



# **Annual Report for the year ended 30 June 2014**

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## Mayor and councillors

<b>His Worship the Mayor (Acting)</b>	Cr John Booth
<b>Deputy Mayor</b>	vacant
<b>Councillors</b>	Cr Mike Ashby Cr Elaine Brazendale Cr Ruth Carter Cr Jill Greathead Cr Bill Knowles Cr Greg Lang Cr Mike Palmers

## Senior executives

<b>Chief Executive</b>	Colin Wright
<b>Community Facilities Manager</b>	Brian McWilliams
<b>Operations Manager</b>	Garry Baker
<b>Manager Planning and Regulatory</b>	Milan Hautler
<b>Community Development Manager</b>	Lorraine Gittings
<b>Corporate Services Manager</b>	Marty Sebire

## Introduction from the Mayor and Chief Executive

We have pleasure in presenting the Carterton District Council's Annual Report for the 2013/14 financial year. This annual report summarises the Council's activities and financial results for the past year. The report also gives an update on the key matters that were highlighted in the Council's Long Term Plan 2012–2022.

The highlight this year has been the progress made on a number of key resource consents, particularly for the treatment and disposal of sewage. Our treatment plant now has renewed consents for the discharge of treated effluent to Mangatāre Stream. Work has begun on additional treatment processes and on the development of Council's Dalefield Road property for increasing the discharge to land.

The Council remains sound financially. We recorded an accounting surplus of \$1.4 million for the 2013/14 year. Income from NZTA subsidies was less than budgeted, although this was more than offset by higher than planned development and financial contributions, rental income, and miscellaneous fees, charges, and other income. There was over-expenditure in the regulatory and planning function, and under-expenditure in roads, much of which will be carried forward to next year along with the associated NZTA subsidy.

The Council's balance sheet improved over the year, with total equity now being \$160.4 million compared with \$153.6 million for the previous year. The value of the District's physical infrastructure assets, such as roads and water and sewerage pipes, make up the large majority of the Council's assets. Total borrowing has reduced slightly during the year, from \$8.8 million to \$8.6 million. This is lower than planned due to the delays in some significant capital expenditure related to the treatment and disposal of sewage.

Our Mayor for the last four years, Ron Mark, has been re-elected recently to Parliament as a List MP. Immediately after his election, Ron resigned as Mayor and the Deputy Mayor is acting in the role until a by-election process is completed.

We would like to acknowledge the contribution Ron has made to Carterton District, and admired his passion and energy. We wish him well in Parliament.

And finally, we acknowledge and thank all those who have worked with Council or with other groups in the community. Together we are fostering Council's vision for Carterton, a welcoming and vibrant community where people like to live.

A blue ink signature of John Booth.

John Booth  
**Acting Mayor**

A black ink signature of Colin Wright.

Colin Wright  
**Chief Executive**

## Update on key issues from the LTP

The following comments report back on progress during the past year with the key issues that were identified in the Council's Long Term Plan for 2012–2022 (LTP) adopted in June 2012, which established priorities for the next ten years.

### Reform of the local government sector

Central government has undertaken a programme of legislative reform of the sector. In 2012, the purpose of local government was amended to focus more on core infrastructure and services, and removed the four 'well-beings'. The Council has had to realign its services with the new purpose, but there have been no significant changes. There have also been new reporting requirements introduced, by legislation and regulation, and many of these have come into effect for this annual report.

In May 2013, the Wairarapa councils submitted an application to the Local Government Commission to establish a Wairarapa unitary council, combining the roles of the three district councils and the regional council. At the time of writing this annual report, the Local Government Commission was due to publish a draft proposal for reorganising the governance arrangements for Wairarapa and Wellington in response to this and other applications. Final decisions could be a year away, and the status quo remains one of the options.

### Resource consents

A number of important resource consents have now been finalised. These include consents for taking water for the urban water supply at the supplementary bore sites, and for the Carrington and Taratahi water races. There were significant delays in finalising the consents and uncertainty about their conditions meant that a number of significant capital works were carried forward from 2013/14. None of these delays have impacted on the ability of the Council to deliver its infrastructural services.

## Sewerage and the treatment and disposal of sewage

Currently, treated sewage is disposed to Mangatāre Stream much of the time and to land adjacent to the treatment station during most of the summer. For some time, the Council has signalled its desire to increase the volume of treated sewage being disposed to land.

In late 2012, the opportunity arose for the Council to purchase land adjacent to the treatment plant. This was seen as an important strategic move to enable a significant increase in the volume of effluent discharged to land.

The purchase of this land, now known as Daleton Farm, was not in the Long Term Plan and has been funded by an interest-only loan. Similarly, the development of the land (for example shelter belts and irrigators) will require further capital expenditure and operating costs that were not in the Long Term Plan.

The current consent is for four years to October 2017 and requires the Council to achieve a number of changes and improvements to the treatment plant and discharge arrangements.

## Asset management

Asset management plans are in place for the roads, sewerage, water supply, and stormwater networks. A review of these plans will be completed in 2014.

Work on the components of an overarching asset management strategy has started, incorporating these plans and other issues into one broader strategy for all its assets, infrastructure, and property holding. The asset management plans are being updated, a new infrastructure strategy is being prepared, and work continues on the accuracy of the asset information, and improving the GIS systems.

The infrastructure strategy, one of the new requirements of the 2014 amendments to the Local Government Act, will build on the asset management plans and be used for the next long-term plan.

## Opportunities for Māori to contribute

The Carterton District Council recognises the importance of the Treaty of Waitangi as the founding document of Aotearoa New Zealand, which created a partnership between iwi and the Crown. The Council also recognises that through legislation, such as the Resource Management Act and the Local Government Act, the Council is devolved powers from the Crown for the whole community.

The Council acknowledges Hurunuiorangi Marae as mana whenua in our district and recognises the value of Hurunuiorangi in the social and cultural fabric of our community.

We have begun working with them on a range of initiatives. The Marae and the Council wish to build on this developing relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity.

The Local Government Act 2002 Schedule 10 Part (3)(2)(1) requires Council to include a report on the activities that have been undertaken in the year to establish and maintain processes to provide for opportunities for Māori to contribute to the decision-making process of Council.

It is through working alongside each other that opportunities will arise and capacity will be built for Māori to contribute to Council decision-making, and for Council to contribute to Māori well-being in the present and for the future.

Some activities during the last year have included:

- leadership by the Marae in the Council's ceremonies for new citizens
- Marae submissions to the planning processes
- regular presentations by the Marae at ordinary Council meetings
- engagement with the Marae on cultural aspects of Council resource consent applications
- working with the Marae on a number of community development activities.

## Statement of compliance and responsibility

### Compliance

1. The Council and management of the Carterton District Council certify that all the statutory requirements in relation to the annual report have been complied with.

### Responsibility

2. The Council and management of the Carterton District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
3. The Council and management of the Carterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and service performance report.
4. In the opinion of the Council and management of the Carterton District Council, the annual Financial Statements for the year ended 30 June 2014 fairly reflect the financial position and operations of Carterton District Council.



John Booth  
**Acting Mayor**



Colin Wright  
**Chief Executive**

## **Independent Auditor's Report**

### **To the readers of Carterton District Council's annual report for the year ended 30 June 2014**

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council that comprise:
  - the statement of financial position as at 30 June 2014 on page 25;
  - the statement of financial performance, statement of comprehensive income, statement of changes in equity on pages 24 and 25, and statement of cash flows for the year ended 30 June 2014 on page 26;
  - the funding impact statement of the District Council on page 26;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 54 to 82; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 10 to 22 and pages 27 to 49;
- the statement of service provision (referred to as groups of activities) of the District Council on pages 54 to 82 and the funding impact statements in relation to each group of activities of the District Council on pages 56 to 82; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 50 to 53.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - reserve funds on pages 46 to 49;
  - each group of activities carried out by the District Council on pages 54 to 82;
  - remuneration paid to the elected members and certain employees of the District Council on page 36;
  - employee staffing levels and remuneration on page 36;
  - severance payments on page 36;
  - rating base units on page 34; and
  - insurance of assets on page 36.
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 5; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 6.

## **Opinion**

### **Audited information**

In our opinion:

- the financial statements of the District Council on pages 10 to 22 and pages 24 to 49:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2014; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 26, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 54 to 82, fairly reflects by each group of activities the capital expenditure spent as compared

to the amounts budgeted and set out in the District Council's long-term plan or annual plan.

- the groups of activities of the District Council on pages 54 to 82:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 56 to 82, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 50 to 53 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

### **Compliance with the other requirements of schedule 10**

In our opinion, which is not an audit opinion, the District Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 22 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing

(New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and Group of activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported Group of activities within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures

were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

### Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and groups of activities that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and

- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with, or interests, in the District Council.



John O'Connell  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

## Statement of Accounting Policies

### Reporting Entity

Carterton District Council (Council) is a territorial local body governed by the Local Government Act 2002 (LGA 2002) and is domiciled in New Zealand.

The Council is a separate legal entity and does not have any subsidiaries.

The primary objective of the Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Council are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 22 October 2014.

### Basis of Preparation

#### Statement of compliance

The financial statements of the Council 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).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

### Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

### Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Council is New Zealand dollars.

### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

NZ IFRS standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9.
- NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this

date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## Significant Accounting Policies

### Revenue

Revenue is measured at the fair value of consideration received or receivable.

#### *Rates revenue*

Rates are set annually by a resolution from Council 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 when payable.

Rates collected on behalf of the Greater Wellington Regional Council (WRC) are not recognised in the financial statements as the Council is acting as an agent for the WRC.

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

#### *Government grants*

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Various grants are also received from a number of Crown bodies for a range of purposes, such as employment subsidies, assistance with community activities, and grant money for distribution to the community.

#### *Provision of services*

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

#### *Vested assets*

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

#### *Sale of goods*

Revenue from the sale of goods is recognised when a product is sold to the customer.

#### *Agency arrangements*

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

#### *Interest and dividends*

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recorded net of imputation credits.

### *Development contributions*

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

Development contributions are classified as part of “contributions”.

### **Borrowing costs**

The Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

### **Grant expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

### **Foreign currency transactions**

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### **Income tax**

Income tax expense includes current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences and differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

## Leases

### *Finance leases*

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### *Operating leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

## Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

## Derivative financial instruments and hedge accounting

The Council does not engage in the use of derivative financial instruments and hedging activities.

## Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

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

Financial assets are classified into the following categories for the purpose of measurement:

- Fair value through surplus or deficit
- Loans and receivables

- Held to maturity investments
- Fair value through other comprehensive income

The classification of a financial asset depends on the purpose for which the instrument was acquired.

#### *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through profit and loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Council does not hold any financial assets in this category.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the

current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Council's loans and receivables comprise debtors and other receivables, community and related party loans. Loans and receivables are classified as "debtors and other receivables" in the statement of financial position.

#### *Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Council's investments in this category include bank term deposits.

#### *Fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realized within 12 months of balance date.

Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

### **Impairment of financial assets**

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

#### *Loans and other receivables*

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

#### *Financial assets at fair value through other comprehensive income*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for the investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognized in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

### **Inventory**

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

## 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 rather than 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 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 previously been recognised.

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

## Property, plant and equipment

Property, plant and equipment consists of:

*Operational assets*—land, buildings, landfill post closure, water races, library books, plant and equipment, and motor vehicles.

*Restricted assets*—parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

*Infrastructure assets*—fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

*Heritage assets*—assets owned by the Council that are of cultural or historical significance to the community and cannot be replaced due to the nature of the assets. Buildings recorded under the Historical Places Act 1993 have been recorded as heritage assets.

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

## Revaluation

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that 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 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 recognised in other comprehensive income.

## Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

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

Property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for 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 net in the 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.

### *Depreciation*

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which also includes the landfill and water races), at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Motor vehicles	10 years	10.00%
Plant and equipment	10 to 50 years	2.00–10.00%
Roads, bridges & footpaths*	9 to 63 years	1.58–11.42%
Water systems*	7 to 30 years	3.29–13.66%
Stormwater systems*	65 to 74 years	1.35–1.55%
Sewerage systems*	10 to 24 years	4.12–10.39%
Buildings	5 to 92 years	1.09–20.00%
Library collections	6 years	16.67%
Office equipment	5 to 10 years	10.00–20.00%
Fixtures and fittings	10 to 50 years	2.00–10.00%
Heritage assets	20 to 50 years	2.00–5.00%
Intangible assets	5 years	20.00%

In relation to infrastructural assets marked \* (above), depreciation has been calculated at a componentry level based on the estimated remaining useful lives as assessed by Council's engineers and independent registered valuers. A summary of these lives is detailed above.

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

### **Intangible assets**

#### *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 recognized 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 as an expense when incurred.

#### *Easements*

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite life and are not amortised, but are instead tested for impairment annually.

#### *Resource consents*

Costs incurred in obtaining resource consents are capitalised and classified as intangible assets. Costs are amortised on a straight-line basis over the term granted by the resource consent, which ranges from 3–10 years, and are stated at cost less accumulated amortisation and impairment losses.

#### *Amortisation*

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

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	5 years	20.00%
Resource consents	3–10 years	10.00–33.33%

### Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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 value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is 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.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was

previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

### Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated cost to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

### Investment property

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

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

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

Gains and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

## Creditors and other payables

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

## Borrowings

Borrowings are initially recognised at their fair value net of transactions costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

## Employee entitlements

### *Short-term employee entitlements*

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values 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, long service leave entitlements expected to be settled within twelve months, and sick leave.

A liability for sick leave is recognised to the extent that compensated 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.

A liability and an expense is recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

### *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 long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

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

A discount rate of 5.78% and an inflation factor of 3.00% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

### *Presentation of employee entitlements*

Sick leave, annual leave, vested long service leave, and non-vested long service 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

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

## Provisions

A provision is recognised 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, and 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 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 an interest expense and is included in "finance costs".

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value for the future expenditure.

### 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:

- Public equity – accumulated funds
- Restricted reserves
- Other reserves – trust funds

- Asset revaluation reserves
- Fair value through other comprehensive income reserves

#### *Restricted reserves*

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council 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 restricted by Council decision. 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.

Council's objectives, policies and processes for managing capital are described in note 34.

#### *Asset revaluation reserves*

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

#### *Fair value through other comprehensive income reserves*

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

### Goods and services tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### **Budget figures**

The budget figures are those approved by the Council in its 2014 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### **Cost allocation**

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

### **Statement of cash flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day-to-day cash management. GST is disclosed net as disclosing gross amounts does not provide any further meaningful information.

Operating activities include cash received from all income sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional

Council rates) are recognised as receipts and payments in the Statement of Cash Flows because they flow through the Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

### **Cost of service statements**

The cost of service statements, as provided in the Statements of Service Performance, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

### **Critical accounting estimates and assumptions**

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Landfill aftercare provision*

Note 19 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

#### *Infrastructural assets*

Note 35 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

### **Critical judgments in applying Council's accounting policies**

Management has exercised the following critical judgments in applying accounting policies for the year ended 30 June 2014:

#### *Classification of property*

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are accounted for as property, plant and equipment.

