

Prospective statement of comprehensive revenue and expense

Forecast for the year ending 30 June 2024-34

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue												
Rates	2	255,752	310,503	363,591	426,216	498,609	584,504	647,213	690,594	736,659	784,246	836,023
Fees and user charges	3	50,346	50,407	55,229	60,077	64,359	67,163	72,048	74,928	78,608	81,671	84,364
Subsidies and grants	4	21,788	11,490	11,022	11,709	11,806	12,274	12,437	13,509	13,318	13,726	13,873
Interest revenue	5	6,124	12,478	12,698	12,974	13,190	13,357	13,526	13,660	13,725	13,801	13,872
Other revenue	6	13,011	8,362	8,791	8,744	8,789	9,186	9,506	9,843	10,147	9,927	10,681
Development contributions	7	36,605	30,442	32,876	43,222	55,341	56,842	53,444	54,557	52,154	56,867	53,798
Capital revenue	8	81,155	47,807	62,473	90,265	91,989	50,041	36,069	54,463	56,055	41,688	46,626
Vested assets	9	39,353	36,750	38,220	39,672	41,258	42,910	44,625	46,322	47,897	49,525	51,208
Total revenue (excluding gains)		504,134	508,239	584,900	692,878	785,341	836,277	888,868	957,876	1,008,564	1,051,452	1,110,446
Expenditure												
Personnel costs		120,650	131,937	137,617	136,262	142,737	146,935	151,346	155,995	160,497	164,670	166,990
Depreciation and amortisation expense	10	94,405	111,619	122,021	132,649	138,951	152,865	166,256	171,967	187,005	202,688	207,487
Finance costs	11	33,496	59,191	66,963	75,397	86,878	98,039	109,369	120,327	128,835	135,785	145,691
Operating and maintenance costs		87,013	100,079	108,116	120,869	127,255	135,760	142,457	152,391	155,603	164,320	171,808
Professional costs		15,609	17,035	16,793	20,662	18,850	20,128	20,468	21,712	22,836	24,355	24,274
Administration costs		22,320	23,396	25,741	27,090	29,131	30,593	30,771	33,927	36,975	38,465	41,582
Property costs		14,931	16,403	17,825	19,883	21,760	24,915	26,548	28,229	30,120	31,654	30,380
Total expenses (excluding losses)		388,424	459,659	495,076	532,812	565,561	609,233	647,214	684,547	721,872	761,937	788,212
Operating surplus/(deficit)*		115,710	48,579	89,824	160,067	219,780	227,044	241,654	273,329	286,693	289,514	322,234
Gains		1,050	915	938	961	985	1,010	1,035	1,061	1,088	1,115	1,143
Losses		-	-	-	-	-	-	-	-	-	-	-
Total surplus/(deficit)		116,760	49,494	90,762	161,028	220,765	228,054	242,689	274,390	287,780	290,629	323,377
Other comprehensive revenue and expense												
Items that will not be reclassified to surplus/(deficit)												
Gain on property, plant and equipment revaluations		44,376	322,068	237,654		446,046	310,164		620,394	413,271		786,365
Total other comprehensive revenue and expense		44,376	322,068	237,654	-	446,046	310,164	-	620,394	413,271	-	786,365
Total comprehensive revenue and expense		161,136	371,562	328,416	161,028	666,811	538,218	242,689	894,785	701,051	290,629	1,109,742

* Surplus/(deficit) before gains and losses, share of associate's surplus and tax
The accompanying notes form part of these financial statements.

