
Surplus (deficit) of operating funding	14,096	15,620	16,986	19,451	21,802	26,289	27,361	29,551	31,352	34,298	36,219
Surplus (deficit) of capital funding	(14,096)	(15,620)	(16,986)	(19,451)	(21,802)	(26,289)	(27,361)	(29,551)	(31,352)	(34,298)	(36,219)
Funding Balance	0	0	0	0	0	0	0	0	0	0	0
Loan principal repayments funded by rates	297	128	140	148	159	172	103	88	100	112	126
Depreciation funded by rates but transferred to reserve to fund renewal (current and future years)	16,810	17,791	19,497	20,304	21,088	21,709	22,880	23,846	24,754	26,046	26,556
Operating items funded from the transfer of reserves included in the capital activities	(3,012)	(2,300)	(2,651)	(1,001)	556	4,408	4,378	5,618	6,497	8,139	9,537
	14,096	15,620	16,986	19,451	21,802	26,289	27,361	29,551	31,352	34,298	36,219

Note 7

Reserve Fund Movements

Equity is made up of a number of reserves - refer to the Statement of Accounting Policies. The following is a summary of reserve funds over the life of the long term plan for each class of funds.

RETAINED EARNING

Annual Plan 2024 \$000	Year 1 2025 \$000	Year 2 2026 \$000	Year 3 2027 \$000	Year 4 2028 \$000	Year 5 2029 \$000	Year 6 2030 \$000	Year 7 2031 \$000	Year 8 2032 \$000	Year 9 2033 \$000	Year 10 2034 \$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

Theses 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	0	0	0	0	0	0	0	0	0	0
Transfers to reserves	3,321	4,299	7,563	13,379	5,477	5,915	6,075	6,207	6,661	9,633
Transfers from reserves	(4,486)	(4,299)	(7,563)	(13,379)	(5,477)	(5,915)	(6,075)	(6,207)	(6,661)	(9,633)
Closing Balance	(1,165)	0	0	0	0	0	0	0	0	0

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	6,513	20,945	13,123	12,739	13,504	(715)	(7,263)	(7,511)	(4,470)	(422)	5,141
Transfers to reserves	16,810	17,791	19,497	20,304	21,088	21,709	22,880	23,846	24,754	26,046	26,556
Transfers from reserves	(11,590)	(25,613)	(19,881)	(19,539)	(35,307)	(28,257)	(23,128)	(20,805)	(20,706)	(20,483)	(23,739)
Closing Balance	11,733	13,123	12,739	13,504	(715)	(7,263)	(7,511)	(4,470)	(422)	5,141	7,958

OTHER RESERVES

	Annual Plan 2024 \$000	Year 1 2025 \$000	Year 2 2026 \$000	Year 3 2027 \$000	Year 4 2028 \$000	Year 5 2029 \$000	Year 6 2030 \$000	Year 7 2031 \$000	Year 8 2032 \$000	Year 9 2033 \$000	Year 10 2034 \$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, Children's Welfare Trust, Robert Dickson Educational Trust, Museum Trust and the Feilding and District Relief Trust.

Opening balances	95	94	93	92	91	89	88	87	86	84	83
Transfers to reserves	1	2	2	2	2	2	2	2	2	2	2
Transfers from reserves	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Closing Balance	94	93	92	91	89	88	87	86	84	83	82

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	2,810	2,953	3,453	3,969	6,478	9,878	16,938	24,298	32,742	42,222	52,856
Transfers to reserves	394	500	516	2,509	3,400	7,060	7,360	8,443	9,480	10,635	12,722
Transfers from reserves	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	3,204	3,453	3,969	6,478	9,878	16,938	24,298	32,742	42,222	52,856	65,578

Revaluation Reserves

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

Opening balances	550,790	600,384	633,869	671,740	697,473	725,662	783,045	818,716	861,485	898,597	958,585
Transfers to reserves	29,711	33,485	37,871	25,734	28,188	57,384	35,671	42,769	37,112	59,988	72,812
Transfers from reserves	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	580,501	633,869	671,740	697,473	725,662	783,045	818,716	861,485	898,597	958,585	1,031,397

TOTAL OTHER RESERVES	583,799	637,415	675,800	704,042	735,629	800,072	843,101	894,313	940,903	1,011,524	1,097,057
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