# Financial statements

## CARTERTON DISTRICT COUNCIL

### Statement of Financial Performance for the year ended 30 June 2014

Actual 30 June 2013 \$	Note	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Income</b>			
7,674,191	22	8,109,348	8,028,072
69,463	22	63,534	50,000
114,034	1	146,052	134,550
2,343,573	22	2,485,860	2,390,226
1,755,690		1,492,274	1,597,911
64,543		66,091	57,736
60,665	2	73,492	25,333
291,871		314,713	248,790
135,768	4	96,568	70,002
322,601		731,873	310,000
47,009		48,291	44,000
154,901		123,175	105,142
-		-	50,000
-		-	-
30,719		-	-
-		9,772	-
-		-	(64,000)
13,065,028		13,761,043	13,047,762
<b>Expenditure</b>			
748,908		762,025	786,007
3,627,655		3,229,949	3,347,134
1,576,338		1,676,864	1,609,641
1,029,795		1,232,833	1,256,728
165,938		175,722	170,097
673,301		676,963	759,111
3,099,656		3,299,435	3,343,661
1,217,985		1,333,273	1,192,227
-		21,305	15,000
28,883		26,376	-
-		-	(64,000)
12,168,459		12,434,745	12,415,606
896,569		1,326,298	632,156
1,257,234	7	72,379	-
2,153,803		1,398,677	632,156
-	12	-	-
2,153,803	5	1,398,677	632,156
Note: Operating costs include the following expenses			
2,942,633	6	3,135,530	3,105,513
386,733	1	500,919	577,087

## CARTERTON DISTRICT COUNCIL

### Statement of Comprehensive Income for the year ended 30 June 2014

Actual 30 June 2013 \$	Note	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
2,153,803		1,398,677	632,156
-		-	-
4,866,323	21	5,378,693	16,164,146
-	21	-	-
4,866,323		5,378,693	16,164,146
7,020,126		6,777,370	16,796,302

## CARTERTON DISTRICT COUNCIL

### Statement of Changes in Equity for the year ended 30 June 2014

Actual 30 June 2013 \$	Note	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
146,574,323		153,594,449	146,441,265
7,020,126		6,777,370	16,796,302
<b>153,594,449</b>		<b>160,371,819</b>	<b>163,237,567</b>
<b>Components of equity</b>			
110,766,693		110,957,720	108,780,261
2,153,803		1,398,677	632,156
(1,962,114)		333,061	(738,477)
(662)		27,391	-
<b>110,957,720</b>		<b>112,716,849</b>	<b>108,673,940</b>
32,023,466		36,890,451	33,464,356
4,866,323		5,378,693	16,164,146
662		(27,391)	-
<b>36,890,451</b>		<b>42,241,753</b>	<b>49,628,502</b>
3,784,164		5,746,278	4,196,648
1,962,114		(333,061)	738,477
-		-	-
<b>5,746,278</b>		<b>5,413,217</b>	<b>4,935,125</b>
<b>153,594,449</b>		<b>160,371,819</b>	<b>163,237,567</b>

## CARTERTON DISTRICT COUNCIL

### Statement of Financial Position as at 30 June 2014

Actual 30 June 2013 \$	Note	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Assets</b>			
<b>Current assets</b>			
3,683,151	8	4,637,793	2,942,755
1,963,431	9	1,664,058	1,436,906
2,430	10	-	3,686
-	11	-	-
5,649,012		6,301,851	4,383,347
<b>Non-current assets</b>			
158,656,912	36	163,996,963	171,025,833
321,287	15	394,524	146,401
-	14	-	-
-		-	-
12,776	16	359,191	5,687
27,661	13	26,479	30,498
12,991	13	13,315	12,591
159,031,627		164,790,472	171,221,010
<b>164,680,639</b>		<b>171,092,323</b>	<b>175,604,357</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
1,839,029	17	1,797,412	1,538,582
325,156	18	258,103	309,818
10,000	19	9,455	-
300,304	20	914,770	425,011
2,474,489		2,979,740	2,273,411
<b>Non-current liabilities</b>			
78,942	18	69,355	-
8,402	19	-	24,157
8,524,357	20	7,671,409	10,069,222
8,611,701		7,740,764	10,093,379
<b>Equity</b>			
110,957,721	21	112,716,849	108,673,940
1,976,145	21	1,479,963	1,881,112
36,890,451	21	42,241,753	49,628,502
3,770,132	21	3,933,254	3,054,013
153,594,449		160,371,819	163,237,567
<b>164,680,639</b>		<b>171,092,323</b>	<b>175,604,357</b>

## CARTERTON DISTRICT COUNCIL

### Statement of Cashflows

for the year ended 30 June 2014

Actual 30 June 2013 \$	Note	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Cash flows from operating activities</b>			
<b>Cash was received from:</b>			
7,617,792		8,153,829	9,073,488
1,018,690		1,065,949	1,042,549
1,753,594		1,437,577	1,623,244
63,239		65,492	57,736
3,102,460		4,131,713	963,994
95,267		149,307	134,550
13,651,042		15,003,867	12,895,561
<b>Cash was applied to:</b>			
8,580,019		8,788,766	8,799,299
1,018,398		1,059,673	1,042,549
377,167		502,397	577,087
9,975,584		10,350,836	10,418,935
<b>3,675,458</b>	23	<b>4,653,031</b>	<b>2,476,626</b>
<b>Cash flows from investing activities</b>			
<b>Cash was received from:</b>			
370		38,425	-
-		-	-
-		-	-
370		38,425	-
<b>Cash was applied to:</b>			
7,101,483		3,498,332	4,502,824
-		-	-
-		-	-
7,101,483		3,498,332	4,502,824
<b>(7,101,113)</b>		<b>(3,459,907)</b>	<b>(4,502,824)</b>
<b>Cash flows from financing activities</b>			
<b>Cash was received from:</b>			
5,070,000		98,352	1,653,640
5,070,000		98,352	1,653,640
<b>Cash was applied to:</b>			
503,476		336,834	425,011
503,476		336,834	425,011
<b>4,566,524</b>		<b>(238,482)</b>	<b>1,228,629</b>
1,140,869		954,642	(797,569)
2,542,282		3,683,151	3,740,324
<b>3,683,151</b>		<b>4,637,793</b>	<b>2,942,755</b>
<b>Represented by:</b>			
3,683,151		4,637,793	2,942,755
3,683,151		4,637,793	2,942,755

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement

for the year ended 30 June 2014

LTP 30 June 2013 \$	Actual 30 June 2013 \$	Note	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Sources of operating funding</b>				
6,000,371	6,077,284	22	6,297,178	6,229,113
1,638,918	1,666,370	22	1,875,704	2,844,375
707,816	987,762		774,095	700,170
2,305,449	2,343,573	22	2,485,860	1,394,810
97,632	114,034		146,052	135,100
461,033	724,811		648,838	511,120
11,211,219	11,913,834		12,227,727	11,814,688
<b>Total operating funding</b>				
<b>Applications of operating funding</b>				
8,375,319	8,839,093		8,798,296	8,733,006
519,815	386,733		500,919	577,087
-	-		-	-
8,895,134	9,225,826		9,299,215	9,310,093
<b>Total applications of operating funding</b>				
2,316,085	2,688,008		2,928,512	2,504,595
<b>Surplus / (deficit) of operating funding</b>				
<b>Sources of capital funding</b>				
918,720	828,593		791,671	923,074
310,000	322,601		731,873	310,000
3,150,893	4,566,524		(238,482)	1,228,629
-	370		38,425	-
-	-		-	-
-	-		-	-
4,379,613	5,718,088		1,323,487	2,461,703
<b>Total sources of capital funding</b>				
<b>Applications of capital funding</b>				
1,124,589	30,923		599,592	558,372
1,530,728	3,267,743		338,505	1,263,640
4,297,516	2,856,559		2,905,887	2,680,812
(257,135)	2,250,871		408,015	463,474
-	-		-	-
6,695,698	8,406,096		4,251,999	4,966,298
<b>Total application of capital funding</b>				
(2,316,085)	(2,688,008)		(2,928,512)	(2,504,595)
<b>Surplus / (deficit) of capital funding</b>				
-	-		-	-
<b>Funding balance</b>				

## Notes to the Accounts

### Note 1: Finance income and finance costs

	30 June 2014 \$	30 June 2013 \$
<b>Finance income</b>		
Interest income:		
- term deposits	146,052	114,034
- internal interest	-	-
<b>Total finance income</b>	<u>146,052</u>	<u>114,034</u>
<b>Finance costs</b>		
Interest expense:		
- interest on bank borrowings	500,919	386,733
- internal interest	-	-
<b>Total finance costs</b>	<u>500,919</u>	<u>386,733</u>

### Note 2: Grants and subsidies

	30 June 2014 \$	30 June 2013 \$
Youth development partnership fund	50,950	-
Creative New Zealand	9,756	10,923
Sports NZ rural travel fund	9,500	9,500
Internal Affairs	1,093	1,093
Summer reading grant	1,693	1,902
World War II memorial trust	500	1,500
Events Centre fundraising	-	35,747
<b>Total grants and subsidies</b>	<u>73,492</u>	<u>60,665</u>

### Note 3: Personnel costs

	30 June 2014 \$	30 June 2013 \$
Salaries and wages	3,117,259	2,889,486
Defined contribution plan employer contributions	87,834	81,365
Increase/(decrease) in employee entitlements/liabilities	(76,640)	(54,718)
<b>Total personnel costs</b>	<u>3,128,453</u>	<u>2,916,133</u>

Employer contributions to defined contribution plans include contributions to Kiwisaver, Jacques Martin, Local Government and Union Brokers.

### Note 4: Miscellaneous income

	30 June 2014 \$	30 June 2013 \$
Dividends	543	932
Sundry sales	1,350	1,350
Daffodil Festival	4,594	4,206
Donations	1,103	300
Grazing	490	277
Other	78,055	107,982
Election deposits	4,705	-
Library income	5,728	3,743
Keep Carterton Beautiful	-	4,313
Plant sales	-	11,200
Vehicle crossings	-	1,465
<b>Total miscellaneous income</b>	<u>96,568</u>	<u>135,768</u>

### Note 5: Summary cost of services

	30 June 2014 \$	30 June 2013 \$
<b>Income</b>		
Governance	45,833	8,140
Roads and footpaths	2,058,403	1,946,517
Water supply	1,250,267	980,534
Sewerage	402,775	328,043
Stormwater	40,142	-
Waste management	307,478	311,782
Community support	675,134	549,146
Regulatory and planning	606,866	685,323
<b>Total activity income</b>	<u>5,386,898</u>	<u>4,809,485</u>
Rates excluding targeted water supply rates	8,109,348	7,674,191
Rates penalties	63,534	69,463
Commission	43,110	41,318
Finance income	146,052	114,034
Fees and charges	29	41
Miscellaneous income	2,300	3,176
Assets vested in council	-	-
Bad debts recovered	-	30,719
Profit on sale of assets	9,772	-
Development and financial contributions	-	322,601
Other gains	73,237	1,260,071
<b>Total income</b>	<u>13,834,280</u>	<u>14,325,099</u>

<b>Expenditure</b>		
Governance	762,025	748,908
Roads and footpaths	3,229,949	3,627,655
Water supply	1,676,864	1,576,338
Sewerage	1,232,833	1,029,795
Stormwater	175,722	165,938
Waste management	676,963	673,301
Community support	3,299,435	3,099,656
Regulatory and planning	1,333,273	1,217,985
<b>Total activity expenditure</b>	<b>12,387,064</b>	<b>12,139,576</b>
Loss on sale of assets	26,376	28,883
Bad debts	21,305	-
Other losses	858	2,837
<b>Total expenditure</b>	<b>12,435,603</b>	<b>12,171,296</b>
<b>Net surplus/(deficit) before tax</b>	<b>1,398,677</b>	<b>2,153,803</b>

All items above are stated gross of internal costs and revenues. In order to fairly reflect the total external operations for the Council in the statement of comprehensive income, these transactions are eliminated as shown above.

#### Note 6: Other revenue and expenses

	30 June 2014	30 June 2013
<b>Income</b>	<b>\$</b>	<b>\$</b>
Change in provision for doubtful debts	(4,822)	29,745
<b>Expenditure</b>		
Fees to principal auditor		
- Audit fees for financial statement audit	80,581	78,485
	80,581	78,485
Depreciation		
- Motor vehicles	65,804	59,837
- Plant and equipment	173,095	168,665
- Roads and footpaths	1,322,340	1,272,569
- Water systems	511,076	384,322
- Stormwater systems	63,061	57,170
- Sewerage systems	228,304	251,599
- Buildings	467,559	464,327
- Library collections	81,142	72,978
- Office equipment	86,785	90,883

- Fixtures and fittings	123,755	115,177
- Heritage assets	404	404
	3,123,325	2,937,931
Amortisation		
- GIS system	5,330	4,702
- Consents	6,875	-
	12,205	4,702
Councillors' remuneration	187,389	183,731
Interest expense	500,919	386,733
Debtors written off	16,483	-
Rental expense of leased assets	870	870
Superannuation contributions	87,834	81,365
Fixed assets written off	24,214	34,176

#### Note 7: Other gains and losses

	30 June 2014	30 June 2013
	\$	\$
Gain/(loss) in fair value of forestry assets (note 15)	73,237	174,886
Gain/(loss) on changes in fair value of shares (note 13)	(858)	(2,837)
Gain/(loss) in fair value of property, plant, and equipment	-	1,085,185
Gain/(loss) in fair value of assets held for sale	-	-
Gain/(loss) in fair value of investment property (note 14)	-	-
Gain/(loss) on changes in fair value of investments	-	-
Gain/(loss) on foreign exchange transactions	-	-
<b>Total gains/(losses)</b>	<b>72,379</b>	<b>1,257,234</b>

#### Note 8: Cash and cash equivalents and special funds

	30 June 2014	30 June 2013
	\$	\$
Cash at bank and on hand	1,075,322	180,250
Short term deposits with maturities less than 3 months	1,500,000	1,506,164
Special fund term deposits with maturities less than 3 months	2,062,471	1,996,737
<b>Total cash and cash equivalents</b>	<b>4,637,793</b>	<b>3,683,151</b>

The carrying value of cash at bank, short term deposits and special fund term deposits with maturities less than three months approximates their fair value. The total value of cash and cash equivalents that can only be used for a specific purpose, as outlined in a trust deed or Council resolution, is \$2,062,471 (2013 \$1,996,737).

## Fair value

The carrying amount of short term deposits and special fund term deposits approximates their fair value. Cash and cash equivalents include the following for the purposes of the statement of cashflows:

	30 June 2014 \$	30 June 2013 \$
Cash at bank and on hand	1,075,322	180,250
Short term bank deposits with maturities less than 3 months	1,500,000	1,506,164
Special fund bank deposits with maturities less than 3 months	2,062,471	1,996,737
<b>Total cash and cash equivalents</b>	<b>4,637,793</b>	<b>3,683,151</b>

## Maturity analysis and effective interest rates

The maturity dates for all other financial assets with the exception of equity investments are as follows:

2014	
Cash at bank and in hand	1,075,322
Short term bank deposit maturing within three months	1,500,000
Special fund deposits (with maturities of 6 months or less; average maturity days)	2,062,471
<i>Weighted average effective interest rate</i>	4.36%

2013	
Cash at bank and in hand	180,250
Short term bank deposit maturing within three months	1,506,164
Special fund deposits (with maturities of 3 months or less; average maturity days)	1,996,737
<i>Weighted average effective interest rate</i>	3.77%

## Note 9: Debtors and other receivables

	30 June 2014 \$	30 June 2013 \$
Rates receivables	541,643	509,619
Other receivables	708,291	1,082,413
Goods and services tax	101,014	116,613
Related party receivables	-	-
Amounts due from customers for contract work	-	-
Sundry debtors	334,481	263,642
Prepayments	28,134	35,827
Loans to related parties	-	-
	<b>1,713,563</b>	<b>2,008,114</b>

Less provision for impairment	(49,505)	(44,683)
<b>Total debtors and other receivables</b>	<b>1,664,058</b>	<b>1,963,431</b>

## Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore the carrying value of debtors and other receivables approximates their fair value. The Council has no community loans at 30 June 2014 (2013 \$nil). The Council has no loans to related parties at 30 June 2014 (2013 \$nil).

## Impairment

The Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. There are no repayment plans in place as at 30 June 2014 (2013 \$nil).

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2013 \$nil).

The aging profile of receivables at year end is detailed below:

	2014			2013		
	Gross \$	Impairment \$	Net \$	Gross \$	Impairment \$	Net \$
Not past due	1,493,923	-	1,493,923	1,828,620	(3,961)	1,824,659
Past due 1-60 days	82,254	-	82,254	20,572	-	20,572
Past due 61-120	7,307	-	7,307	8,027	-	8,027
Past due > 120	130,079	(49,505)	80,574	150,895	(40,722)	110,173
<b>Total</b>	<b>1,713,563</b>	<b>(49,505)</b>	<b>1,664,058</b>	<b>2,008,114</b>	<b>(44,683)</b>	<b>1,963,431</b>

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	30 June 2014	30 June 2013
	\$	\$
Collective impairment	49,505	44,683
<b>Total provision for impairment</b>	<b>49,505</b>	<b>44,683</b>

Movements in the provision for impairment of receivables and community loans are as follows:

	30 June 2014	30 June 2013
	\$	\$
At 1 July	44,683	74,429
Additional provisions made during the year	21,305	(29,746)
Receivables written off during the period	(16,483)	-
<b>At 30 June</b>	<b>49,505</b>	<b>44,683</b>

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

#### Note 10: Inventory

	30 June 2014	30 June 2013
	\$	\$
Works inventory	-	2,430
<b>Total inventory</b>	<b>-</b>	<b>2,430</b>

The carrying amount of inventory held for distribution that are measured at cost (adjusted where applicable for any loss of service potential) as at 30 June 2014 amounted to \$nil (2013 \$2,430).

#### Note 11: Non-current assets held for sale

Properties previously represented as held for sale were transferred back to property, plant and equipment as at 30 June 2012. Council no longer has any non-current assets held for sale.

#### Note 12: Income tax

	30 June 2014	30 June 2013
	\$	\$
Total surplus/(deficit) before tax	1,398,676	2,153,803
Income tax @ 28%	391,629	603,065
Add/(less) tax effect of non-taxable income/expenditure	(391,629)	(603,065)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

Current tax expense	-	-
Deferred tax expense	-	-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

CDC has 2014 taxable income of \$nil (2012 \$nil) with tax credits attached of \$nil (2013 \$nil). As the tax credits attached are equal to the applicable income tax rate of 28%, CDC has no further tax to pay on this income.

#### Note 13: Shares in companies

	Fair value 30 June 2014	Fair value 30 June 2013
	\$	\$
New Zealand Local Government Insurance Corporation Ltd (23,642 shares)	26,479	27,661
Airtel Ltd (8,100 shares)	12,312	11,988
Farmlands Trading Society Ltd (1,003 shares)	1,003	1,003
<b>Total shares in companies</b>	<b>39,794</b>	<b>40,652</b>

Under section 4(3) of the Local Government (Financial Reporting) Regulations 2011 the statement of financial position must present separately investments in entities listed in section 6(4) of the Local Government Act 2002. Section 6(4) includes the New Zealand Local Government Insurance Corporation Limited.

#### Fair value

##### Unlisted shares – valuation

Unlisted shares are recognised at fair value. The fair value of the unlisted shares for New Zealand Local Government Insurance Corporation Limited, Airtel Limited and Farmlands Trading Society Limited has been determined as market value, based on advice supplied by the respective companies as there is no active market to determine the value of the shares.

##### Listed shares – valuation

Listed shares are recognised at fair value. The fair values of listed shares are determined by reference to published current bid price quotations in an active market. The Council currently has no publicly listed shares.