Prospective statement of financial position

Forecast as at 30 June 2024 - 2034

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets												
Current assets												
Cash & cash equivalents		125,481	174,129	174,129	174,129	174,129	174,129	174,129	174,129	174,129	174,129	174,129
Receivables		38,902	42,033	44,665	47,944	50,963	57,505	60,012	65,617	68,742	69,518	73,316
Prepayments		4,540	3,839	3,973	4,112	4,260	4,418	4,582	4,752	4,904	5,061	5,223
Inventory		176	235	235	235	235	235	235	235	235	235	235
Other financial assets	12	7,221	44,447	45,205	45,963	47,216	47,862	47,612	47,112	46,842	46,362	47,362
Total current assets		176,320	264,685	268,208	272,384	276,805	284,150	286,571	291,846	294,853	295,306	300,266
Non-current assets												
Property, plant and equipment		6,042,894	7,107,619	7,589,888	7,963,935	8,824,671	9,533,530	9,895,958	10,902,214	11,646,031	11,913,164	13,048,301
Intangible assets		40,213	52,940	63,443	81,177	95,226	98,946	113,514	121,355	125,015	136,874	140,864
Investment property		43,058	37,516	38,454	39,415	40,400	41,410	42,446	43,507	44,595	45,709	46,852
Other financial assets												
- Investment in CCOs and other similar entities		13,168	9,399	9,399	9,399	9,399	9,399	9,399	9,399	9,399	9,399	9,399
- Other investments		14,845	24,587	26,560	30,369	33,029	35,135	37,261	39,690	40,817	42,194	43,464
Total other financial assets	12	28,013	33,986	35,959	39,768	42,428	44,534	46,660	49,089	50,216	51,593	52,863
Investment in associates	13	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430
Derivative financial instruments		3,713	11,759	11,759	11,759	11,759	11,759	11,759	11,759	11,759	11,759	11,759
Total non-current assets		6,165,321	7,251,249	7,746,932	8,143,483	9,021,915	9,737,609	10,117,767	11,135,353	11,885,046	12,166,529	13,308,068
Total assets		6,341,642	7,515,933	8,015,141	8,415,868	9,298,719	10,021,760	10,404,338	11,427,199	12,179,899	12,461,836	13,608,335
Liabilities												
Current liabilities												
Payables and deferred revenue		64,528	84,325	87,276	90,331	93,583	97,046	100,636	104,360	107,699	111,146	114,702
Employee entitlements		11,304	14,953	15,547	15,367	16,049	16,480	16,934	17,415	17,879	18,307	18,531
Provisions		3,343	4,119	4,386	4,255	4,284	5,321	4,313	3,428	3,653	2,636	2,655
Borrowings	14	83,241	164,035	138,135	137,335	137,335	147,335	107,557	101,798	152,699	110,385	89,035
Derivative financial instruments		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		162,416	267,431	245,344	247,288	251,251	266,181	229,440	227,001	281,930	242,474	224,923
Non-current liabilities												
Employee entitlements		872	631	561	491	421	351	281	211	141	71	
Provisions		10,699	15,829	14,507	13,249	11,901	9,448	7,886	7,132	6,113	6,059	5,979
Borrowings	14	864,650	1,274,059	1,468,330	1,707,412	1,920,909	2,093,323	2,271,587	2,402,926	2,400,736	2,431,622	2,486,088
Derivative financial instruments		-	225	225	225	225	225	225	225	225	225	225
Total non-current liabilities		876,221	1,290,744	1,483,623	1,721,378	1,933,456	2,103,348	2,279,980	2,410,495	2,407,215	2,437,978	2,492,292
Total liabilities		1,038,637	1,558,176	1,728,968	1,968,666	2,184,707	2,369,530	2,509,419	2,637,496	2,689,145	2,680,452	2,717,215
Net assets		5,303,005	5,957,757	6,286,173	6,447,201	7,114,012	7,652,230	7,894,919	8,789,703	9,490,754	9,781,383	10,891,120
Equity												
Accumulated funds		2,376,552	2,513,363	2,603,229	2,763,400	2,983,355	3,210,629	3,452,569	3,726,243	4,013,339	4,303,317	4,626,080
Other reserves		2,883,620	3,398,140	3,635,794	3,635,794	4,081,840	4,392,004	4,392,004	5,012,398	5,425,669	5,425,669	6,212,034
Restricted reserves		42,138	43,456	43,918	44,379	44,841	45,302	45,763	46,225	46,686	47,148	47,609
Council created reserves		695	2,797	3,232	3,627	3,976	4,295	4,583	4,838	5,060	5,250	5,403
Total equity		5,303,005	5,957,757	6,286,173	6,447,201	7,114,012	7,652,230	7,894,919	8,789,703	9,490,754	9,781,383	10,891,125

The accompanying notes form part of these financial statements.

Prospective statement of changes in equity

Forecast for year ending 30 June 2024-34

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity balance at 1 July	5,141,868	5,586,195	5,957,757	6,286,173	6,447,201	7,114,012	7,652,230	7,894,919	8,789,703	9,490,754	9,781,383
Total comprehensive revenue and expense for the period	161,136	371,562	328,416	161,028	666,811	538,218	242,689	894,785	701,051	290,629	1,109,742
Equity balance at 30 June	5,303,005	5,957,757	6,286,173	6,447,201	7,114,012	7,652,230	7,894,919	8,789,703	9,490,754	9,781,383	10,891,125
Accumulated comprehensive revenue and expense											
Balance at beginning of year	2,259,847	2,464,819	2,513,363	2,603,229	2,763,400	2,983,355	3,210,629	3,452,569	3,726,243	4,013,339	4,303,317
Total surplus/(deficit)	116,760	49,494	90,762	161,028	220,765	228,054	242,689	274,390	287,780	290,629	323,377
Transfers (to)/from restricted and council created reserves	(55)	(951)	(896)	(857)	(811)	(780)	(749)	(717)	(684)	(651)	(614)
Transfer from property revaluation reserves on disposal	-	-	-	-	-	-	-	-	-	-	-
Balance at end of year	2,376,552	2,513,363	2,603,229	2,763,400	2,983,355	3,210,629	3,452,569	3,726,243	4,013,339	4,303,317	4,626,080
Revaluation reserves											
Balance at beginning of year	2,839,244	3,076,073	3,398,140	3,635,794	3,635,794	4,081,840	4,392,004	4,392,004	5,012,398	5,425,669	5,425,669
Revaluation gains	44,376	322,068	237,654	-	446,046	310,164	-	620,394	413,271	-	786,365
Transfer to accumulated comprehensive revenue and expense on disposal	-	-	-	-	-	-	-	-	-	-	-
Balance at end of year	2,883,620	3,398,140	3,635,794	3,635,794	4,081,840	4,392,004	4,392,004	5,012,398	5,425,669	5,425,669	6,212,034
Restricted and council created reserves											
Balance at beginning of year	42,778	45,303	46,254	47,150	48,006	48,817	49,597	50,346	51,063	51,747	52,397
Transfers (to)/from reserves	55	951	896	857	811	780	749	717	684	651	614
Balance at end of year	42,833	46,254	47,150	48,006	48,817	49,597	50,346	51,063	51,747	52,397	53,012
Equity balance at 30 June	5,303,005	5,957,757	6,286,173	6,447,201	7,114,012	7,652,230	7,894,919	8,789,703	9,490,754	9,781,383	10,891,125