#### Impairment

The New Zealand Local Government Insurance Corporation Ltd shares have been impaired based on the net asset value per share advised by the company. No other impairment expenses or provisions for other financial assets have been recognised.

#### Note 14: Investment property

Investment properties were transferred to property, plant and equipment as at 30 June 2012. Council no longer holds any asset considered to be investment property.

There are no capital commitments as at 30 June 2014 on investment properties (2013 \$nil).

#### Note 15: Forestry assets

	30 June 2014	30 June 2013
	\$	\$
Balance at 1 July	321,287	146,401
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	73,237	174,886
Decreases due to sales	-	-
Decreases due to harvest	-	-
<b>Balance at 30 June</b>	<b>394,524</b>	<b>321,287</b>

Through its investment in Kaipaitangata Forest, the Council owns 263 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2015-2042. Council received no income from harvesting during the year (2013 \$nil). In October 2012, 11.3 hectares of forest was damaged by fire. This land was subsequently replanted early in the 2013 financial year.

#### Valuation assumptions

Independent registered valuers, Forest Enterprises Limited, have valued forestry assets as at 30 June 2014. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The forestry assets have been valued using the historic cost method for young stands and the discounted cash flow method for stands older than five years for the year ended 30 June 2014. A discount rate of 6% was used to discount the present value of expected cash flows to value the forestry assets for the year ended 30 June 2014.
- The forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis.
- No allowance for inflation has been provided.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.
- Log prices are based on the average for the lower North Island for the previous 12 months.

#### Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

#### Note 16: Intangible assets

	GIS software	Resource consents	Total
	\$	\$	\$
<b>Balance at 1 July 2013</b>			
Cost	191,845	-	191,845
Accumulated amortisation and impairment	(179,069)	-	(179,069)
Opening carrying amount	12,776	-	12,776
<b>Year ended 30 June 2014</b>			
Additions	-	358,620	358,620
Amortisation charge	(5,330)	(6,875)	(12,205)
Closing carrying amount	7,446	351,745	359,191
<b>Balance 30 June 2014</b>			
Cost	191,845	358,620	550,465
Accumulated amortisation and impairment	(184,399)	(6,875)	(191,274)
Closing carrying amount	7,446	351,745	359,191
<b>Balance at 1 July 2012</b>			
Cost	181,555	-	181,555
Accumulated amortisation and impairment	(174,366)	-	(174,366)
Opening carrying amount	7,189	-	7,189
<b>Year ended 30 June 2013</b>			
Additions	10,289	-	10,289
Amortisation charge	(4,702)	-	(4,702)
Closing carrying amount	12,776	-	12,776
<b>Balance 30 June 2013</b>			
Cost	191,845	-	191,845
Accumulated amortisation and impairment	(179,069)	-	(179,069)
Closing carrying amount	12,776	-	12,776

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

#### Easements

Easements are non cash generating in nature as they give the Council the right to access private property where infrastructural assets are located. These easements have not been valued as the Council believes they are of no monetary value. As a result, no value for easements has been included as intangible assets.

### Note 17: Creditors and other payables

	30 June 2014	30 June 2013
	\$	\$
Trade payables	1,266,536	1,147,633
Deposits and bonds	55,181	135,890
Accrued expenses	218,397	294,249
Income in advance	129,110	132,013
Rates in advance	128,188	129,244
<b>Total creditors and other payables</b>	<b>1,797,412</b>	<b>1,839,029</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

### Note 18: Employee entitlements

	30 June 2014	30 June 2013
	\$	\$
Accrued pay	20,985	38,402
Annual leave	214,018	274,469
Long service leave	87,254	84,807
Time off in lieu	5,201	6,420
Retirement gratuities	-	-
Sick leave	-	-
<b>Total employee entitlements</b>	<b>327,458</b>	<b>404,098</b>
Comprising:		
Current	258,103	325,156
Non-current	69,255	78,942
<b>Total employee entitlements</b>	<b>327,458</b>	<b>404,098</b>

### Note 19: Provisions

	30 June 2014	30 June 2013
	\$	\$
Provisions		
Opening balance	18,402	56,730
Provision additions for the year	-	-
Provision expensed for the year	(10,000)	(39,889)
Adjustment to NPV	1,053	1,561
<b>Total provisions</b>	<b>9,455</b>	<b>18,402</b>

Comprising:

Current	9,455	10,000
Non-current	0	8,402
<b>Total provisions</b>	<b>9,455</b>	<b>18,402</b>

### NZ Mutual Liability Risk Pool provision

The New Zealand Mutual Liability RiskPool (NZMLRP) board has indicated that calls will be made on members for further contributions in regards to the weather tightness claims against Council. NZMLRP have not indicated when CDC's next call will be payable.

### Provision for landfill aftercare costs

The Council gained resource consent to operate the landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site has closed until February 2016.

The cash outflows for landfill post-closure are expected to occur between 2009 and 2016. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 5.77% (2012 5.73%).

### Note 20: Borrowings

	30 June 2014	30 June 2013
	\$	\$
<b>Current</b>		
Bank overdraft	-	-
Secured loans	898,905	282,110
Debentures	-	-
Lease liabilities	15,865	18,194
<b>Total current borrowings</b>	<b>914,770</b>	<b>300,304</b>
<b>Non-Current</b>		
Secured loans	7,588,922	8,487,881
Debentures	-	-
Lease liabilities	82,487	36,476
<b>Total non-current borrowings</b>	<b>7,671,409</b>	<b>8,524,357</b>

The range of interest rates applying to the above loans is 5.35% to 8.31% with a weighted average of 5.77% (2013 5.73%). Loans are secured by way of rates.

### Fixed-rate debt

The Council's secured debt of \$8,487,827 (2013 \$8,769,991) is issued at fixed rates of interest.

### Security

The Council's loans are secured over either separate or general rates of the district.

<b>2014</b>	<b>\$</b>
Less than one year	914,770
<i>weighted average effective interest rate</i>	5.77%
Later than one year but not more than five years	7,671,409
<i>weighted average effective interest rate</i>	5.77%
Later than five years	-
<i>weighted average effective interest rate</i>	5.77%
<b>2013</b>	
Less than one year	300,304
<i>weighted average effective interest rate</i>	5.73%
Later than one year but not more than five years	6,899,385
<i>weighted average effective interest rate</i>	5.73%
Later than five years	1,624,972
<i>weighted average effective interest rate</i>	5.73%

#### Fair values of non-current borrowing

The carrying amounts of borrowings repayable approximate their fair value, as the effect of discounting is not significant.

The carrying amounts and the fair values of borrowing are as follows:

<b>2014</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>\$</b>	<b>\$</b>
Secured loans	8,487,827	8,487,827
Finance leases	98,352	98,352
Total	<u>8,586,179</u>	<u>8,586,179</u>
<b>2013</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>\$</b>	<b>\$</b>
Secured loans	8,769,991	8,769,991
Finance leases	54,670	54,670
Total	<u>8,824,661</u>	<u>8,824,661</u>

#### Note 21: Equity

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Public equity</b>		
As at 1 July	110,957,720	110,766,693
<i>Transfers to:</i>		
Special reserves	(4,947,325)	(8,741,825)
<i>Transfers from:</i>		
Special reserves	5,280,386	6,779,711
Transfers from asset revaluation reserve on disposal of property, plant, and equipment	27,391	(662)
Surplus / (deficit) for the year	<u>1,398,677</u>	<u>2,153,803</u>
<b>As at 30 June</b>	<u>112,716,849</u>	<u>110,957,720</u>
<b>Restricted reserves</b>		
As at 1 July	1,976,145	1,944,636
<i>Transfers to:</i>		
Public equity	(1,436,401)	(480,691)
<i>Transfers from:</i>		
Public equity	<u>940,219</u>	<u>512,200</u>
<b>As at 30 June</b>	<u>1,479,963</u>	<u>1,976,145</u>
Restricted reserves consist of :		
Restricted reserves	1,378,170	1,866,765
Hall Board reserves	24,337	30,805
Trusts	71,938	70,686
Other trusts	<u>5,518</u>	<u>7,889</u>
<b>Total restricted reserves</b>	<u>1,479,963</u>	<u>1,976,145</u>
<b>Other reserves</b>		
As at 1 July	3,770,132	1,839,528
<i>Transfers to:</i>		
Public equity	4,007,105	8,229,624
<i>Transfers from:</i>		
Public equity	<u>(3,843,983)</u>	<u>(6,299,020)</u>
<b>As at 30 June</b>	<u>3,933,254</u>	<u>3,770,132</u>
<b>Asset revaluation reserves</b>		
As at 1 July	36,890,451	32,023,466
Revaluation gains / (losses)	5,378,693	4,866,323
Transfer to public equity on disposal of property, plant, and equipment	<u>(27,391)</u>	<u>662</u>

<b>As at 30 June</b>	<b>42,241,753</b>	<b>36,890,451</b>
Asset revaluation reserves consist of:		
<i>Infrastructure assets</i>		
Roads, streets and footpaths	32,694,357	27,315,663
Water systems	4,918,518	4,918,518
Sewerage systems	684,595	684,595
Stormwater systems	1,959,841	1,959,841
<i>Operational assets</i>		
Land	1,274,421	1,274,421
Buildings	513,130	540,522
Library collections	173,628	173,628
Landfill	-	-
<i>Restricted assets</i>		
Heritage assets	23,263	23,263
<b>Total asset revaluation reserves</b>	<b>42,241,753</b>	<b>36,890,451</b>
<b>Fair value through other comprehensive income reserve</b>		
As at 1 July	-	-
Net revaluation gains / (losses)	-	-
<b>As at 30 June</b>	<b>-</b>	<b>-</b>

Restricted reserves relate to funds that are subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts.

#### Note 22: Rates revenue

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
<b>General rates</b>	<b>6,233,644</b>	<b>6,007,821</b>
<b>Targeted rates attributable to activities</b>		
Water, excluding water supply rates	265,837	275,465
Sewerage	955,480	760,213
Stormwater	154,736	156,464
Waste management	156,496	139,566
Regulatory and planning	343,155	334,662
<b>Total targeted rates</b>	<b>1,875,704</b>	<b>1,666,370</b>
<b>Total rates excluding targeted water supply rates</b>	<b>8,109,348</b>	<b>7,674,191</b>
<b>Rates penalties</b>		
Rates penalties	65,534	69,463
Targeted water supply rates	933,775	875,635

<b>Total revenue from rates and penalties</b>	<b>9,106,657</b>	<b>8,619,289</b>
---	------------------	------------------

<b>Rating base</b>	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Capital value	2,194,600,100	1,943,674,600
Land value	1,243,006,000	unknown

There were 4,479 rating units within the Council district as at 30 June 2014 (2013 4,455).

The land value of the rating base at 30 June 2013 is not known. The database collecting this information is continually updated, and the requirement to record it at balance date was not imposed until after the date had passed, ie the Local Government (Financial Reporting and Prudence) Regulations 2014.

#### Reclassification of rates income

The presentation of rates income in the Annual Plan and LTP comparatives (in the Statement of Financial Performance and in the Funding Impact Statement) has been changed to comply with the presentation requirements of the Local Government (Financial Reporting ) Regulations 2011, and to match the presentation of the actual results for 2013/14.

#### Rates remission

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>\$</b>	<b>\$</b>
Rates revenue before remissions	9,120,472	8,632,743
<i>Council policy remissions:</i>		
Sports bodies	3,249	3,164
Other	10,599	10,290
<b>Total remissions</b>	<b>13,815</b>	<b>13,454</b>
<b>Rates revenue after remissions</b>	<b>9,106,657</b>	<b>8,619,289</b>

#### Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

**Note 23: Reconciliation of net surplus/(deficit) to net cash flow from operating activities**

	30 June 2014	30 June 2013
	\$	\$
<b>Surplus/(deficit) after tax</b>	1,398,677	2,153,803
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	3,135,530	2,942,633
Bad debts	21,305	(29,746)
Assets vesting in council	-	-
(Gains)/losses in fair value of forestry assets	(73,237)	(174,886)
(Gains)/losses in fair value of investment property	-	-
(Gains)/losses in fair value of non-current assets held for sale	-	-
(Gains)/losses in fair value of property, plant and equipment	-	(1,085,185)
(Gains)/losses in fair value of shares	858	2,437
	<u>3,084,456</u>	<u>1,655,253</u>
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	16,604	28,883
(Gains)/losses on disposal of forestry assets	-	-
	<u>16,604</u>	<u>28,883</u>
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	278,068	(402,875)
Inventories	2,430	105
Creditors and other payables	(41,607)	333,335
Provisions	(8,947)	(38,328)
Employee entitlements	(76,640)	(54,718)
	<u>153,294</u>	<u>(162,481)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>4,653,031</u>	<u>3,675,458</u>

**Note 24: Statement of commitments**

	Not more than one year	Later than one year and not later than five years	Later than 5 years
2014	\$	\$	\$
Professional services roads	245,500	-	-
Road maintenance	1,999,073	3,394,362	-
Footpath maintenance	92,988	-	-

Street lighting	40,829	81,658	
Restroom cleaning	18,666	-	-
Custodian - Events Centre	70,000	10,000	-
NCS – software support	46,908	23,454	-
Quotable Value NZ	67,000	134,000	-
Green Fingers - refuse collection	36,312	-	-
Green Fingers - recycles collection	66,000	-	-
Green Fingers – operation/ management transfer station	217,875	-	-
	<u>2,901,151</u>	<u>3,643,474</u>	<u>-</u>
<b>2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Professional services roads	245,500	-	-
Road maintenance	1,554,800	-	-
Office cleaning	60,000	-	-
NCS – software support	46,908	70,362	-
Quotable Value NZ	67,000	201,000	-
Town clock – maintenance	4,765	-	-
Cleaning – weekend services	60,000	-	-
Green Fingers - refuse collection	36,312	36,312	-
Green Fingers - recycles collection	66,000	66,000	-
Green Fingers – operation/ management transfer station	217,875	217,875	-
	<u>2,359,160</u>	<u>591,549</u>	<u>-</u>

**Capital Commitments**

For the year ended 30 June 2014 the Council had no capital commitments (2013: \$nil).

**Note 25: Contingencies**

	30 June 2014	30 June 2013
	\$	\$
<b>Contingent liabilities</b>		
Financial guarantees	-	-
Total contingent liabilities	<u>-</u>	<u>-</u>

The Council is a member of the New Zealand Mutual Liability RiskPool (NZMLRP), which provides public liability and professional indemnity insurance for its members. The Trust Deed of NZMLRP provides that, if there is a shortfall in any one year (where reinsurance recoveries and contributions from members are less than total claims), the Board may make a further call on members for that year.

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised.

The value of financial guarantees disclosed as contingent liabilities reflects the Council's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position.

### Note 26: Related party transactions

#### Key management personnel

During the year, Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates etc).

In addition, the Council purchased laptop computers and related services from Enzed PC Services. Miss Greathead, a Councillor, is the owner of the business. These services were made on commercial terms and amounted to \$2,381 (2013 \$116).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2013 \$nil).

	30 June 2014	30 June 2013
	\$	\$
Salaries and other short-term employee benefits	411,642	366,159
Post-employment benefits	-	-
Other long-term benefits	13,455	10,946
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>425,097</b>	<b>377,105</b>

Key management personnel include the Mayor, Councillors, and the Chief Executive.

### Note 27: Remuneration

#### Chief executive

The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$166,298 (2013 \$166,313), performance bonus of \$18,386 (2013 \$16,115) and superannuation contributions of \$13,455 (2013 \$10,946) to 30 June 2014. During the 2014 year the Chief Executive completed a contract with the Council and as a result holiday pay owing of \$39,570 was paid out. A new contract with the Chief Executive commenced from August 2013.

For the year ended 30 June 2014, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$237,708 (2013 \$193,374).

	30 June 2014	30 June 2013
	\$	\$
<i>Elected representatives</i>		
R Mark	59,268	58,700

J Booth	18,504	15,064
E Brazendale	16,839	19,583
R Carter	15,463	15,064
W Knowles	15,463	15,064
J Greathead	15,463	15,064
M Ashby (appointed October 2013)	10,882	-
G Lang (appointed October 2013)	10,882	-
M Palmers (appointed October 2013)	10,882	-
B Durbin (retired October 2013)	4,581	15,064
B Poulsen (retired October 2013)	4,581	15,064
G Smith (retired October 2013)	4,581	15,064
<b>Total elected members remuneration</b>	<b>187,389</b>	<b>176,950</b>

	30 June 2014	30 June 2013
	\$	\$
<i>Council employees remuneration by band</i>		
< \$60,000	34	38
\$60,000 - \$79,999	6	8
\$80,000 - \$199,999	7	6
<b>Total employees</b>	<b>47</b>	<b>52</b>

At balance date, the Council employed 42 (2013: 40) full-time employees, with the balance of staff representing 5 (2013: 6) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

### Note 28: Severance payments

For the year ended 30 June 2014 the Council did not make any severance payments (2013 \$nil).

### Note 29: Insurance of assets

The Local Government Act 2002 requires that from 2014 the annual report include information about the insurance of assets.

	Carrying amount at 30 June 2014	
	\$	
<b>Insurance contracts</b>		
Material damage	25,526,600	<i>Subject to range of deductibles- \$5,000 for most claims, and 5% of site value for earthquakes</i>

		<i>Subject to \$75 million annual aggregate limit, with the limit shared between Masterton, Carterton, and South Wairarapa district councils.</i>
Forestry	569,764	<i>Maximum cover of \$20,000 for hail, no cover for windstorm or earthquake/volcanic activity. Deductible of 1.5% of Property Declared Value subject to minimum \$10,000 per loss occurrence.</i>
Motor vehicle	443,204	<i>Insured for market value. Carrying amount has been used for this disclosure.</i>
<b>Risk sharing arrangements</b>		
Infrastructural assets as member of LAPP	11,764,005	<i>This is 40 percent of the estimated replacement cost of the scheduled assets. A deductible of \$147,000 applied.</i>
Central government assistance	17,646,008	<i>Under the 'Guide to the National Civil Defence Emergency Management Plan', the government may fund 60 percent of the cost of repair or recovery of essential infrastructure assets. A deductible of .0075 percent applied.</i>
<b>Self-insured</b>		
To cover deductibles and uninsured assets	-	
<b>Total assets insured</b>	<u>\$ 55,949,581</u>	

### Note 30: Events after balance date

There have been no events subsequent to 30 June 2014 that require disclosure or adjustment to the financial statements.

### Note 31: Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

FINANCIAL ASSETS	30 June 2014	30 June 2013
	\$	\$
<b>Fair value through profit and loss – held for trading</b>		
Derivative financial instrument assets	-	-

<b>Loans and receivables</b>		
Cash and cash equivalents	1,075,322	180,250
Short term funds	1,500,000	1,506,164
Special funds	2,062,471	1,996,737
Investments	-	-
Debtors and other receivables	1,664,158	1,963,431
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<b>Total loans and receivables</b>	<u>6,301,851</u>	<u>5,646,582</u>
Fair value through equity		
Other financial assets:		
- local authority stock	-	-
- unlisted shares	39,794	40,652
- listed shares	-	-
<b>Total fair value through equity</b>	<u>39,794</u>	<u>40,652</u>

<b>FINANCIAL LIABILITIES</b>	<b>30 June 2014</b>	<b>30 June 2013</b>
	\$	\$
<b>Fair value through profit and loss – held for trading</b>		
Derivative financial instrument liabilities	-	-
<b>Financial liabilities at amortised cost</b>		
Creditors and other payables	1,797,412	1,839,029
Borrowings:		
- finance leases	98,352	54,670
- secured loans	8,487,827	8,769,991
- debentures	-	-
<b>Total financial liabilities at amortised cost</b>	<u>10,383,591</u>	<u>10,663,690</u>

### Note 32: Financial instrument fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

– Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets

– Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable

– Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total	Valuation technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
	\$	\$	\$	\$
<b>2014</b>				
<b>Financial assets</b>				
Shares	39,794	-	-	39,794
<b>2013</b>				
<b>Financial assets</b>				
Shares	40,652	-	-	40,652

There were no transfers between the different levels of the fair value hierarchy.

#### Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	30 June 2014	30 June 2013
	\$	\$
Balance at 1 July	40,652	43,089
Gains and losses recognised in the surplus or deficit	(858)	(2,837)
Gains and losses recognised in other comprehensive income	-	-
Purchases	-	400
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June</b>	<b>39,794</b>	<b>40,652</b>

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

#### Note 33: Financial instrument risks

The Council has a series of policies to manage the risks associated with financial instruments and is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established an investment policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

##### Market risk

##### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive income. This price risk arises due to market movements in listed shares. Price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's investment policy.

Equity securities price risk is not managed as the Council does not hold any quoted share investments.

##### Currency risk

Currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council has no exposure to currency risk.

##### Interest rate risk

The interest rates on the Council's investments are disclosed in note 8 and on the Council's borrowings in note 20.

##### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's investment policy outlines the level of borrowing that is to be secured using fixed rate instruments.

Investments were made only with those counter-parties specified in the investment policy.

##### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

##### Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits

which gives rise to credit risk.

The maximum amount of credit risk for each class is the carrying amount in the statement of financial position. Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances, stock and receivables.

Council invests funds only with registered banks. It limits the amount of credit exposure to any one institution or organisation. Accordingly, the Council does not require any collateral or security to support the financial instruments with organisations it deals with.

The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

#### Maximum exposure to credit risk

Council's maximum credit exposure for each class of financial instrument is as follows:

	30 June 2014	30 June 2013
	\$	\$
Cash at bank and term deposits	4,637,793	3,683,151
Debtors and other receivables	1,664,058	1,963,431
Community and related party loans	-	-
Local authority and government stock	-	-
Derivative financial instrument assets	-	-
Financial guarantees	-	-
<b>Total credit risk</b>	<b>6,301,851</b>	<b>5,646,582</b>

#### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	30 June 2014	30 June 2013
	\$	\$
<b>COUNTERPARTS WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA	4,624,895	3,676,279
<i>Total cash at bank and term deposits</i>	<i>4,624,895</i>	<i>3,676,279</i>
<b>COUNTERPARTS WITHOUT CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
Wairarapa Building Society	12,898	6,872
<i>Total cash at bank and term deposits</i>	<i>12,898</i>	<i>6,872</i>

#### COUNTERPARTS WITHOUT CREDIT RATINGS

#### Community and related party loans

Existing counterparty with no defaults in the past	-	-
Existing counterparty with defaults in the past	-	-
<b>Total community and related party loans</b>	<b>-</b>	<b>-</b>

Debtors and other receivables mainly arise from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

#### Liquidity risk

##### Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include an investment policy document. This policy has been adopted as part of the Council's Long Term Plan.

The maturity profiles of the Council's interest bearing investments and borrowings are disclosed in notes 8 and 20 respectively.

#### Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Less than 1 year	1-2 years	2-5 years
<b>2014</b>				
Creditors and other payables	1,797,412	1,797,412	-	-
Net settled derivative liabilities	-	-	-	-
Finance leases	98,352	15,865	36,974	45,513
Secured loans	8,487,827	898,905	5,964,005	1,624,917
Financial guarantees	-	-	-	-
<b>Total</b>	<b>10,383,591</b>	<b>2,712,182</b>	<b>6,000,979</b>	<b>1,670,430</b>
<b>2013</b>				
Creditors and other payables	1,839,029	1,839,029	-	-

Net settled derivative liabilities	-	-	-	-
Finance leases	54,670	18,194	35,610	866
Secured loans	8,769,991	282,110	6,862,911	1,624,970
Financial guarantees	-	-	-	-
<b>Total</b>	<b>10,663,690</b>	<b>2,139,333</b>	<b>6,898,521</b>	<b>1,625,836</b>

#### Contractual maturity analysis of derivative financial liabilities

The Council does not hold any derivative financial instrument liabilities.

#### Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Less than 1 year	1-2 years	2-5 years
<b>2014</b>				
Cash and cash equivalents	2,575,322	2,575,322	-	-
Debtors and other receivables	1,664,058	1,664,058	-	-
Net settled derivative assets	-	-	-	-
Other financial assets:				
- special funds term deposits	2,062,471	2,062,471	-	-
- community and related party loans	-	-	-	-
- local authority and government stock	-	-	-	-
<b>Total</b>	<b>6,301,851</b>	<b>6,301,851</b>	<b>-</b>	<b>-</b>
<b>2013</b>				
Cash and cash equivalents	1,686,414	1,686,414	-	-
Debtors and other receivables	1,963,431	1,963,431	-	-
Net settled derivative assets	-	-	-	-
Other financial assets:				
- special funds term deposits	1,996,737	1,996,737	-	-
- community and related party loans	-	-	-	-
- local authority and government stock	-	-	-	-
<b>Total</b>	<b>5,646,582</b>	<b>5,646,582</b>	<b>-</b>	<b>-</b>

#### Sensitivity analysis

The table below illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

	<b>2014</b>			
	-1%		+1%	
	Profit	Other Equity	Profit	Other Equity
<b>INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(25,753)	-	25,753	-
Special funds term deposits	(20,625)	-	20,625	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:				
- local authority and government stock	-	-	-	-
<b>Financial liabilities</b>				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-
- term loans	-	-	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(46,378)</b>	<b>-</b>	<b>46,378</b>	<b>-</b>
<b>EQUITY PRICE RISK</b>				
<b>Financial assets</b>				
Other financial assets:				
- quoted share investments	-	(398)	-	398
<b>Total sensitivity to equity price risk</b>	<b>-</b>	<b>(398)</b>	<b>-</b>	<b>398</b>

	<b>2013</b>			
	-1%		+1%	
	Profit	Other Equity	Profit	Other Equity

#### INTEREST RATE RISK

#### Financial assets

Cash and cash equivalents	(16,864)	-	16,864	-
Special funds term deposits	(19,967)	-	19,967	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:				
- local authority and government stock	-	-	-	-
<b>Financial liabilities</b>				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-
- term loans	-	-	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(36,831)</b>	<b>-</b>	<b>36,831</b>	<b>-</b>

#### EQUITY PRICE RISK

Financial assets				
Other financial assets:				
- unlisted share investments	-	(407)	-	407
<b>Total sensitivity to equity price risk</b>	<b>-</b>	<b>(407)</b>	<b>-</b>	<b>407</b>

#### Explanation of sensitivity analysis

##### 1. Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$2,575,322 (2013 \$1,686,414) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$25,753 (2013 \$16,864).

##### 2. Special funds

Special funds totalling \$2,062,471 (2013 \$1,996,737) mature monthly. These are treated as floating for interest rate risk. A movement in interest rates of plus or minus 1% has an effect on interest income of \$20,625 (2013 \$19,967).

Derivative financial assets held for trading include interest rate swaps with a fair value total \$nil (2013 \$nil).

##### 3. Secured loans

A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised value using the effective interest method.

##### 4. Listed shares

The Council does not hold any listed shares.

#### Note 34: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council created reserves:

- Reserves for different areas of benefit
- Trust and bequest reserves

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purposes they were donated.

#### Note 35: Property, plant and equipment—valuation

## Valuation—general

Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

## Valuation—specific

### *Land (operational, restricted and infrastructural)*

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land value where there is a designation against the land or the use of the land is restricted because of reserve and endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Scott (BBS (VPM), MPINZ) and Jamie Benoit (BApplSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2012. The landfill liner and water races were not revalued in the 2012 year and are currently valued using the deemed cost option under NZ IFRS 1. Heritage assets are also included in this category. Additions are recorded at cost.

### *Buildings (operational and restricted)*

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- the replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity
- the replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information
- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Scott (BBS (VPM), MPINZ) and Jamie Benoit (BApplSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2012. Heritage assets are also included in this category. Additions are recorded at cost.

### *Infrastructural asset classes: wastewater, water, stormwater and roads, streets and footpaths*

Wastewater, water, stormwater and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- estimating any obsolescence or surplus capacity of the asset
- estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets
- estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation for roads, streets and footpaths was performed by John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, and the valuation is effective as at 30 June 2014. All roads, streets and bridge assets were valued. Additions are recorded at cost. The Council's most recent estimate of the replacement cost for roads, streets and footpaths is \$154,663,000.

The most recent valuation for sewerage systems, water systems and stormwater was performed by John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, and the valuation is effective as at 30 June 2013. All wastewater, water and stormwater assets were valued. Additions are recorded at cost.

The Council's most recent estimate of the replacement cost for sewerage systems, water systems and stormwater is \$37,593,720 as follows:

Sewerage systems – treatment plant & facilities \$2,877,660  
Sewerage systems – other \$9,424,387  
Water systems – treatment plant & facilities \$3,161,958  
Water systems – other \$15,875,435  
Stormwater \$6,254,280

#### *Land under roads*

Land under roads was valued based on fair value of adjacent land determined by John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, effective 30 June 2002. Under NZ IFRS, the CDC has elected to use the fair value of land under roads as at 30 June 2002 as deemed cost. Land under roads is no longer revalued.

#### *Library collections*

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library of New Zealand in May 2002. The library valuation was performed by Colin Gerrard (BSc, MSc, GIPENZ) and reviewed by Ian Martin (BE, CPEng, MIPENZ) of AECOM New Zealand, and the valuation is effective as at 30 June 2012.

#### **Total fair value of property, plant and equipment valued by each valuer**

	<b>30 June 2014 \$</b>
John Vessey of Opus International Consultants Limited – roads, streets & footpaths (30/6/14)	118,105,000
John Vessey of Opus International Consultants Limited – wastewater, water & stormwater (30/6/13)	17,530,796
Kerry Stewart of Darroch Valuations - land, buildings & heritage assets (30/6/12)	16,500,600
Colin Gerrard of AECOM Limited - library collections (30/6/12)	430,449

#### **Impairment**

There were no impairment losses in 2014 (2013 \$nil).

#### **Work in progress**

The total amount of property, plant and equipment in the course of construction is \$929,547 (2013 \$1,275,198). Work in progress is disclosed in note 36.

#### **Leasing**

The net carrying amount of plant and equipment held under finance leases is \$84,013 (2013 \$42,399).

#### **Vested assets**

No assets were vested in or transferred to the Council (2013 \$nil).

**Note 36: Property, plant and equipment**

	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Accumulated depreciation on disposals	Current year gain/(loss) on sale	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2013 \$	1 July 2013 \$	1 July 2013 \$	\$	\$	\$	\$	\$	\$	30 June 2014 \$	30 June 2014 \$	30 June 2014 \$
<b>30 June 2014</b>												
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,664,894	-	5,664,894	57,600	-	-	-	-	-	5,722,494	-	5,722,494
Roads, streets & footpaths	114,806,226	(2,502,269)	112,303,957	1,785,842	-	-	-	(1,322,340)	5,378,693	118,146,152	-	118,146,152
Water systems - treatment plant & facilities	1,758,725	-	1,758,725	-	-	-	-	(81,105)	-	1,758,725	(81,105)	1,677,620
Water systems - other	6,290,890	-	6,290,890	117,800	-	-	-	(429,971)	-	6,408,690	(429,971)	5,978,719
Sewerage systems - treatment plant & facilities	1,225,625	-	1,225,625	22,653	-	-	-	(71,786)	-	1,248,278	(71,786)	1,176,492
Sewerage systems - other	4,300,463	-	4,300,463	476,916	-	-	-	(156,518)	-	4,777,379	(156,518)	4,620,861
Stormwater systems	3,955,096	-	3,955,096	215,472	-	-	-	(63,061)	-	4,170,568	(63,061)	4,107,507
	138,001,919	(2,502,269)	135,499,650	2,676,283	-	-	-	(2,124,781)	5,378,693	142,232,286	(802,441)	141,429,845
<i>Operational assets</i>												
Land	7,159,667	-	7,159,667	-	-	-	-	-	-	7,159,667	-	7,159,667
Buildings	11,697,308	(464,327)	11,232,981	288,938	-	(2,130)	(20,915)	(467,558)	-	11,963,201	(929,755)	11,033,446
Fixtures & fittings	1,366,430	(427,696)	938,734	107,179	(100)	(363)	(107)	(123,755)	-	1,473,039	(551,088)	921,951
Office equipment	554,765	(314,706)	240,059	118,360	(33,925)	-	2,229	(86,785)	-	641,429	(401,491)	239,937
Library collections	498,567	(72,978)	425,589	55,138	-	-	-	(81,142)	-	553,705	(154,120)	399,585
Motor vehicles	914,145	(584,533)	329,612	179,397	(4,000)	(22,038)	3,999	(65,804)	-	1,071,503	(628,299)	443,204
Plant & equipment	2,189,972	(994,714)	1,195,258	42,106	(400)	(3,340)	(1,810)	(173,095)	-	2,226,528	(1,164,469)	1,062,059
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	99,068	-	99,068	17,962	-	-	-	-	-	117,030	-	117,030
	24,693,922	(2,858,953)	21,834,968	809,080	(38,425)	(90,956)	(16,604)	(998,140)	-	25,420,102	(3,829,223)	21,590,879
Heritage assets	47,500	(404)	47,096	-	-	-	-	(404)	-	47,500	(808)	46,692
Work in progress	1,275,198	-	1,275,198	332,431	(678,082)	-	-	-	-	929,547	-	929,547
<b>Total assets</b>	<b>164,018,539</b>	<b>(5,361,627)</b>	<b>158,656,912</b>	<b>3,817,794</b>	<b>(716,507)</b>	<b>(90,956)</b>	<b>(28,883)</b>	<b>(3,123,325)</b>	<b>5,378,693</b>	<b>168,629,435</b>	<b>(4,632,472)</b>	<b>163,996,963</b>