The accompanying notes form part of these financial statements

Prospective Balancing the Book Measure

Forecast for the year ending 30 June 24-34

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Surplus/(deficit)	116,760	49,494	90,762	161,028	220,765	228,054	242,689	274,390	287,780	290,629	323,377
Remove capital revenue											
Vested assets	(39,353)	(36,750)	(38,220)	(39,672)	(41,258)	(42,910)	(44,625)	(46,322)	(47,897)	(49,525)	(51,208)
Part of development and financial contributions	(23,793)	(19,787)	(21,369)	(28,094)	(35,972)	(36,947)	(34,739)	(35,462)	(33,900)	(36,964)	(34,969)
Capital subsidy (excluding subsidy on transport renewals)	(29,442)	(24,456)	(21,529)	(12,101)	(12,088)	(26,355)	(15,030)	(29,280)	(28,814)	(13,997)	(15,674)
Other capital contributions	(43,792)	(10,653)	(23,973)	(59,317)	(64,370)	(6,152)	(401)	(634)	(656)	(262)	(271)
Other items not considered everyday operating revenue	(5,668)	-	-	-	-	-	-	-	-	-	-
Remove (gains)/losses											
All (gains)/losses	(1,050)	(915)	(938)	(961)	(985)	(1,010)	(1,035)	(1,061)	(1,088)	(1,115)	(1,143)
Remove other expenses											
Other items not considered everyday operating expenses	9,788	5,503	5,731	5,979	6,221	6,484	6,752	6,970	7,199	7,202	3,694
Balancing the books surplus/ (deficit)	(16,551)	(37,564)	(9,537)	26,861	72,313	121,164	153,611	168,601	182,625	195,969	223,807

The accompanying notes form part of these financial statements.

5 Development contributions contain an element of funding for interest costs that are part of every day expenses. An adjustment is made to match the revenue with the expense. The budget has assumed interest costs funded from development contributions represent 35% of development contributions revenue.

6 Subsidy on transport renewals is adjusted to recognise that this is funding a portion of the depreciation on these renewals.

7 Adjustment for fair value calculation on the Housing Infrastructure Fund loans.

8 Adjustment for grants to other parties to invest in significant assets for the benefit of the city and fair value discount unwinding on the Housing Infrastructure Fund loans.

Notes to the Prospective Financial Statements

Note 1: Statement of accounting policies

Reporting entity

Hamilton City Council is a territorial local authority governed by the Local Government Act 2002.

Our primary objective is to provide goods or services for community or social benefit rather than making a financial return. As such, for the purposes of financial reporting, we are considered a public benefit entity.

These prospective financial statements are for Hamilton City Council as a separate legal entity. Consolidated prospective financial statements covering both us and our subsidiaries and associates have not been prepared as the income and expenditure is not material to our long-term planning.

Basis of preparation

We authorised the prospective financial statements on 27 June 2024. We believe the assumptions underlying these prospective financial statements are appropriate. We accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying these statements and all other required disclosures. No actual results have been included within the prospective financial statements. We do not intend to update the prospective financial statements after they are presented.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

The reporting period for these prospective financial statements is for the 10 years ending 30 June 2034. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented here.

The purpose of the prospective financial information is to support our planning.

Measurement base

The basis for measurement applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used are from the latest relevant BERL forecasts and the discount rate is our forecast long-term cost of borrowing.

Judgements and estimations

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

Significant accounting policies

Significant accounting policies are included in the notes to which they relate. Those that do not relate to a specific note are outlined below.

Standards issued and not yet effective or early adopted

There have been no standards and amendments issued that are not yet effective and early adopted.

Revenue

Revenue includes rates, revenue from operating activities, investment revenue, gains, finance and other revenue. It is measured at the fair value of consideration received or receivable.

Revenue may come from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where we receive assets (primarily cash) or services, or have liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, we either receive

accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Gains

Gains include additional earnings on the disposal of property, plant and equipment as well as movements in the fair value of financial assets and liabilities. Gains are classified as exchange revenue.

Goods and services tax (GST)

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

Taxation

Income tax expense on the surplus or deficit for the year includes current and deferred tax.

Current tax is the expected tax payable based on the taxable income for the year. This uses tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method. This provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities. It also takes into account the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent it is probable future tax profit will be available against which they can be utilised.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short term highly liquid investments. The carrying value of cash at bank and short-term deposits with original maturities of less than three months approximates their fair value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

Short-term receivables are recorded at the amount due less any

value from or give value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is considered revenue, except to the extent that a liability is also recognised in respect of the same inflow.

At times we satisfy a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset. Doing so reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

gardens, plant and equipment, vehicles, sports areas and library books.

Zoo animals

Zoo animals are held primarily for a social and recreational purpose. The capital cost is the actual expense incurred in acquiring the Zoo animals.

Restricted assets

These are parks and reserves we own that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Heritage assets

These are museum collections and library collections (New Zealand Room).

Infrastructure assets

These are the fixed utility systems that we own. Each asset type includes all items that are required for the network to function.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

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

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

provision for collectability.

A receivable is considered to be uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

Property, plant and equipment

Property, plant and equipment include:

Operational assets

These are land, buildings (including cultural assets and community and leisure facilities), improvements, non-restricted parks and

revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then in other comprehensive income.

Depreciation

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

Heritage assets are not depreciated.

Depreciation is not provided in these statements on the following assets:

- land
- formation costs associated with roading
- investment properties
- non-current asset held for resale
- work in progress and assets under construction.