**Note 36: Property, plant and equipment**

	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Accumulated depreciation on disposals	Current year gain/(loss) on sale	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2012 \$	1 July 2012 \$	1 July 2012 \$	\$	\$	\$	\$	\$	\$	30 June 2013 \$	30 June 2013 \$	30 June 2013 \$
<b>30 June 2013</b>												
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,664,894	-	5,664,894	-	-	-	-	-	-	5,664,894	-	5,664,894
Roads, streets & footpaths	112,326,136	(1,229,700)	111,096,436	2,480,090	-	-	-	(1,272,569)	-	114,806,226	(2,502,269)	112,303,957
Water systems - treatment plant & facilities	1,372,900	(151,518)	1,221,382	-	-	-	-	(78,974)	616,317	1,758,725	-	1,758,725
Water systems - other	5,072,561	(587,660)	4,484,901	-	-	-	-	(305,348)	2,111,337	6,290,890	-	6,290,890
Sewerage systems - treatment plant & facilities	1,179,651	(150,844)	1,028,807	-	-	-	-	(123,714)	320,532	1,225,625	-	1,225,625
Sewerage systems - other	2,620,255	(248,178)	2,372,077	607,023	-	-	-	127,885	1,449,248	4,300,463	-	4,300,463
Stormwater systems	2,650,727	(96,675)	2,554,052	4,139	-	-	-	(57,170)	1,454,074	3,955,096	-	3,955,096
	130,887,124	(2,464,575)	128,422,549	3,091,252	-	-	-	(1,965,660)	5,951,508	138,001,919	(2,502,269)	135,499,650
<i>Operational assets</i>												
Land	4,650,900	-	4,650,900	2,513,566	(2,747)	-	(2,052)	-	-	7,159,667	-	7,159,667
Buildings	11,588,200	-	11,588,200	109,108	-	-	-	(464,327)	-	11,697,308	(464,327)	11,232,981
Fixtures & fittings	1,250,092	(312,519)	937,573	117,139	-	-	(801)	(115,177)	-	1,366,430	(427,696)	938,734
Office equipment	555,597	(312,994)	242,603	114,097	(370)	(89,171)	(25,388)	(90,883)	-	554,765	(314,706)	240,059
Library collections	430,449	-	430,449	68,118	-	-	-	(72,978)	-	498,567	(72,978)	425,589
Motor vehicles	859,289	(526,481)	332,808	56,923	(282)	(1,785)	-	(59,837)	-	914,145	(584,533)	329,612
Plant & equipment	2,115,921	(826,049)	1,289,872	79,725	(5,032)	-	(642)	(168,665)	-	2,189,972	(994,714)	1,195,258
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	96,001	-	96,001	3,067	-	-	-	-	-	99,068	-	99,068
	21,760,449	(1,978,043)	19,782,406	3,061,743	(8,431)	(90,956)	(28,883)	(971,866)	-	24,693,922	(2,858,953)	21,834,968
Heritage assets	47,500	-	47,500	-	-	-	-	(404)	-	47,500	(404)	47,096
Work in progress	328,939	-	328,939	1,151,188	(204,929)	-	-	-	-	1,275,198	-	1,275,198
<b>Total assets</b>	<b>153,024,012</b>	<b>(4,442,618)</b>	<b>148,581,394</b>	<b>7,304,183</b>	<b>(213,360)</b>	<b>(90,956)</b>	<b>(28,883)</b>	<b>(2,937,930)</b>	<b>5,951,508</b>	<b>164,018,539</b>	<b>(5,361,627)</b>	<b>158,656,912</b>

### Note 37: Depreciation and amortisation by group of activity

	30 June 2014	Annual Plan 30 June 2014	30 June 2013
	\$	\$	\$
Governance	1,288	1,274	1,138
Roads and footpaths	1,322,875	1,276,176	1,272,866
Water supply	587,279	479,257	459,206
Sewerage	268,246	381,320	282,436
Stormwater	63,061	60,420	57,170
Waste management	25,751	28,556	25,751
Community support	669,211	664,443	639,405
Regulatory and planning	17,352	18,359	18,714
Administration and support services	180,467	195,708	185,947
<b>Total depreciation</b>	<b>3,135,530</b>	<b>3,105,513</b>	<b>2,942,633</b>

### Note 38: Statement of special funds reserves

The Council maintains special funds reserves as a sub-part of its equity. Schedule 10, clause 31 of the Local Government Act 2002 requires certain information to be included in the Annual Report about these reserves. Reserve funds as 'money set aside by a local authority for a specific purpose'. Reserves are part of equity, which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The purpose and activities of each reserve is set out in the Council's investment policy, as follows.

The Council has a number of specific cash investments that represent monies put aside for a particular purpose as follows:

WWII Memorial Trust—Joint Council and Carterton RSA initiative. Grants from interest earned on investment distributed to Carterton district residents undertaking tertiary education.

Clareville Grave Maintenance Trust—Funds left in trust for the Council to maintain a grave at the Clareville Cemetery.

Equipment Purchase and Renewal Fund—Funds predominantly used for the purchase of plant, equipment vehicles and IT equipment.

Roading Emergency Fund—Contingency fund to be used for emergency roading works, eg damage caused by flooding. A contribution of 0.5 percent of general rates to be made to the fund annually.

Water Race Intake Reserve—Contingency fund to be used to upgrade or replace the water race intakes. An annual contribution of \$5,000.00 is to be made to the fund from the water race targeted rates.

Major Projects Fund—The funds to be used for projects that benefit the community as a whole as determined by the Council of the day.

Recreation and Reserve Account—Funds from Recreation Reserve levies as provided for in the District Plan. Funds to be used for the purchase of Esplanade Reserves and Strips as required under the Resource Management Act or for the purchase or development of new or existing recreation reserves.

Roading Contributions Fund—Monies from Rooding Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding the district's roading network.

Infrastructure Contributions Fund—Monies from Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding public water supplies, and the disposal of sewage and stormwater.

Waingawa Infrastructure Contributions Fund—Monies from Waingawa Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding water supply and the disposal of sewage for the Waingawa industrial area.

Longbush Domain, Belvedere Hall, and West Taratahi Hall—Monies held by the respective community organisations for activities in association with the community halls and property in their communities owned by the Council.

Waste Disposal Fund—Under the Waste Minimisation Act, a waste levy is charged on all waste disposed of in a landfill. Half the levy money goes to territorial authorities, on a population basis, so that they can improve waste minimisation in their areas.

Creative New Zealand Fund—Monies received from Creative New Zealand for the Council to distribute as grants for community arts.

Sport New Zealand Rural Travel Fund—Monies received from Sport New Zealand for the Council to distribute as travel subsidy grants to assist young people in rural school and club sports teams to participate in local sporting competitions.

Keep Carterton Beautiful Fund—Monies managed by the Keep Carterton Beautiful committee. funds to be used for beautifying the town centre.

Water Race Resource Consent Fund—Monies set aside each year to build funds for expenditure related to renewing resource consents for the district's water races.

Memorial Square Fund—Established under the Carterton and District Memorial Square Act 1932 to obtain land and erect a memorial (now Memorial Square) and for the ongoing maintenance and upkeep of the memorial and of the associated public park or recreation ground.

Election Contingency Fund—Monies set aside by Council in non-election years to assist with the costs of elections.

Workshop Depot Upgrade Fund—Monies set aside by Council for the upgrade of the garage workshop in the Council Operations Depot.

	30 June 2014	Annual Plan 30 June 2014
<b>Equipment purchase and renewal fund</b>	<b>\$</b>	<b>\$</b>
Opening balance	34,679	34,024
Deposits	1,412	1,531
Withdrawals	(35,000)	(35,000)
<b>Closing balance</b>	<b>1,091</b>	<b>555</b>
<b>Recreation and reserve account</b>		
Opening balance	463,050	413,652
Deposits	135,090	118,614
Withdrawals	(50,000)	(50,000)
<b>Closing balance</b>	<b>548,140</b>	<b>482,266</b>
<b>Roading emergency fund</b>		
Opening balance	139,186	104,239
Deposits	40,233	39,791
Withdrawals	-	-
<b>Closing balance</b>	<b>179,419</b>	<b>144,030</b>

#### Water race intake reserve

Opening balance	32,536	26,943
Deposits	6,235	6,212
Withdrawals	-	-
<b>Closing balance</b>	<b>38,711</b>	<b>33,155</b>

#### Waste disposal fund

Opening balance	7,608	29,068
Deposits	47,739	19,308
Withdrawals	(12,404)	-
<b>Closing balance</b>	<b>42,943</b>	<b>48,376</b>

#### Creative New Zealand fund

Opening balance	2,244	2,736
Deposits	7,234	123
Withdrawals	-	-
<b>Closing balance</b>	<b>9,478</b>	<b>2,859</b>

#### Sport New Zealand rural travel fund

Opening balance	-	563
Deposits	9,500	25
Withdrawals	(9,500)	-
<b>Closing balance</b>	<b>-</b>	<b>588</b>

#### Keep Carterton Beautiful fund

Opening balance	7,889	5,454
Deposits	285	245
Withdrawals	(2,656)	(559)
<b>Closing balance</b>	<b>5,518</b>	<b>5,140</b>

#### Water race resource consent fund

Opening balance	-	-
Deposits	-	12,000
Withdrawals	-	-
<b>Closing balance</b>	<b>-</b>	<b>12,000</b>

#### Clareville grave maintenance trust

Opening balance	2,262	2,236
Deposits	61	101
Withdrawals	-	-
<b>Closing balance</b>	<b>2,323</b>	<b>2,337</b>

#### Memorial Square fund

Opening balance	6,483	6,361
Deposits	264	286
Withdrawals	-	-
<b>Closing balance</b>	<b>6,747</b>	<b>6,647</b>

#### WWII Memorial trust

Opening balance	61,941	62,105
Deposits	3,539	4,395
Withdrawals	(2,612)	(2,600)
<b>Closing balance</b>	<b>62,868</b>	<b>63,900</b>

#### Longbush Domain fund

Opening balance	2,562	2,241
Deposits	422	-
Withdrawals	-	-
<b>Closing balance</b>	<b>2,984</b>	<b>2,241</b>

#### West Taratahi Hall fund

Opening balance	25,719	19,642
Deposits	-	-
Withdrawals	(6,203)	-
<b>Closing balance</b>	<b>19,516</b>	<b>19,642</b>

#### Election contingency fund

Opening balance	26,815	17,920
Deposits	960	806
Withdrawals	(17,000)	(17,000)
<b>Closing balance</b>	<b>10,775</b>	<b>1,726</b>

#### Workshop depot upgrade fund

Opening balance	20,065	19,686
Deposits	817	886
Withdrawals	-	-
<b>Closing balance</b>	<b>20,882</b>	<b>20,572</b>

#### Combined district plan reserve

Opening balance	(613,935)	(619,416)
Deposits	-	80,500
Withdrawals	(74,907)	(27,874)
<b>Closing balance</b>	<b>(688,842)</b>	<b>(566,790)</b>

#### Roading contribution fund

Opening balance	600,331	836,782
Deposits	441,855	137,655
Withdrawals	(456,670)	(200,000)
<b>Closing balance</b>	<b>585,516</b>	<b>774,437</b>

#### Infrastructure contributions fund

Opening balance	1,021,532	865,260
Deposits	239,340	138,937
Withdrawals	(767,357)	(320,000)
<b>Closing balance</b>	<b>493,515</b>	<b>684,197</b>

#### Waingawa infrastructure contributions fund

Opening balance	106,958	104,652
Deposits	4,278	14,709
Withdrawals	-	-
<b>Closing balance</b>	<b>111,236</b>	<b>119,361</b>

#### Belvedere Hall fund

Opening balance	2,524	2,967
Deposits	-	-
Withdrawals	(687)	-
<b>Closing balance</b>	<b>1,837</b>	<b>2,967</b>

#### Waingawa industrial zone services deficit fund

Opening balance	25,695	20,006
Deposits	958	900
Withdrawals	(1,405)	-
<b>Closing balance</b>	<b>25,248</b>	<b>20,906</b>

#### Special funds reserves - summary

Opening balance	1,976,145	1,957,121
Deposits	940,219	549,150
Withdrawals	(1,436,401)	(625,159)
<b>Closing balance</b>	<b>1,479,963</b>	<b>1,811,112</b>

#### Note 39: Explanation of major variances against budget

Explanations for major variations from the Council's estimated figures in the 2013/2014 year in the Annual Plan are as follows:

#### Statement of Financial Performance

- Contributions for the year are above budget due to increased levels of development activity across all areas.
- NZTA subsidies received are below budget estimates due to the timing of capital works.
- Fees and charges income is above budget from higher than expected water usage and trade waste.
- Roads and footpath expenditure was less than budget as a result of no emergency works during 2014.
- Regulatory and planning expenditure was more than budget from the implementation of the new alcohol laws and the regionalisation of the management of rural fires.

#### Statement of Comprehensive Income

- The total surplus for the year is more than budgeted due to the explanations mentioned for the statement of financial performance.

- The movement in revaluation reserves is less than budgeted due to the revaluation of roading being significantly less than the estimated levels in the annual plan as a result of projected inflation factors from Business and Economic Research Limited exceeding actual results.

#### Statement of Movements in Equity

- Total comprehensive income for the year is significantly less than budget due to the explanations mentioned for the statement of comprehensive income.

#### Statement of Financial Position

- Debtors and other receivables are higher than budget due to an increase in the level of trade receivables outstanding at year end. This includes items such as consents and NZTA subsidy.
- Creditors and other payables are higher than budget due to an increase in aged payables and invoices to be paid at year end.
- Borrowings are lower than budget due to the Council's decision to use internal funds during the 2011 year, which delayed projected drawdown of loan funds in 2012 to 2014, as well as lower than planned capital expenditure on development of the sewage treatment plant.
- Asset revaluation reserves are less than budgeted due to the revaluation of roading being less than the estimated levels in the Annual Plan.

#### Statement of Cashflows

- Other income was greater than budgeted resulting from increased contributions income due to explanations mentioned for the statement of financial performance.
- The drawdown of public debt is less than budgeted due to the timing of loans between prior, current and future years, reflecting significant delays in capital expenditure.

## Financial prudence disclosure statement

### What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### Rates affordability benchmark

The council meets the rates affordability benchmark if—

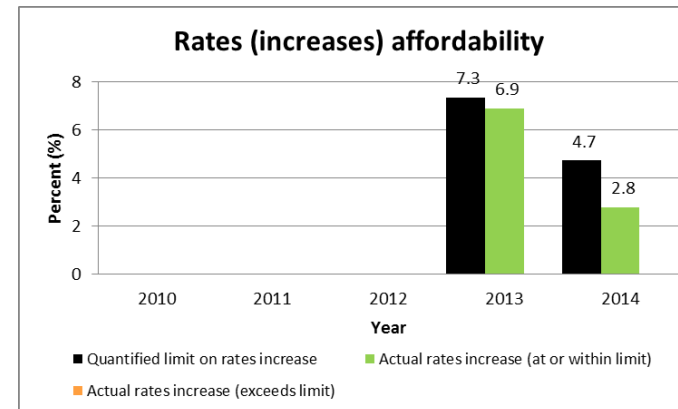
- its actual rates income equal equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

### Rates (income) affordability

A graph is required that compares the council's actual rates income with the quantified limit on rates set in the financial strategy included in the council's long-term plan. The financial strategy did not contain a quantified limit, so no rates (income) affordability graph is presented in this statement.

### Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is the percentage change in average rates<sup>1</sup> must not exceed the increase in the opening BERL local government cost index plus 2 percent.



Quantified limits on rates increases were first set for the year ended 30 June 2013.

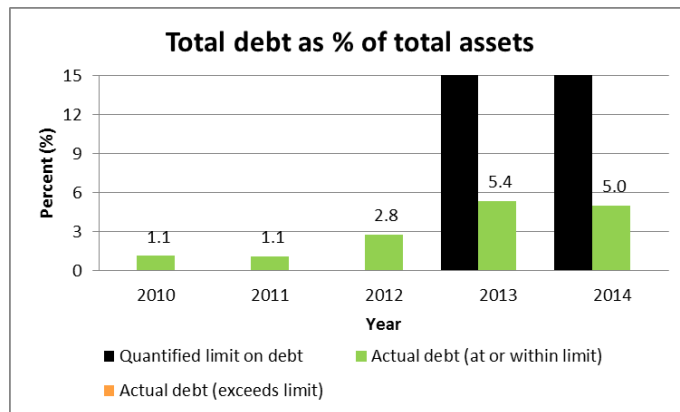
Comparative information is not available for the average rates increases (as defined in the quantified limit) for the years prior to 2013.

<sup>1</sup> The average rates is the total rates income divided by the total number of rates assessments.

### Debt affordability benchmark

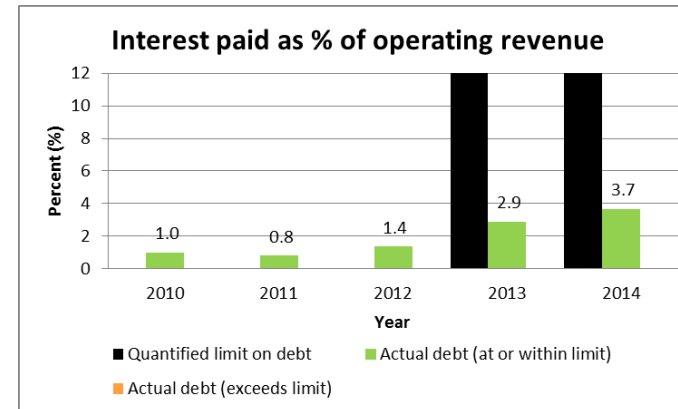
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that total debt as a percentage of total assets must not exceed 15 percent.

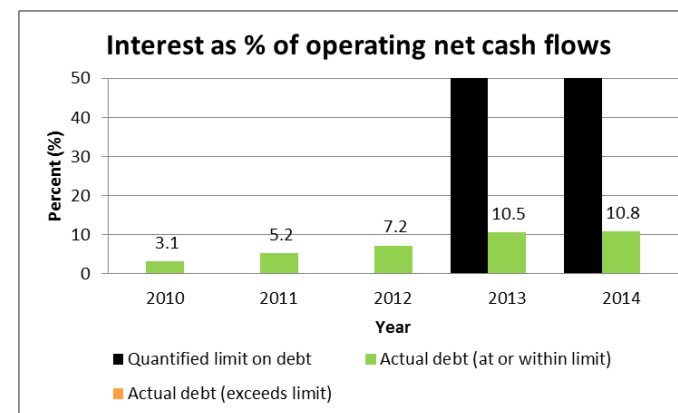


Quantified limits on debt were first set for the year ended 30 June 2013.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of gross operating revenue.