The useful lives and associated depreciation rates of major classes of assets are estimated as follows:

Buildings - structure/fit out/services	2-200	0.5%-50%
Plant and vehicles	3-15	6.7%-33.3%
Furniture, fittings and equipment	5-50	2%-20%

costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Revaluation

Land and buildings (operational and restricted), heritage assets, and infrastructural assets (except land under roads) are revalued regularly to ensure that their carrying amount does not differ materially from fair value. These revaluations occur at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to make sure they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset

Water reticulation:		
Bulk main chambers	100	1%
Backflow devices	40	2.5%
Pipes	40 - 100	1% - 2.5%
Valves	40 - 75	1.3% - 2.5%
Treatment plant	5 - 100	1% - 20%
Meters	15	6.7%
Hydrants	50 - 75	1.3% - 2%
Cathodic Protection Device	15 - 100	1% - 6.7%
Reservoirs	15 - 100	1% - 6.7%
Refuse – Rubbish and Recycling	5 - 100	1% - 20%

Investment properties

Properties leased to third parties under operating leases are classified as investment property. This is unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

These assets consist of investment properties owned by us, funded either from Corporate Funds, the Domain Endowment Fund or the Municipal Endowment Fund.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of

Library books	3-14	7.1-33.3%
Zoo animal (acquisition costs)	10	10%
Improvements – Parks & Gardens	2 – 150	0.7% - 50%
Roads and traffic network:		
Top surface (seal)	5 - 20	5% - 20%
Pavement (basecourse)	50 - 140	0.7% - 2%
Concrete	60	1.7%
Drainage	60-70	1.4-1.7%
Carparks	6 - 110	0.9% - 6.7%
Footpaths and cycleways	5 - 75	1.3% - 20%
Kerbs and traffic islands	20 - 60	1.7% – 5%
Signs	15	6.7%
Street lights	5 - 50	2% - 20%
Bridges and culverts	40 - 150	0.7% - 2.5%
Underpasses	80	1.3%
Traffic signals	15	6.7%
Guarding and railing	20 - 25	4% - 5%
Bus shelters and fences	20	5%
Verge, embankment and retaining walls	50 - 100	1% - 2%
Wastewater reticulation:		
Pipes	30 - 100	1% - 3.3%
Manholes	100	1%
Treatment plant	5 - 100	1% - 20%
Valves	40 - 75	1.3% - 2.5%
Pump stations	15 - 100	1% - 6.7%
Stormwater system:		
Pipes	30 - 100	1% - 3.3%
Manholes, inlets and outlets	100	1%
Soakage trench	50	2%
Fish Pass	50	2%
Channels	70-90	1.1%-1.4%

of the Council's website are recognised as an expense when incurred.

These are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (five years). Costs associated with maintaining computer software are recognised as an expense when incurred.

Consents and designations

- Consents and designations not attributed to a specific asset are capitalised at historic cost. These are amortised on a straight-line basis over their estimated useful lives.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

investment property are recognised in the surplus or deficit.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction and not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Intangible assets

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Intangible assets include:

Software acquisition and development

- Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
- Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.
- Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised in the surplus or deficit when incurred. Costs associated with development and maintenance

The provision for retirement gratuities has been calculated on an actuarial basis bringing to account what is likely to be payable in the future. This is in respect of service that employees have accumulated up until twelve months after balance date.

Long-term employee entitlements

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

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

The useful lives of major classes of intangible assets have been estimated as follows:

Computer software	2-20 years
Consents & designations	10-100 years
Licenses	3-14 years
Models	7-30 years

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instrument's carrying amounts.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

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

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

The provision is measured based on the present value of future cash flows expected to be incurred. This takes into account future

Presentation of employee entitlements

Sick leave, annual leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Employer contribution to KiwiSaver is accounted for as defined contribution superannuation scheme and is expensed in the surplus or deficit when incurred.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to interest rate risks arising from our financing activities. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. We have chosen not to hedge account for these derivative financial instruments.

Changes in the fair value of the derivative financial instruments are recognised in the surplus or deficit.

For the purpose of preparing prospective financial statements, the Council has recognised the fair value of contracted derivatives in the prospective statement of financial position. Movements in the fair value of derivatives has not been recognised in the prospective statement of comprehensive revenue and expense.

Provisions

We recognise a provision for future expenditure of uncertain amount or timing when:

- There is a present obligation (either legal or constructive) as a result of a past event.
- It is probable that expenditures will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. This is done using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost and is included in "finance costs".

Landfill aftercare costs

We have legal obligations under resource consents to provide ongoing maintenance and monitoring services at several of our closed landfill sites. Provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

Financing activities relate to activities that change our equity and debt capital structure and financing cost.

events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalized to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalized landfill asset are depreciated over their useful lives.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the Council.

All subsequent changes in the liability shall be recognized in the surplus or deficit and the periodic unwinding of the discount will also be recognized in the surplus or deficit as a finance cost as it occurs.

Contingencies

Financial guarantee

At times we are requested to act as a guarantor to loans raised by community organisations and sports clubs to construct facilities on council reserve land. These structures form part of the reserve but are not included in the fixed asset figures. No provision has been made because we do not consider it likely that these loans will require settlement.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- other reserves – revaluation reserves and fair value through other comprehensive revenue and expense reserve
- restricted reserves
- council created reserves.

Accumulated funds include accumulated surpluses over the years.

Prospective statement of cash flows

Cash and cash equivalents for the purposes of the cashflow statement include bank balances, cash on hand and short-term deposits with a maturity of three months or less.

Operating activities include cash received from all our non-financial revenue sources and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue.

Public benefit entity financial reporting standard 42 prospective financial statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these draft prospective financial statements. The following information is included to satisfy the requirements of PBE FRS 42:

(i) Description of the nature of the entity's current operation and its principal activities:

Hamilton City Council is a territorial local authority, as defined in the Local Government Act 2002. Our principal activities are outlined within this Long-Term Plan.

(ii) Purpose for which the prospective financial statements are prepared:

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span one year and include them within the Long-Term Plan. This allows ratepayers and residents the opportunity to review our projected financial results and position. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties:

The financial information has been prepared based on best estimate assumptions as to the future events which we expect to take place. We have considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined on pages XX to XX of the Long-Term Plan.

(iv) Cautionary note:

The financial information is prospective. Actual results are likely to vary from the information presented. These variations may be material.

(v) Other disclosures:

These prospective financial statements were adopted as part of the assumptions that form this Long-Term Plan. We are responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. This Long-Term Plan is prospective and as such

contains no actual operating results.

Note 2: Rates

Accounting policy

Rates are set annually by a resolution and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised proportionately throughout the year. Rates revenue is classified as non-exchange except for metered water rates which are classed as exchange revenue.

Rates penalties

Revenue from rates penalties is recognised when the penalty is imposed.

Rates remissions

Rates remissions are recognised as a reduction of rates revenue when we receive an application that satisfies our rates remission policy.

Metered water rates

Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage as a result of unread meters at year-end is accrued on an average usage basis.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
General rates											
General rates	243,657	296,313	347,701	407,880	477,642	559,839	619,007	659,341	702,340	747,704	796,432
Rates charges to Council properties	(642)	(788)	(910)	(1,051)	(1,214)	(1,402)	(1,528)	(1,604)	(1,684)	(1,769)	(1,857)
Targeted rates											
Government compliance rate	11,024	13,405	15,733	18,461	21,621	25,343	28,024	29,850	31,795	33,851	36,056
Metered water supply	9,370	10,495	11,460	12,934	14,435	16,756	19,185	21,354	23,462	24,668	26,325
Metered water charges to Council properties	(486)	(486)	(503)	(522)	(541)	(562)	(583)	(606)	(625)	(645)	(391)
Business improvement district rate	338	362	385	409	434	462	490	521	553	588	625
Service category rates (water, refuse and sewerage)	1,628	2,007	2,319	2,678	3,093	3,572	3,894	4,089	4,293	4,508	4,733
Central city rates	145	73	-	-	-	-	-	-	-	-	-
Pool safety inspection rate	-	185	185	185	185	185	185	185	185	185	185
Penalties and remissions											
Rates penalties	1,183	1,501	1,734	2,002	2,313	2,671	2,912	3,057	3,210	3,371	3,539
Rates remissions											
- Hardship	(351)	(421)	(486)	(562)	(649)	(749)	(817)	(857)	(900)	(945)	(993)
- HCC utilities	(8,626)	(10,343)	(11,946)	(13,798)	(15,936)	(18,406)	(20,063)	(21,066)	(22,119)	(23,225)	(24,387)
- HCC other	(1,151)	(1,399)	(1,616)	(1,866)	(2,155)	(2,489)	(2,713)	(2,849)	(2,991)	(3,141)	(3,298)
- Community retail	(72)	(88)	(102)	(118)	(136)	(157)	(171)	(180)	(189)	(198)	(208)
- Wastewater, water and refuse	(264)	(314)	(362)	(418)	(483)	(558)	(608)	(639)	(671)	(704)	(739)
Total rates	255,752	310,503	363,591	426,216	498,609	584,504	647,213	690,594	736,659	784,246	836,023

Note 3: Fees and Charges

Accounting policy

Revenue from the rendering of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Within rendering of services most activities are at least partially funded by rates and therefore classified as non-exchange. The exceptions are: Parking (excluding fines), Planning and Guidance, Housing and Building Control which are 100% funded by users and classified as exchange revenue.

Sale of goods

The sale of goods is classified as exchange revenue. Sale of goods is recognised when a product is sold to the customer and all risks and rewards of ownership have transferred to the customer.

Building and resource consent fees

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of our local facilities, such as the zoo, pools and museum. Revenue from entrance fees is recognised upon entry to such facilities.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Animal control charges	1,102	1,261	1,305	1,350	1,399	1,451	1,505	1,560	1,610	1,662	1,715
Building and resource consent charges	11,264	8,769	9,736	11,679	12,961	12,117	14,125	13,772	14,319	14,954	15,428
Cemetery and crematorium charges	1,718	1,991	2,061	2,133	2,210	2,292	2,376	2,464	2,543	2,625	2,708
Event facilities charges	7,964	4,757	4,911	5,096	5,266	5,475	5,663	5,887	6,060	6,268	6,452
Hamilton Gardens charges	1,331	2,929	3,304	3,594	3,915	4,377	4,752	5,295	5,613	5,949	6,302
Parking fees	2,531	3,486	4,593	5,096	5,600	5,825	6,123	6,239	6,446	6,636	6,816
Swimming pools charges	3,296	3,843	4,145	4,497	4,876	5,284	5,665	6,033	6,302	6,586	6,886
Trade waste charges	3,592	4,060	4,538	5,153	5,831	6,641	7,312	7,967	8,839	9,366	9,822
Zoo charges	2,226	2,286	2,512	2,752	2,898	3,056	3,222	3,397	3,565	3,742	3,927
Other fees and charges	3,548	3,791	4,131	4,258	4,371	4,639	4,820	5,010	5,106	5,265	5,167
Commission received	1,034	1,149	1,194	1,236	1,281	1,329	1,379	1,430	1,477	1,525	1,574
Sale of goods	691	792	970	1,063	1,144	1,198	1,292	1,356	1,456	1,523	1,636
Operating contributions	10,047	11,292	11,831	12,170	12,607	13,479	13,813	14,517	15,272	15,572	15,931
Total fees and charges	50,346	50,407	55,229	60,077	64,359	67,163	72,048	74,928	78,608	81,671	84,364