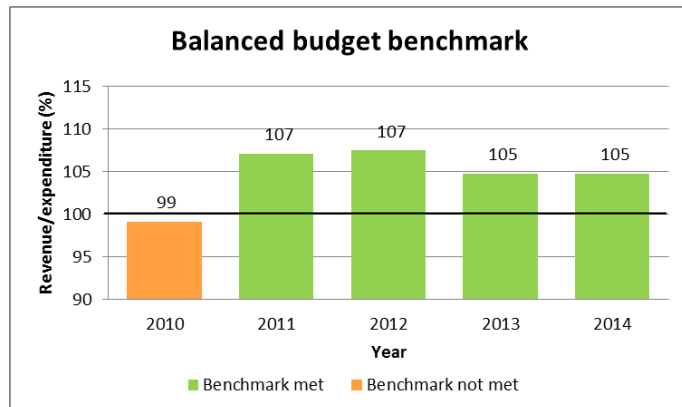
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



### Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

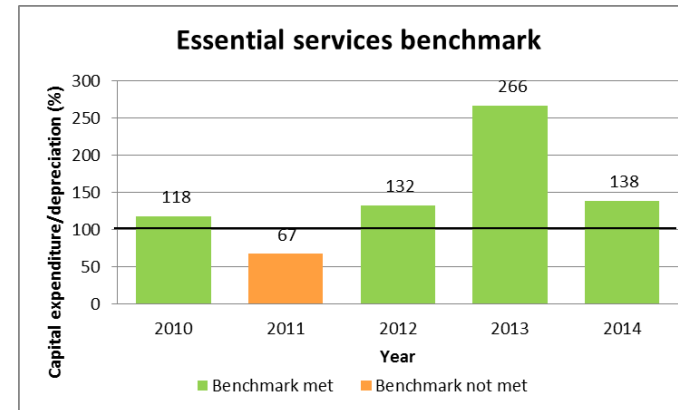
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

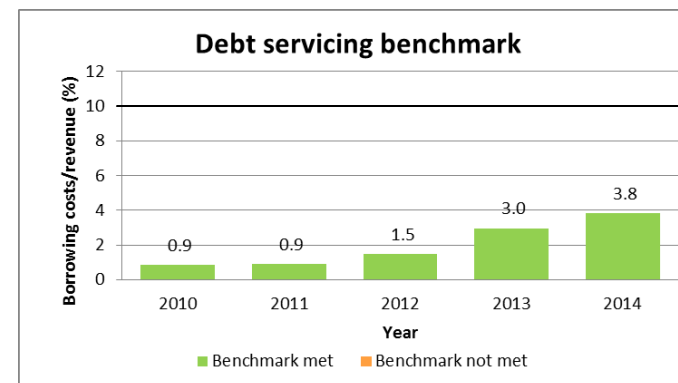
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

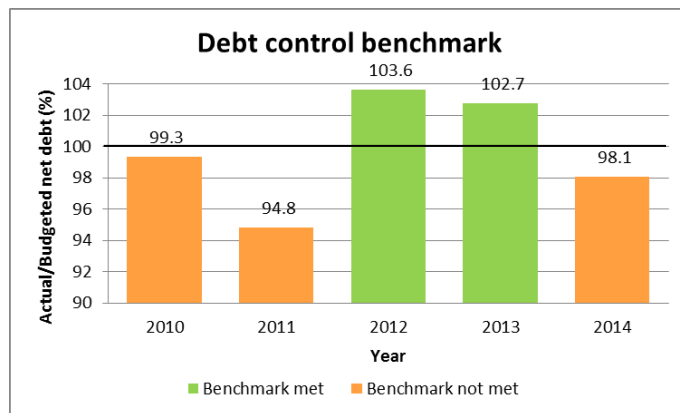
Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

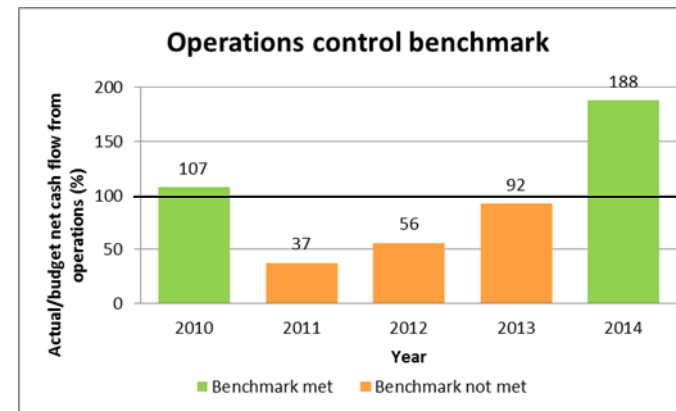


In each of the years 2010–2014, net debt was negative, ie financial assets exceeded financial liabilities. The benchmark was not met when the actual net debt was a lesser negative than budgeted.

### Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



## Groups of activities

### Governance

#### This group of activities...

includes the following services and programmes:

- Council and Committees and other democratic processes
- public communication, consultation, and information.

#### ...contributes to the community outcomes

##### *Strong and positive leadership*

- by conducting Council business in an open, transparent, and democratically accountable manner
- through democratic decision-making at a local level
- by encouraging participation within the district
- by representing the district's interests.

The Council's continued involvement in the Governance group of activities is contained in:

- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos
- Electoral Act 2001
- Local Government Official Information and Meetings Act 1987.

Section 14 of the Local Government Act 2002 sets out the principles that the Council must follow when performing its role. These are summarised as follows:

- conduct its business in an open, transparent and democratically accountable manner

- make it aware of and have regard to the views of the community.

When making decisions, the Council should:

- take account of the diversity of its communities' interests, now and into the future
- consider the effect on community well-beings
- provide opportunities for Māori to contribute.

The Council should also:

- ensure prudent stewardship, efficient, and effective use of resources,
- take a sustainable development approach, by considering the social, economic, environmental, and cultural well-being of its community now and in the future.

In addition to the Local Government Act, the Council has responsibilities and duties to perform under a number of other Acts, many of which are referred to in this document.

#### Examples of Council activities that contributed to achieving outcomes

- Leadership and participation in the exploration of future Wairarapa governance options.
- Preparation for the 2013 local authority and district health board elections.
- Participation at the Wellington Region Mayoral Forums.
- Attendance at the Zone 4 Local Government New Zealand meetings.
- Member of the Mayors' Taskforce for Jobs and Member of the Wairarapa Workforce Development Trust.
- Councillors' membership on a number of outside committees and groups, such as the Wairarapa Road Safety Council, Wellington Region Waste Forum, Arts and Cultural Strategy Governance Group.

## Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements during the year.

The Annual Plan included earthquake strengthening and refurbishment of the Council's Administration building. This has not been done.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Achieved. Operating and capital expenditure were within the budget set in the Annual Plan [2013: Operating expenditure exceeded budget, capital expenditure within budget]
Open and transparent conduct of Council business	Agenda items within 'public excluded'	≤5%	Not achieved. 8.0% of agenda items were considered as 'public excluded' items. [2013: 9.6%]
Representation of residents by elected members	Residents rate the performance of the Mayor and councillors as 'very good' or 'fairly good'	≥75%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 62%]
Effective monitoring of the financial and non-financial performance of the Council	The annual report is adopted within statutory timeframes, with an unqualified audit opinion	100%	Achieved. The Annual Report was adopted within the statutory deadline (31 October 2014) on 22 October 2014 with an unqualified audit opinion. [2013: adopted on 9 October 2013]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Governance for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
	<b><u>Income</u></b>		
-	Election deposits	4,705	-
8,140	Miscellaneous income	41,128	45,100
8,140	<b>Total income</b>	45,833	45,100
	<b><u>Expenditure</u></b>		
740,875	Mayor and councillors	694,517	694,020
8,033	Elections	67,508	91,987
748,908	<b>Total expenditure</b>	762,025	786,007
(740,768)	<b>Net cost of service</b>	(716,192)	(740,907)
	<b><u>Capital Expenditure</u></b>		
-	Administration - building refurbishment and strengthening	-	50,000
-	<b>Total capital expenditure</b>	-	50,000

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Governance for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
	<b><u>Sources of operating funding</u></b>		
741,289	General rates, UAGC, rates penalties	729,025	762,585
-	Targeted rates (other than water supply)	-	-
-	Subsidies and grants - operating	-	-
-	Fees, charges and targeted rates for water supply	-	-
-	Internal charges and overheads recovered	-	-
100	Local Authorities fuel tax, fines, infringement fees and other	45,833	44,479
741,389	<b>Total operating funding</b>	774,858	807,064
	<b><u>Applications of operating funding</u></b>		
419,230	Payments to staff and suppliers	486,612	480,039
27,815	Finance costs	-	44,365
284,015	Internal charges and overheads applied	274,126	292,279
-	Other operating funding applications	-	-
731,060	<b>Total applications of operating funding</b>	760,738	816,683
10,329	<b>Surplus / (deficit) of operating funding</b>	14,120	(9,619)
	<b><u>Sources of capital funding</u></b>		
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
511,060	Increase / (decrease) in debt	-	(31,028)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
511,060	<b>Total sources of capital funding</b>	-	(31,028)
	<b><u>Applications of capital funding</u></b>		
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
536,037	Capital expenditure - replace existing assets	-	-
(14,648)	Increase / (decrease) in reserves	14,120	(40,647)
-	Increase / (decrease) of investments	-	-
521,389	<b>Total application of capital funding</b>	14,120	(40,647)
(10,329)	<b>Surplus / (deficit) of capital funding</b>	(14,120)	9,619
-	<b>Funding balance</b>	-	-

## Community support

### This group of activities...

includes the following services and programmes:

#### Community development

- providing information, advice, and advocacy services to a wide range of people and community groups
- providing grants to initiatives that support our strategic objectives
- providing and supporting community facilities, amenities, and events
- supporting projects that encourage people to develop skills and increase employment opportunities
- supporting volunteer networks by providing volunteering opportunities

#### Parks and reserves

- maintenance and ongoing development of Carrington, Howard Booth, South End, Sparks, and Millennium Parks, Memorial Square, their facilities, and a number of small reserves
- acquisition of land for the extension of the parks and reserves network
- urban street mowing and maintenance of the various civic areas and recreation reserves scattered throughout the urban area
- maintenance and ongoing development of the district's rural reserves
- management of the Council's forestry assets at the Kaipaitangata and miscellaneous small roadside blocks located in the Admiral/Clifton Grove area.

#### Community amenities

- Carterton Events Centre
- Clareville Cemetery
- Outdoor Swimming Complex

- public toilets
- Carterton Holiday Park
- pensioner housing complexes
- a number of Council-owned properties, some of which are leased.

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that encourages lifelong learning*

*A district that enjoys creativity and recreation*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

Access to cultural and community development services builds social cohesion and contributes to overall cultural and social well-being. The Council contributes because it is part of the social fabric that makes the Carterton community vibrant and a great place to live in.

Providing grants supports a wide range of initiatives—encouraging healthy lifestyles, enhancing social cohesion, protecting people's health and safety, and ensuring people have access to basic needs.

Supporting volunteer networks retains knowledge, expertise and resources in the community.

Community facilities bring people together and help them to access opportunities. They also contribute to people's sense of belonging and pride.

Parks and reserves make an important contribution to the well-being and lifestyle of the community. They provide areas for relaxation, sporting activities, and green and attractive open spaces in built-up areas. The Council's continued involvement in parks and reserves is contained in the Reserves Management Act 1977, which requires the Council to

preserve and manage for the benefit and enjoyment of the public land for recreational use whether active or passive.

Economic growth is vital to the development of the district and region. The Council contributes to economic development initiatives to support business growth, employment, and tourism to the district and region. And a well-maintained and safe Holiday Park attracts business for the local economy.

The maintenance and operation of a range of properties contributes to the overall well-being of the district's community, and is important to the economic and social fabric of the district.

### **Examples of Council activities that contributed to achieving outcomes**

- Distribution of grants to community organisations that benefit Carterton residents.
- Provision of funding to Destination Wairarapa, the Wairarapa Arts Festival, and the Wairarapa Balloon Fiesta.
- Other funding assistance including the Wairarapa Healthy Homes Project, the Southern Wairarapa Safer Community Council, the Enviroschools programme, and Sport Wellington (Wairarapa).
- Annual scholarships to UCOL and the Taratahi Agricultural Training Farm.
- Community provider meetings to encourage information sharing and collaboration to ensure comprehensive delivery of social services within Carterton
- School holiday programmes via the Library for youth and young adults
- Running a book club via the Library to encourage wider reading and education
- E-reader and smart phone workshops
- Monthly and weekly radio shows to provide information on events and activities of interest throughout the Wairarapa with a specific focus on Carterton
- Improved on-line presence in social media via Facebook and Twitter for information sharing

### **Significant asset acquisitions or replacements, and variations from the Annual Plan**

The new Kōtui library management system, linking Carterton to the National Library and other public libraries nationwide, was installed late in 2012/13. In 2013/14, the system was bedded in and processes implemented.

A new tunnel house was installed for the nursery operations, replacing an old tunnel house that had been damaged by strong winds.

Some projects were completed in early 2013/14, having carried forward from the previous year:

- new town signs at both ends of the urban area
- public toilets at Carrington Park.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	Result
Community support is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Not achieved. Operating expenditure was within the budget set in the Annual Plan. Capital expenditure exceeded the budget, principally the unplanned carried forward of Carrington Park toilets and town signs from 2012/13. [2013: Achieved]
A range of amenities of a standard satisfactory to residents	Residents satisfied with public swimming baths	≥75%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 57%]
	Residents satisfied with public toilets	>75%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 49%]
	Percentage increase in the number of library users over the previous year	≥2%	Achieved. There was a 4.5 percent increase in the number of library users. [2013: 4 percent increase]
	Percentage of Carterton residents who are members of the Library <sup>2</sup>	–	At 30 June 2014, there were 7,745 members. This is 91 percent of the 8,490 <sup>3</sup> residents.
	Increase in number of people who use the Outdoor Swimming Complex	≥50	Achieved. There were 18,346 entrants to the pool, an increase of 2,510. This was an average of 162 per day. [2013: estimated 15,836 entrants to the pool, an average of 139 per day]
Effective use of grant monies	Community grants budget is distributed in accordance with the Council policy	100%	Achieved. The community grants budget was distributed in accordance with the Council policy. [2013: Achieved]
High quality sports fields, parks, and reserves	Residents (who have used or visit a park or reserves) satisfied	≥90%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 95%]
	High profile or offensive graffiti is removed within 4 hours of the Council being aware of it	100%	Not achieved. There were 5 high profile or offensive graffiti reported, of which 4 or 80 percent were removed within 4 hours. The fifth incident was large scale, and although work started immediately took over a day to remove. [2013: 100%]
Prompt response to all health and safety incidents	Calls with a potential public health or safety risk are responded to within 30 minutes	100%	Achieved. There were no calls with a potential public health or safety risk. [2013: 100%]

<sup>2</sup> New measure in 2014/15 Annual Plan

<sup>3</sup> Estimated Resident Population in Carterton District at 30 June 2013 (Source: NZ.Stats)

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Community Support for the year ended 30 June 2014

Actual 30 June 2013 \$	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Income</b>		
150,084	179,087	216,610
4,311	165	12,247
3,009	3,204	4,000
60,665	74,595	25,333
270,045	274,717	248,790
-	117,107	100,000
-	-	-
61,032	26,259	19,012
549,146	675,134	625,992
<b>Expenditure</b>		
253,418	242,239	327,478
66,098	145,861	101,466
196,726	240,381	238,297
294,565	338,865	286,536
48,231	53,012	65,038
89,073	90,420	100,346
133,901	50,759	65,700
86,790	94,712	69,068
140,503	141,579	156,162
32,566	35,442	31,590
546,411	527,671	519,910
263,630	286,183	271,952
189,020	178,103	192,973
38,644	60,912	58,642
720,080	813,296	858,502
3,099,656	3,299,435	3,343,660
(2,550,510)	(2,624,301)	(2,717,668)

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Community Support contd. for the year ended 30 June 2014

Actual 30 June 2013 \$	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Capital Expenditure</b>		
-	36,848	39,000
-	5,750	-
43,300	-	-
16,750	-	24,744
6,547	-	-
33,336	-	-
50,521	-	-
6,435	-	-
-	179,799	-
68,118	55,138	61,860
-	16,084	-
-	15,063	-
-	2,999	-
13,423	1,461	-
4,270	-	-
48,198	-	-
34,188	-	-
16,068	-	-
230	-	-
250	-	-
88,233	-	-
-	10,405	10,310
-	1,561	-
20,875	-	-
3,000	-	-
2,801	-	-
-	11,590	16,000
5,733	-	-
-	-	12,372
1,950	-	-
-	58,341	-
-	48,992	50,000
-	1,267	-
-	280	-
-	-	5,155
464,226	445,578	219,441

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Community Support for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
<b>Sources of operating funding</b>			
2,595,155	General rates, UAGC, rates penalties	2,645,770	2,796,733
-	Targeted rates (other than water supply)	-	-
25,298	Subsidies and grants - operating	73,492	25,391
210,564	Fees, charges and targeted rates for water supply	179,087	216,670
-	Internal charges and overheads recovered	-	-
281,164	Local Authorities fuel tax, fines, infringement fees and other	305,448	289,327
3,112,181	<b>Total operating funding</b>	3,203,797	3,328,121
<b>Applications of operating funding</b>			
1,982,350	Payments to staff and suppliers	1,917,760	2,093,271
285,435	Finance costs	199,427	312,875
419,065	Internal charges and overheads applied	513,035	438,390
-	Other operating funding applications	-	-
2,686,850	<b>Total applications of operating funding</b>	2,630,222	2,844,536
425,331	<b>Surplus / (deficit) of operating funding</b>	573,575	483,585
<b>Sources of capital funding</b>			
25,000	Subsidies and grants - capital	-	-
100,000	Development and financial contributions	117,107	103,200
393,838	Increase / (decrease) in debt	(79,283)	510,365
-	Gross proceeds from sale of assets	-	250,000
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
518,838	<b>Total sources of capital funding</b>	37,824	863,565
<b>Applications of capital funding</b>			
31,728	Capital expenditure - meet additional demand	11,590	12,372
584,728	Capital expenditure - improve level of service	48,992	194,874
611,690	Capital expenditure - replace existing assets	384,996	667,367
(283,976)	Increase / (decrease) in reserves	165,821	472,538
-	Increase / (decrease) of investments	-	-
944,169	<b>Total application of capital funding</b>	611,399	1,347,150
(425,331)	<b>Surplus / (deficit) of capital funding</b>	(573,575)	(483,585)
-	<b>Funding balance</b>	-	-

## Regulatory and planning

### This group of activities...

includes the following services:

- administration of the responsibilities imposed on the Council under Section 31 of the Resource Management Act 1991, the primary focus being the management of the effects of activities on the environment according to the rules set out in the District Plan
- maintenance and development of the Council's Geographic Information System (GIS), which provides a cadastral mapping database that graphically depicts property and road boundaries, and holds valuable data about each property in the district, eg location of sewer and water connections, fault lines, and resource consents
- environmental health
- liquor licensing
- civil defence and emergency management
- animal and dog control
- building control
- rural fire control.

### ...contributes to the community outcomes

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

The Resource Management Act places specific statutory functions on territorial authorities to promote the sustainable management of natural and physical resources. Appropriate policy and programmes are promoted and implemented to ensure minimal adverse effect on the environment.

And there are other legislative requirements to provide and manage that are important for the health and safety of the district's community and environment.

### *A vibrant and prosperous economy*

#### *A district that promotes sustainable infrastructure and services*

The regulatory and planning group of activities benefits every resident and society in general by promoting sustainable development, whilst encouraging development to occur in a way that benefits the district and region.

The District Plan balances environmental safeguards and protection for natural assets in conjunction with the rights of property owners wishing to undertake property development.

Community infrastructure needs are included in the District Plan guidelines for new development.

The Council's continued involvement in the regulatory and planning group of activities is contained in a range of legislation, including:

- Resource Management Act 1991 and subsequent amendments, which require the Council to sustain the potential of natural and physical resources to meet the reasonable and foreseeable needs of the next generation
- Health Act 1956 and amendments, which require the Council to improve, promote and protect public health
- Sale and Supply of Alcohol Act 2012, which requires the Council to encourage sensible and safe drinking in the Carterton district
- Civil Defence Emergency Management Act 2002, which requires the Council to plan adequately for emergencies and for response and recovery in the event of an emergency
- Dog Control Act 1996 and amendments, which require the Council to put measures in place to control dogs in public places, through registration, prevent nuisances and ensure public safety
- Animal Welfare Act 1999, which requires the Council to ensure owners of animals, and persons in charge of animals, attend properly to the welfare of those animals.
- Building Act 2004 and amendments, which require the Council to ensure that there is strong decision-making at every stage of the building or renovating process
- Fencing of Swimming Pools Act 1987, which requires the Council to promote the safety of young children by requiring the fencing of swimming pools

- Forest and Rural Fire Act 2002, which requires the Council to main a rural fire organisation capable of responding to fire events
- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos, eg the making of bylaws.

Changes in the level of service will impact on funding requirements, and vice versa.

### **Examples of Council activities that contributed to achieving outcomes**

- Membership and funding support to the Wairarapa Rural Fire Board.
- Membership and funding support to the Wellington Region Emergency Management Group.
- Regular inspection of food and liquor outlets.
- All dog owners are visited at least once every year.
- Members of the Wairarapa Planning Committee appointed for the development of the Wairarapa Combined District Plan.
- The District Licensing Committee was formed and is preparing a Wairarapa Local Alcohol Policy under the new Sale and Supply of Alcohol Act 2012.
- Successful assessment by IANZ<sup>4</sup> as an accredited Building Control Authority.

### **Significant asset acquisitions or replacements, and variations from the Annual Plan**

There were no significant asset acquisitions or replacements during the year.

The Annual Plan did not include the continued and significant level of work (about one full-time person) on preparing the digitised building consent records for Council and public access.

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<sup>4</sup> International Accreditation New Zealand

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	Result
The regulatory and planning service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Operating expenditure exceeded the budget in the Annual Plan. There was unexpected audit and legal costs in Building Department, unplanned costs for the joint Wairarapa Alcohol Policy, and an over-run in noise control. Capital expenditure was within budget. [2013: Operating expenditure exceeded budget. There was no capital expenditure]
Timely processing of applications	LIMs <sup>5</sup> processed within 10 working days	100%	Achieved. 170 LIMs were processed during the year, all completed within 10 working days. Average process time of 4 working days. [2013: 162 LIMs, 100% within 10 working days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	Achieved. 53 resource consents were processed during the year, all completed within statutory timeframes. [2013: 39 resource consents, 100% within statutory timeframes]
	PIMs <sup>6</sup> and building consents processed within statutory timeframes	100%	Achieved. 263 PIMs and building consents were processed during the year, all completed within the 20-day statutory timeframe. Average process time of 3 days. [2013: 318 PIMs and building consents, 100% within statutory timeframes]
Prompt responses to enquiries and complaints	Complaints are responded to within 4 working hours, to advise the complainant what action will be taken and in what timeframe	100%	Not achieved. 284 complaints and service requests were received during the year. 278 (or 98%) were responded to within the prescribed time period. [2013: 247 complaints and service requests, 87% responded to within the prescribed time period]
Safe and healthy food premises and liquor outlets	Known food premises and liquor outlets in the district are registered or licensed	100%	Achieved. All 67 known food premises and liquor outlets in the district have been registered or licensed during the year. [2013: all 86 registered or licensed]

<sup>5</sup> Land Information Memorandums

<sup>6</sup> Project Information Memorandums

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Regulatory and Planning for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
	<b>Income</b>		
680,617	Fees, charges and targeted rates for water supply	611,417	557,000
2,682	Commissions	1,978	-
2,024	Miscellaneous income	(6,529)	2,200
685,323	<b>Total income</b>	606,866	559,200
	<b>Expenditure</b>		
223,673	Resource management administration	195,402	243,809
100,887	District plan	97,347	81,562
68,232	Civil defence	77,341	81,671
384,470	Building inspection	415,689	371,941
92,305	Health inspection	118,916	55,901
35,968	Liquor licensing	68,769	47,749
79,190	Agency fees	67,483	44,474
81,983	Rural fire	130,268	108,851
151,277	Animal and dog control	162,058	156,270
1,217,985	<b>Total expenditure</b>	1,333,273	1,192,228
(532,662)	<b>Net cost of service</b>	(726,407)	(633,028)
	<b>Capital Expenditure</b>		
-	Regulatory software - contingency	4,660	-
-	Regulatory equipment - contingency	2,291	-
-	<b>Total capital expenditure</b>	6,951	-

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Regulatory and Planning for the ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
	<b>Sources of operating funding</b>		
403,056	General rates, UAGC, rates penalties	366,866	387,155
330,906	Targeted rates (other than water supply)	343,155	317,787
-	Subsidies and grants - operating	-	-
517,500	Fees, charges and targeted rates for water supply	611,417	534,060
-	Internal charges and overheads recovered	-	-
2,200	Local Authorities fuel tax, fines, infringement fees and other	(4,551)	2,270
1,253,662	<b>Total operating funding</b>	1,316,887	1,241,272
	<b>Applications of operating funding</b>		
961,258	Payments to staff and suppliers	1,025,223	936,756
-	Finance costs	-	-
203,422	Internal charges and overheads applied	290,698	211,904
-	Other operating funding applications	-	-
1,164,680	<b>Total applications of operating funding</b>	1,315,921	1,148,660
88,982	<b>Surplus / (deficit) of operating funding</b>	966	92,612
	<b>Sources of capital funding</b>		
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	<b>Total sources of capital funding</b>	-	-
	<b>Applications of capital funding</b>		
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	6,951	-
88,982	Increase / (decrease) in reserves	(5,985)	92,612
-	Increase / (decrease) of investments	-	-
88,982	<b>Total application of capital funding</b>	966	92,612
(88,982)	<b>Surplus / (deficit) of capital funding</b>	(966)	(92,612)
-	<b>Funding balance</b>	-	-

## Roads and footpaths

### This group of activities...

includes the management and operation of a safe and efficient roading and footpath network that serves the needs of the Carterton district. The network comprises roads, bridges, footpaths, street lighting, and road signs. The Council also contributes funding for the Wairarapa Road Safety Council.

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A district that enjoys creativity and recreation*

*A district that promotes sustainable infrastructure and services*

The roading and footpath network benefits every resident in the district and society in general and are essential for the social, economic and cultural well-being of the district and region.

Under the Local Government Act 2002, the Council controls all roads and streets in the district except State Highway 2.

A well-maintained reliable roading network supports the economic vibrancy of the district and region by the efficient transport of goods from business to business.

Residents and visitors feel safe when the roads, streets, footpaths, and street lighting are well-maintained and reliable.

Recreation opportunities in the district are supported by well-maintained, reliable and safe roads to recreation areas.

Public road safety education programmes and campaign through the Wairarapa Road Safety Council supports community lifelong learning and improved safety of the public.

The district roading network is managed under the *Roading Activity Management Plan 2012* that sets out the targets for asset condition, performance, and levels of service.

The levels of service for the roading network have been developed taking into account the following general considerations:

- community expectations and the Council's response the customer feedback
- legislative requirements
- sustainable economic and safety matters embodied in the community outcomes
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the road infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

### Examples of Council activities that contributed to achieving outcomes

- Mayor Ron Mark is a member of the Regional Land Transport Committee.
- Provision of funding to the Wairarapa Road Safety Council.
- Completion of the approved subsidised roading programme.
- 14.7km of resealing on rural roads were completed, 1.2 km of rural road was rehabilitated.
- Completion of new footpaths.

### Significant asset acquisitions or replacements, and variations from the Annual Plan

The bulk of the roading work was 'business as usual', but there were a couple of significant projects that were additional. Heavy rain events in April and May 2014 caused about \$150,000 damage on rural roads (Glenburn, Kaiwhata, and Te Wharau Roads). Making these roads safe and initial repairs have been completed, which was not budgeted for. Full repairs have been deferred to 2014/15.

In response to a fatal accident on Admiral Road, some widening and corner easing was undertaken. A one-kilometre section of Tiffin Road was sealed in conjunction with the Tiffin Subdivision. This was not in the Annual Plan, but was funded by targeted

development fees. Roads and footpaths were added in the Madison Street and Armstrong Avenue Stage 5 subdivisions, new footpaths were added in Gertrude, Kenwyn, and Charles Streets, and 28 new street lights were added around Carterton.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	Result
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Operating expenditure was within budget in the Annual Plan. Capital expenditure exceeded budget, due to unplanned works in Hilton and Tiffin Roads, funded from additional development fees. [2013: Operating expenditure exceeded budget, capital within budget]
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network	–	2 more fatal crashes and 1 fewer serious injury crashes than previous year (New measure in 2014/15 Annual Plan)
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	Achieved. Of the 192 requests, 182 or 95% were responded to within the contract response time. [2013: 86%]
	An average road roughness index on sealed roads	80 or less	Achieved. Road roughness was 65.4 NAASRA <sup>7</sup> counts per lane kilometre. In July 2013, 563 lane km were surveyed, recorded in the RAMM <sup>8</sup> database, and reported to NZTA. [July 2013: 65.4 NAASRA counts per lane km]
	Percent of sealed road network resurfaced	–	16km or 5.5% of the 286km of sealed roads. (New measure in 2014/15 Annual Plan)
	Residents satisfied with the district's footpaths	≥60%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 58%]
Easy-to-see and understood traffic signs and markings	Signs repaired or replaced within 3 days of advice of a fault	≥95%	Not achieved. Of the 49 signs replaced, none were within the response time. [2013: 82%]
	Road signs and markings found missing or not visible	≤5%	Achieved. 80, or 3.5% of the 2,300 road signs or markings were found missing or not visible in the six-monthly inspections. [2013: Nil]
Safe footpaths	Fault reports and public complaints are acknowledged within 2 days	≥90%	Achieved. All of the complaints related to footpaths were responded to within 2 working days. [2013: 67%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	Not achieved. Of the 43 streetlight faults identified, 39 or 91% were repaired within 2 weeks. [2013: 98%]

<sup>7</sup> National Association of Australia State Road Authorities

<sup>8</sup> Road Assets Maintenance and Management

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Roads and Footpaths for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
	<b><u>Income</u></b>		
1,755,690	NZTA subsidy	1,492,274	1,597,911
64,543	Petrol tax	66,091	57,736
65,671	Recoveries	59,009	28,895
-	Development and financial contributions	414,458	100,000
60,613	Miscellaneous income	26,571	2,140
1,946,517	<b>Total income</b>	2,058,403	1,786,682
	<b><u>Expenditure</u></b>		
3,330,696	Subsidised roading	2,891,060	2,868,669
296,959	Unsubsidised roading	338,889	478,464
3,627,655	<b>Total expenditure</b>	3,229,949	3,347,133
(1,681,138)	<b>Net cost of service</b>	(1,171,546)	(1,560,451)
	<b><u>Capital Expenditure</u></b>		
473,809	Reseals	416,266	437,000
300,898	Unsealed road metalling	294,338	357,832
242,110	Minor improvements	287,830	322,000
-	Tiffin Road sealing	241,913	-
198,411	Pavement rehabilitation	221,610	271,400
-	Hilton Road subdivision	156,226	-
124,744	Drainage renewals - kerb and channel replacement	113,702	94,560
83,745	Traffic services	89,427	63,040
-	Land - Hilton Road	57,600	-
71,722	Components structures replacements	16,241	75,978
145,949	Footpath resurfacing	8,827	90,927
-	Road counter	4,063	-
22,263	Associated improvements	-	20,760
-	Vested assets	-	50,000
751,178	Holloway/Nelson upgrade - additional to existing programme	-	-
29,709	Legalisation Gladstone Road	-	-
29,006	Carpark - railway station	-	-
6,852	Admiral Road - land purchase	-	-
2,480,396	<b>Total capital expenditure</b>	1,908,043	1,783,497

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Roads and Footpaths for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
	<b><u>Sources of operating funding</u></b>		
1,702,376	General rates, UAGC, rates penalties	1,883,142	1,839,727
-	Targeted rates (other than water supply)	-	-
682,518	Subsidies and grants - operating	700,603	683,680
-	Fees, charges and targeted rates for water supply	-	-
-	Internal charges and overheads recovered	-	-
86,102	Local Authorities fuel tax, fines, infringement fees and other	151,671	88,771
2,470,996	<b>Total operating funding</b>	2,735,416	2,612,178
	<b><u>Applications of operating funding</u></b>		
1,515,164	Payments to staff and suppliers	1,515,118	1,561,540
73,658	Finance costs	62,943	113,560
370,992	Internal charges and overheads applied	329,014	394,777
-	Other operating funding applications	-	-
1,959,814	<b>Total applications of operating funding</b>	1,907,075	2,069,877
511,182	<b>Surplus / (deficit) of operating funding</b>	828,341	542,301
	<b><u>Sources of capital funding</u></b>		
893,720	Subsidies and grants - capital	791,671	945,380
100,000	Development and financial contributions	414,458	103,200
776,033	Increase / (decrease) in debt	(58,285)	(72,290)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
1,769,753	<b>Total sources of capital funding</b>	1,147,844	976,290
	<b><u>Applications of capital funding</u></b>		
-	Capital expenditure - meet additional demand	213,826	-
822,000	Capital expenditure - improve level of service	241,913	-
1,729,003	Capital expenditure - replace existing assets	1,452,304	1,786,060
(270,068)	Increase / (decrease) in reserves	68,142	(267,468)
-	Increase / (decrease) of investments	-	-
2,280,935	<b>Total application of capital funding</b>	1,976,185	1,518,592
(511,182)	<b>Surplus / (deficit) of capital funding</b>	(828,341)	(542,301)
-	<b>Funding balance</b>	-	-

## Sewerage and the treatment and disposal of sewage

### This group of activities...

includes the management of the urban reticulated sewerage system, pumping stations, sewage treatment plant, sewage disposal service for the Waingawa Industrial Zone, and the management of the impact of any discharge into the environment.

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

The urban reticulated sewerage system and treatment facilities contribute to a range of objectives. Effective collection and disposal of treated sewage contributes to community health and minimises public health risk. Effective sewerage reticulation supports a vigorous residential and commercial community. Reticulation and sewage treatment infrastructure capable of meeting resource consent requirements minimises adverse impact on the environment.

The Council's continued involvement in sewerage and the treatment and disposal of sewage, and associated ownership of assets, is contained in the:

- Local Government Act 2002 (Section 130), which requires the Council to continue to provide sewerage and sanitary services and maintain its capacity to do so
- Health Act 1956 and subsequent amendments, which require the Council to provide adequate sanitary works, the definition of which includes 'sanitary services'.