Note 4: Grants, subsidies and reimbursements

Accounting policy

Waka Kotahi NZ Transport Agency subsidies

Waka Kotahi NZ Transport Agency subsidies are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants (including government grants and subsidies)

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
New Zealand Transport Agency roading subsidy - operating	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Waste mininsation levy	7,608	9,576	9,108	9,795	9,892	10,360	10,523	11,595	11,404	11,811	12,107
Other grants	659	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534	1,534
	13,520	381	381	381	381	381	381	381	381	381	233
Total grants, subsidies and reimbursements	21,788	11,490	11,022	11,709	11,806	12,274	12,437	13,509	13,318	13,726	13,873

Note 5: Interest revenue

Accounting policy

Interest revenue is exchange revenue and recognised using the effective interest rate method.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Term deposits	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	6,124	12,478	12,698	12,974	13,190	13,357	13,526	13,660	13,725	13,801	13,872
Total interest revenue	6,124	12,478	12,698	12,974	13,190	13,357	13,526	13,660	13,725	13,801	13,872

Note 6: Other revenue

Accounting policy

Infringements fees and fines

Revenue from fines and penalties (e.g. traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

Dividends

Dividends are classified as exchange revenue and are recognised when our right to receive a payment has been established.

Investment property and rental revenue

Lease rentals (net of any incentives given) are recognised on a straight-line basis over the term of the lease.

Bequests and other donations

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there is substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Fair value gains

Gains arising from the fair value assessment of borrowing at low or zero interest cost are recognised as other revenue at the date of drawdown for the period of low or interest free benefit. Over the period of the benefit the fair value is adjusted down to the nominal value of the loan.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infringements and fines	1,856	2,581	2,972	2,744	2,715	2,756	2,773	2,856	2,871	2,953	2,966
Rental income	4,071	4,250	4,164	4,278	4,224	4,507	4,677	4,855	5,014	4,691	5,348
Dividend revenue	104	104	104	104	104	104	104	104	104	104	104
Petrol tax income	1,266	1,266	1,310	1,356	1,405	1,457	1,510	1,566	1,617	1,668	1,722
Sponsorship income	27	150	229	250	329	350	429	450	529	500	529
Donations received	20	12	12	12	12	12	12	12	12	12	12
Housing Infrastructure Fund - fair value benefit	5,668	-	-	-	-	-	-	-	-	-	-
Total other revenue	13,011	8,362	8,791	8,744	8,789	9,186	9,506	9,843	10,147	9,927	10,681

Notes 7: Development contributions

Accounting policy

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

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Reserves	1,651	731	802	1,217	1,762	1,875	1,734	1,767	1,742	2,075	2,032
Stormwater	6,211	4,467	4,236	5,703	7,565	7,453	6,474	6,107	7,783	9,685	10,449
Transport	12,608	8,856	10,005	12,758	15,756	15,920	14,926	15,152	13,758	14,464	13,662
Wastewater	10,782	11,281	11,976	15,953	20,413	21,768	20,664	21,459	19,205	20,148	18,244
Water Supply	5,353	5,107	5,857	7,591	9,845	9,826	9,646	10,072	9,666	10,495	9,411
Total development contributions	36,605	30,442	32,876	43,222	55,341	56,842	53,444	54,557	52,154	56,867	53,798

Note 8: Capital revenue

Accounting policy

Waka Kotahi NZ Transport Agency roading subsidies – capital

NZ Transport Agency subsidies are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Capital contributions - general

Capital contributions are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Capital contributions - general	43,792	10,653	23,973	59,317	64,370	6,152	401	634	656	262	271
New Zealand Transport Authority roading subsidy - capital	37,363	37,154	38,500	30,948	27,619	43,889	35,668	53,829	55,399	41,426	46,355
Total capital revenue	81,155	47,807	62,473	90,265	91,989	50,041	36,069	54,463	56,055	41,688	46,626

Note 9: Vested assets

Accounting policy

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as non-exchange revenue when we have control of the asset

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Vested assets	- Stormwater	5,477	5,015	5,216	5,415	5,631	5,857	6,091	6,322	6,564	6,691	7,084
	- Transport	28,056	26,403	27,460	28,503	29,642	30,829	32,061	33,281	34,357	35,723	36,595
	- Wastewater	3,778	3,461	3,599	3,736	3,885	4,040	4,202	4,362	4,529	4,616	4,888
	- Water Supply	2,042	1,870	1,945	2,019	2,100	2,184	2,272	2,358	2,448	2,495	2,642
Total vested assets		39,353	36,750	38,220	39,672	41,258	42,910	44,625	46,322	47,897	49,525	51,208

Note 10: Depreciation and amortisation by group of activity

Accounting policy

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Amortisation is provided on intangible assets and begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Community Services		5,797	5,526	5,795	5,820	5,853	6,239	6,544	6,607	7,045	7,122	7,214
Group Support Units		35	33	33	33	33	33	33	33	33	33	33
Growth		331	30	35	42	51	60	67	77	97	106	120
Parks and Recreation		6,360	8,144	8,944	10,275	10,493	11,119	12,695	13,164	13,830	16,080	16,544
Partnerships, Communication & Maaori		1	1	1	1	1	1	1	1	1	1	1
Regulatory and Safety		102	83	106	121	123	135	139	142	154	159	166
Rubbish and Recycling		595	529	579	579	579	639	639	639	708	708	708
Stormwater		11,506	11,095	12,454	12,748	13,098	14,836	15,282	15,888	18,209	18,505	18,874
Support Services		6,627	8,552	9,376	10,218	11,090	12,231	12,493	12,986	13,707	14,241	14,793
Transport		27,853	39,166	41,214	47,784	49,013	50,647	58,453	59,375	60,824	70,552	72,068
Venues, Tourism and Major Events		10,856	11,731	12,797	12,889	13,006	13,965	14,056	14,315	15,392	15,584	15,785
Wastewater		14,256	16,248	18,904	20,042	22,362	26,825	28,809	30,879	36,389	38,628	39,885
Water Supply		10,088	10,482	11,784	12,098	13,248	16,137	17,047	17,860	20,616	20,969	21,296
Total depreciation expense		94,405	111,619	122,021	132,649	138,951	152,865	166,256	171,967	187,005	202,688	207,487

*The Annual Plan 2023/24 numbers have been reclassified into the new activities.

Note 11: Finance costs

Accounting policy

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

Fair value discount unwinding

Fair value discount unwinding is recognised as a finance cost for borrowing at low or zero interest cost. The fair value benefit is recognised as other revenue.

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest on borrowings	31,761	52,881	60,480	68,721	80,032	90,997	102,132	113,001	121,363	128,354	141,824
Interest on finance leases	-	-	-	-	-	-	-	-	-	-	-
Discount unwind on provisions	447	808	752	697	625	557	484	356	272	229	173
Fair value discount unwinding	1,288	5,503	5,731	5,979	6,221	6,484	6,752	6,970	7,199	7,202	3,694
Total finance costs	33,496	59,191	66,963	75,397	86,878	98,039	109,369	120,327	128,835	135,785	145,691

Note 12: Other financial assets

Accounting policy

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); or
- fair value through surplus or deficit (FVTSD)

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

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

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

The purchase and sale of financial assets are recognised at trade date, the date on which Council and Group commits to purchase or sell the asset. Financial assets are recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council have transferred substantially all the risks and rewards of ownership.

Financial assets at FVTOCRE that are debt instruments

Financial assets at FVTOCRE that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets that are equity instruments designated as FVTOCRE

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

Unlisted Shares

Where possible, unlisted shares are recognised at fair value, drawn from an active market. If no quoted market prices are available and the value cannot be reliably measured, the cost price is used. For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. Investments in unlisted shares are initially recognised at cost and subsequently measured at fair value with any movements in fair value recognised directly in other comprehensive income. The carrying amount of other financial assets approximates their fair value.

Financial assets at FVTSD

Financial assets at FVTSD are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Impairment

Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instruments' carrying amount. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

Note 12: Other financial assets

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current portion											
Loan to Melody Dairies Partnership Limited	455	455	463	471	479	-	-	-	-	-	-
Term deposits with maturities greater than 3 months but less than 1 year	6,766	43,992	44,742	45,492	46,737	47,862	47,612	47,112	46,842	46,362	47,362
Total current portion	7,221	44,447	45,205	45,963	47,216	47,862	47,612	47,112	46,842	46,362	47,362
Non-current portion											
Investment in CCOs and similar entities											
NZ Local Government Funding Agency Limited	8,678	8,785	8,785	8,785	8,785	8,785	8,785	8,785	8,785	8,785	8,785
Shares in subsidiaries											
- Waikato Innovation Growth Limited	4,000	-	-	-	-	-	-	-	-	-	-
Waikato Local Authority Shared Services Limited	490	614	614	614	614	614	614	614	614	614	614
	13,168	9,399	9,399	9,399	9,399	9,399	9,399	9,399	9,399	9,399	9,399
Other investments											
Civic Financial Services Limited	202	183	183	183	183	183	183	183	183	183	183
Loan to Melody Dairies Limited Partnership	1,414	1,414	951	479	-	-	-	-	-	-	-
Term deposits with maturities greater than 1 year	13,230	22,990	25,426	29,706	32,846	34,952	37,078	39,507	40,634	42,011	43,281
	14,845	24,587	26,560	30,369	33,029	35,135	37,261	39,690	40,817	42,194	43,464
Total non-current portion	28,013	33,986	35,959	39,768	42,428	44,534	46,660	49,089	50,216	51,593	52,863
Total other financial assets	35,235	78,433	81,164	85,731	89,644	92,396	94,272	96,201	97,058	97,954	100,224

Non-current portion	864,650	1,274,059	1,468,330	1,707,412	1,920,909	2,093,323	2,271,587	2,402,926	2,400,736	2,431,622	2,486,088
Total external debt	947,890	1,438,093	1,606,464	1,844,747	2,058,244	2,240,658	2,379,143	2,504,724	2,553,435	2,542,008	2,575,123
Adjustments required to determine overall debt:											
External debt	947,890	1,438,093	1,606,464	1,844,747	2,058,244	2,240,658	2,379,143	2,504,724	2,553,435	2,542,008	2,575,123
Less cash held and cash investments	(145,477)	(241,566)	(244,760)	(249,799)	(254,191)	(256,943)	(258,819)	(260,748)	(261,605)	(262,502)	(264,772)
Add cash backed reserves	40,394	41,696	42,158	42,619	43,080	43,542	44,003	44,465	44,926	45,387	45,849
Net debt	842,807	1,238,223	1,403,862	1,637,567	1,847,133	2,027,257	2,164,327	2,288,441	2,336,755	2,324,893	2,356,200
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Debt servicing performance indicators Financial ratios											
Liquidity ratio (target >110%)	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%
Net debt/Total revenue (target 2025: <285%; 2026 and thereafter: <280%)	199%	281%	273%	269%	268%	275%	274%	267%	257%	246%	234%
Net interest on external debt/Total revenue (target <20%)	6%	11%	11%	10%	11%	11%	12%	12%	13%	13%	13%

Liquidity is defined as external term debt plus committed bank facilities plus liquid investments divided by current external debt.

Net debt is defined as total external debt less cash and cash equivalents and cash investments and add cash backed reserves.

Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.

Cash flow is defined as net surplus (or deficit) plus depreciation, less vested assets, and capital subsidies.

Total revenue is defined as total revenue less vested assets, development contributions, and fair value benefit of Housing Infrastructure Fund loans.

Note 15: Reserves

Accounting policy

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into accumulated funds, restricted and Council created reserves, revaluation reserves and fair value through other comprehensive revenue and expense reserve.

Restricted and Council-created reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Restricted reserves include those subject to specific conditions we accept as binding and which may not be revised without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves we restrict by resolution. We may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at our discretion. Council created reserves are restricted in their application by our resolution.

Revaluation reserves

This reserve relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

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

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Restricted reserves											
Cemetery plot maintenance in perpetuity	1,733	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749	1,749
Municipal endowment fund	32,081	32,061	32,061	32,061	32,061	32,061	32,061	32,061	32,061	32,061	32,061
Domain endowment fund	8,314	9,636	10,097	10,559	11,020	11,481	11,943	12,404	12,866	13,327	13,788
Waikato Art Gallery endowment reserve	11	11	11	11	11	11	11	11	11	11	11
Total restricted reserves	42,138	43,456	43,918	44,379	44,841	45,302	45,763	46,225	46,686	47,148	47,609
Council created reserves											
Project watershed operating reserve	210	233	233	233	233	233	233	233	233	233	233
Waste minimisation reserve	485	2,565	2,999	3,394	3,744	4,063	4,350	4,605	4,828	5,017	5,170
Total council created reserves	695	2,797	3,232	3,627	3,976	4,295	4,583	4,838	5,060	5,250	5,403
Total restricted and council created reserves	42,833	46,254	47,150	48,006	48,817	49,597	50,346	51,063	51,747	52,397	53,012

Note 15: Reserves

	Activities to which the reserve relates	Opening balance July 2024	Transfers into reserve	Transfers out of reserve	Closing balance June 2024
Restricted reserves		\$ 000	\$ 000	\$ 000	\$ 000
Cemetery Plot Maintenance in perpetuity – to maintain and provide for improvements to the cemeteries.	Cemeteries and Crematorium	1,749	922	(922)	1,749
Municipal endowment fund – to provide a capital fund for crown endowment land vested in the Council for investment	Strategic Property Investment	32,061	-	-	32,061
Domain endowment fund – to provide a capital endowment fund for domain land for investment in property. Rental income and interest earned from domain endowment land is used to fund parks and reserves operating costs.	Parks and Recreation Stormwater	9,174	4,614	-	13,788
Waikato Art Gallery endowment reserve – to provide funds for the acquisition of works of art for the Waikato Museum of Art and History	Visitor Attractions	11	-	-	11
Total restricted reserves		42,995	5,536	(922)	47,609
Council created reserves					
Project watershed operating reserve – to fund works relating to river flood protection and erosion control (project watershed). Waikato Regional Council is the funding agency and Hamilton City Council carries out agreed works within the city boundary.	Parks and Recreation Stormwater	233	118	(118)	233
Waste minimisation reserve – to encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. The reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry of Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.	Rubbish and Recycling	2,076	15,335	(13,303)	5,170
Total council created reserves		2,308	15,453	(13,421)	5,403
Total restricted and council created reserves		45,303	20,989	(14,343)	53,012

NOTE 16: Reconciliation between Prospective Statement of Comprehensive Revenue

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating surplus/(deficit) per prospective statement of comprehensive revenue and expense	116,760	49,494	90,762	161,028	220,765	228,054	242,689	274,390	287,780	290,629	323,377
Items recognised as revenue in the statement of comprehensive revenue and expense and as capital expenditure funding sources in funding impact statements:											
Capital subsidies	(37,363)	(37,154)	(38,500)	(30,948)	(27,619)	(43,889)	(35,668)	(53,829)	(55,399)	(41,426)	(46,355)
Development, financial and capital contributions	(80,397)	(41,095)	(56,849)	(102,539)	(119,711)	(62,994)	(53,845)	(55,191)	(52,810)	(57,129)	(54,069)
Non-cash items recognised in prospective statement of comprehensive revenue and expense and not included in funding impact statements:											
Depreciation	94,405	111,619	122,021	132,649	138,951	152,865	166,256	171,967	187,005	202,688	207,487
Recognition of revenue from vested assets	(39,353)	(36,750)	(38,220)	(39,672)	(41,258)	(42,910)	(44,625)	(46,322)	(47,897)	(49,525)	(51,208)
Gain on fair value of investment properties	(1,050)	(915)	(938)	(961)	(985)	(1,010)	(1,035)	(1,061)	(1,088)	(1,115)	(1,143)
Housing Infrastructure Fund - fair value benefit	(5,668)	-	-	-	-	-	-	-	-	-	-
Housing Infrastructure Fund - fair value discount unwinding	1,288	5,503	5,731	5,979	6,221	6,484	6,752	6,970	7,199	7,202	3,694
Transfer of assets constructed but not owned	-	-	-	-	-	-	-	-	-	-	-
Operating funding surplus/(deficit) per prospective funding impact statement	48,622	50,702	84,006	125,535	176,364	236,600	280,524	296,924	324,791	351,324	381,783
Balance as per Council FIS operating surplus/(deficit) of operating funding	48,622	50,702	84,006	125,535	176,364	236,600	280,524	296,924	324,791	351,324	381,783