The urban reticulated sewerage network is managed under the *Asset Management Plan—Municipal Wastewater Treatment and Disposal: March 2012*, which sets out the targets for asset condition, performance, and levels of service. In Waingawa, sewerage services are supplied by the Masterton District Council.

The level of service for the sewerage and treatment infrastructure has been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback
- legislative and consent requirements
- sustainable health and environmental matters embodied in the community outcomes
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the sewerage infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

### Examples of Council activities that contributed to achieving outcomes

- Monitoring of resource consent conditions.
- The continued upgrade and renewal of the sewer reticulation network.
- Consultation with key stakeholders continued during the year as part of the sewage treatment plant resource consent renewal process.
- Provision of reticulated sewerage services to the Waingawa Industrial Zone by agreement with Masterton District Council.

### Significant asset acquisitions or replacements, and variations from the Annual Plan

There were significant variations from plan in the Sewerage group of activities this year due to delays in finalising the resource consent renewal.

Renewal of the resource consents for discharge into the Mangatārerere Stream was not finalised during the year. This therefore continued the delay to most of the \$1.4 million capital works programme at the treatment plant that was planned in line with expected consent conditions, including an additional oxidation pond, UV treatment, reduction of phosphorus, and preparation for land disposal of treated effluent.

Following renewal of the consents and associated conditions, development of the sewage treatment will be re-planned, making use of the new land purchased next to the existing treatment plant.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	Result
The sewerage service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Operating and capital expenditure were within the budget set in the Annual Plan. [2013: Operating and capital expenditure exceeded budgets]
Minimising adverse effects on the environment	Compliance with resource consent conditions	100%	Not achieved. A number of odour complaints were received in March (the issues were resolved and new infrastructure to prevent further odour issues has been ordered), and phosphorus levels were not always within consent limits. [2013: Not achieved]
	Sewage overflows per storm event due to inflow / infiltration	≤15	Achieved. There were no overflows from storm events during the year. [2013: 0]
Response to sewerage system failures and service requests	Significant repairs and system failures resolved within 4 hours of notification	100%	Achieved. All 4 significant repairs and system failures were resolved within 4 hours of notification. [2013: 100%]
Sewerage system of a satisfactory standard	Urban residents satisfied with the sewerage system	≥87%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 87%]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Sewerage for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Income</b>			
289,904	Fees, charges and targeted rates for water supply	280,665	195,000
21,826	Rent	39,996	-
-	Development and financial contributions	81,083	50,000
16,313	Miscellaneous income	1,031	-
328,043	<b>Total income</b>	402,775	245,000
<b>Expenditure</b>			
432,477	Reticulation	391,944	580,747
40,182	New sewerage connections	35,654	37,968
65,814	Pumping station	79,571	53,244
481,085	Sewerage plant	677,031	539,926
6,907	Waingawa sewerage	44,786	28,088
3,330	Waingawa pumping stations	3,847	16,755
1,029,795	<b>Total expenditure</b>	1,232,833	1,256,728
(701,752)	<b>Net cost of service</b>	(830,058)	(1,011,728)
<b>Capital Expenditure</b>			
323,465	Main repairs and replacement	335,758	300,000
-	Consents for treatment and disposal	199,887	30,000
20,920	Additional oxidation pond	141,158	500,000
-	Extend office at treatment plant	27,343	30,000
-	YSI data logger	5,517	-
-	Replace motor for contra sheer	1,949	5,000
-	Uninterrupted power supply unit	1,871	-
12,572	Grout manholes	1,262	5,764
2,404,160	Purchase land adjacent to treatment plant	-	-
5,185	Sludge pump	-	-
283,558	Holloway/Nelson sewerage	-	-
5,619	Road cones and signage upgrade	-	5,240
-	Ultra Violet unit and associated plant	-	504,040
-	Daleton Farm - shelter belt	-	40,000
-	Daleton Farm - investigations and start AEE	-	150,000
-	Treatment for Phosphorus reduction	-	209,600
3,055,479	<b>Total capital expenditure</b>	714,745	1,779,644

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Sewerage for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
<b>Sources of operating funding</b>			
83,520	General rates, UAGC, rates penalties	106,163	97,363
751,679	Targeted rates (other than water supply)	955,480	876,264
-	Subsidies and grants - operating	-	-
190,000	Fees, charges and targeted rates for water supply	280,665	219,240
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	41,027	-
1,025,199	<b>Total operating funding</b>	1,383,335	1,192,867
<b>Applications of operating funding</b>			
516,486	Payments to staff and suppliers	604,764	534,004
76,034	Finance costs	177,770	145,815
149,103	Internal charges and overheads applied	182,053	156,108
-	Other operating funding applications	-	-
741,622	<b>Total applications of operating funding</b>	964,587	835,927
283,577	<b>Surplus / (deficit) of operating funding</b>	418,748	356,940
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
50,000	Development and financial contributions	81,083	51,600
1,498,622	Increase / (decrease) in debt	(83,776)	493,305
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
1,548,622	<b>Total sources of capital funding</b>	(2,693)	544,905
<b>Applications of capital funding</b>			
1,092,862	Capital expenditure - meet additional demand	175,889	-
-	Capital expenditure - improve level of service	-	209,600
805,587	Capital expenditure - replace existing assets	538,856	576,924
(66,250)	Increase / (decrease) in reserves	(298,690)	115,321
-	Increase / (decrease) of investments	-	-
1,832,199	<b>Total application of capital funding</b>	416,055	901,845
(283,577)	<b>Surplus / (deficit) of capital funding</b>	(418,748)	(356,940)
-	<b>Funding balance</b>	-	-

## Stormwater drainage

### This group of activities...

includes managing the urban stormwater system (including street kerb collection, and piped and open drains) and identifying flood prone areas, reviewing known trouble areas and developing cost-effective solutions.

### ...contributes to the community outcomes

#### *A safe district*

#### *A district that values and protects its natural environment*

#### *A district that promotes sustainable infrastructure and services*

The Council provides the stormwater system to provide effective collection and disposal of surface water from various areas that are serviced within the Carterton urban area.

Complying with resource consents protects the environment and ensures the resource is being used sustainably.

Residents feel safe as the possibility of flooding during storm events is reduced and they know that their enquiries will be responded to in a specified time frame.

Infrastructure is capable of reducing the impacts of flooding to people and property.

Development is managed to ensure appropriate provision for stormwater drainage.

The urban reticulated stormwater network is managed under the *Asset Management Plan—Municipal Stormwater System: March 2012*, which sets out the asset condition, performance, and levels of service.

The levels of service for the stormwater asset have been developed taking into account the following general considerations.

- Community expectations and the Council's response to customer feedback.
- Consent requirements.
- Sustainable health and environmental matters embodied in the community outcomes.
- Community affordability.

The level of service determines the amount of funding that is required to maintain, renew and upgrade the stormwater infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

### Examples of Council activities that contributed to achieving outcomes

- Continued upgrades to the urban stormwater systems contributed to no significant flooding events occurring within the urban area.

### Significant asset acquisitions or replacements, and variations from the Annual Plan

An open stormwater drain system in Armstrong Avenue was converted to pipes.

There were no other significant asset acquisitions or replacements during the year, and no other variations from the Annual Plan.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	Result
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Operating and capital expenditure exceeded the budget set in the Annual Plan, primarily related to the unplanned piping of the stormwater drain in the Armstrong Avenue subdivision. [2013: Achieved]
Response to service requests	Significant reticulation blockages cleared within 4 hours during storm events	100%	Achieved. There were no major reticulation blockages. [2013: Not achieved]
Stormwater system of a standard satisfactory to residents	Urban residents satisfied with the stormwater system	≥79%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 77%]
The urban stormwater service is managed in a sustainable manner	Compliance with resource consent conditions including discharge requirements	100%	Achieved. There were no breaches of resource consent conditions. [2013: 100%]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Stormwater for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
	<b>Income</b>		
-	Development and financial contributions	40,142	10,000
-	<b>Total income</b>	40,142	10,000
	<b>Expenditure</b>		
165,938	Stormwater	175,722	170,097
165,938	<b>Total expenditure</b>	175,722	170,097
(165,938)	<b>Net cost of service</b>	(135,580)	(160,097)
	<b>Capital Expenditure</b>		
-	Armstrong Avenue stormwater	198,287	-
4,139	Pipe drain - Lamberts property Belvedere Road	-	-
-	Waiākāriki Stream - diversion	-	20,000
4,139	<b>Total capital expenditure</b>	198,287	20,000

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Stormwater for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
	<b>Sources of operating funding</b>		
17,190	General rates, UAGC, rates penalties	17,192	18,161
154,707	Targeted rates (other than water supply)	154,736	163,451
-	Subsidies and grants - operating	-	-
-	Fees, charges and targeted rates for water supply	-	-
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
171,897	<b>Total operating funding</b>	171,928	181,612
	<b>Applications of operating funding</b>		
58,036	Payments to staff and suppliers	52,032	60,199
29,772	Finance costs	28,707	28,648
26,016	Internal charges and overheads applied	31,922	27,121
-	Other operating funding applications	-	-
113,824	<b>Total applications of operating funding</b>	112,661	115,968
58,073	<b>Surplus / (deficit) of operating funding</b>	59,267	65,644
	<b>Sources of capital funding</b>		
-	Subsidies and grants - capital	-	-
10,000	Development and financial contributions	40,142	10,320
(10,068)	Increase / (decrease) in debt	(11,192)	(11,193)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
(68)	<b>Total sources of capital funding</b>	28,950	(873)
	<b>Applications of capital funding</b>		
-	Capital expenditure - meet additional demand	198,287	-
124,000	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	-	-
(65,995)	Increase / (decrease) in reserves	(110,070)	64,771
-	Increase / (decrease) of investments	-	-
58,005	<b>Total application of capital funding</b>	88,217	64,771
(58,073)	<b>Surplus / (deficit) of capital funding</b>	(59,267)	(65,644)
-	<b>Funding balance</b>	-	-

## Waste management

### This group of activities...

includes the following services:

- management of the Dalefield Road Transfer Station facilities
- provision of a weekly kerbside refuse and recycling collection
- daily collection of refuse from street refuse bins in the CBD and other public spaces
- promotion of waste minimisation and recycling.

### ...contributes to the community outcomes

#### *A healthy district*

#### *A district that values and protects its natural environment*

#### *A district that promotes sustainable infrastructure and services*

Waste management is essential for the health, well-being and quality of life of the Carterton community.

A regular kerbside collection and transfer station service for the disposal of residual solid waste minimises environmental impacts and protects the health of Carterton residents.

The level of residual waste is further reduced through the adoption of waste minimisation practices and promotion.

An accessible transfer station protects the environment by minimising fly dumping.

There is a legislative requirement in terms of the Local Government Act 2002, for the Council to:

- encourage efficient and effective waste management services

- ensure that management of waste does not cause a nuisance or be injurious to public health
- consider the issues related to sustainability of its waste management activities and achieve improved collaboration with its communities and other agencies
- adopt a Waste Management Plan via the special consultative procedure.

The Council provides a weekly kerbside residual waste and recycling collection service and transfer station facilities at Dalefield Road. The Transfer Station provides for green waste disposal, steel and general recycling facilities as well as residual waste disposal. Access to the Transfer Station is available six days per week.

Residual waste is currently freighted to a landfill site in Marton. This disposal arrangement remains in place until 2018, before when the Wairarapa councils will need to review the current arrangements in light of the operating and regulatory environment that applies at the time.

Contractors provide management and operational services for the Transfer Station, recycling depot and the weekly kerbside collection.

The level of service determines the amount of funding that is required to maintain, renew and upgrade the waste management service to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

### Examples of Council activities that contributed to achieving outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of a transfer station and recycling depot. Residual waste is transferred to a landfill at Marton.
- A joint Wellington region Waste Management and Minimisation Plan is in operation.
- A waste minimisation officer, jointly funded by Wairarapa councils, undertaking a promotional activity to encourage waste reduction.

## Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements during the year.

There were no variations from the Annual Plan.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	Result
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Operating expenditure was within the budget set in the Annual Plan. There was no capital expenditure. [2013: Achieved]
Refuse and recycling services of a satisfactory standard	Urban residents are satisfied with refuse collection and with kerbside recycling	≥85%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: refuse collection 84% and kerbside recycling 89%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	Not achieved. Quarterly sampling of groundwater for contaminants was not carried out in one occasion. Standard operating procedures for monitoring are being refined. [2013: some monitoring samples rated significant non-compliance]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Waste Management for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
	<b><u>Income</u></b>		
247,782	Fees, charges and targeted rates for water supply	243,478	208,000
64,000	Recoveries	64,000	64,000
311,782	<b>Total income</b>	307,478	272,000
	<b><u>Expenditure</u></b>		
252,853	Refuse collection	268,739	250,769
420,448	Transfer station	408,224	508,341
673,301	<b>Total expenditure</b>	676,963	759,110
(361,519)	<b>Net cost of service</b>	(369,485)	(487,110)
	<b><u>Capital Expenditure</u></b>		
-	Miscellaneous	-	-
-	<b>Total capital expenditure</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Waste Management for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
	<b><u>Sources of operating funding</u></b>		
271,320	General rates, UAGC, rates penalties	345,529	283,023
137,999	Targeted rates (other than water supply)	156,496	142,665
-	Subsidies and grants - operating	-	-
258,000	Fees, charges and targeted rates for water supply	243,478	266,256
-	Internal charges and overheads recovered	-	-
64,000	Local Authorities fuel tax, fines, infringement fees and other	64,000	66,048
731,319	<b>Total operating funding</b>	809,503	757,992
	<b><u>Applications of operating funding</u></b>		
609,337	Payments to staff and suppliers	572,694	628,778
-	Finance costs	-	-
83,462	Internal charges and overheads applied	78,518	88,188
-	Other operating funding applications	-	-
692,800	<b>Total applications of operating funding</b>	651,212	716,966
38,520	<b>Surplus / (deficit) of operating funding</b>	158,291	41,026
	<b><u>Sources of capital funding</u></b>		
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	<b>Total sources of capital funding</b>	-	-
	<b><u>Applications of capital funding</u></b>		
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	-	-
38,520	Increase / (decrease) in reserves	158,291	41,026
-	Increase / (decrease) of investments	-	-
38,520	<b>Total application of capital funding</b>	158,291	41,026
(38,520)	<b>Surplus / (deficit) of capital funding</b>	(158,291)	(41,026)
-	<b>Funding balance</b>	-	-

## Water supply

### This group of activities...

includes the following services:

- management of the district's urban water reticulation and treatment facilities
- promotion and education of water conservation methods
- provision of potable water to the Waingawa Industrial Zone
- management of the Carrington and Taratahi Water Races for stock use, non-potable domestic and industrial use, rural fire fighting, and stormwater control.

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

Economic development prospects are enhanced by an affordable and reliable water supply.

Water is an essential commodity for farming and for business viability. A reliable water service is important for business viability and animal health. A reliable water supply is a requirement for the efficient operation of existing and new business infrastructure.

The safety of district's property is protected by providing water at an appropriate pressure to put out fires. The fire fighting capability of the rural water service supports a safe community

It also supports community and property safety through the fire fighting capacity of the system.

A public water supply system provides water suitable for drinking for the general well-being and health of its community. A high quality water supply is fundamental to community health. Water that complies with Drinking Water Standards provides the community with assurance it is safe and healthy to drink.

The adoption of conservation-based strategies to encourage appropriate usage of the water resource. Collective ownership of resources will reduce the environmental impact of multiple individual systems. The environment is protected by providing a community supply with parameters around consumption rather than individuals being left to source their own water supplies.

A sustainably derived rural water service managed to protect and enhance the natural environment. Complying with resource consents protects the environment and ensures the resource is being used sustainably.

The Council's role is to ensure that the community has an adequate water supply that is sustainable for future generations and does not adversely affect the environment.

The Council's continued involvement in the water activity and ownership of assets is contained in:

- Local Government Act 2002 (Section 130), which requires the Council to continue to provide water services and maintain its capacity to do so
- Health Act 1956 and subsequent amendments, which require the Council to provide adequate sanitary works; the definition of which includes 'water works'.

The urban reticulated water network is managed under the *Asset Management Plan—Municipal Water Supply: March 2012*, which sets out the targets for asset condition, performance, and levels of service.

The urban water supply services the Carterton urban community, a number of rural properties on the periphery of the urban boundary and properties along SH2 North to Chester Road and part way up Chester Road.

The Council's role is to ensure that property owners and businesses who have access to the Carrington and Taratahi Water Race system have an adequate supply of non-potable water that is sustainable and does not adversely affect the environment.

In Waingawa, potable water services will be supplied by the Masterton District Council.

The levels of service for the water supply asset have been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback
- legislative requirements, eg Drinking Water Standards
- sustainable health and environmental matters embodied in the community outcomes
- community affordability.

For example legislative requirements and public health objectives have driven the capital works programme to enhance treatment. Sustainability objectives have driven the need to minimise leakage of treated water from the reticulation system and the introduction of water metering.

A sustainable, safe, and healthy water supply is delivered at an appropriate water pressure to properties permitted to be connected to the urban water supply at the lowest possible cost to maintain the service.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the urban water infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

The rural water service is under the oversight of the Water Race Committee, which is made up of councillors and community members elected by water race users. The Committee determine policy, sets targets for maintenance, and monitors the proactive cleaning programme.

## Examples of Council activities that contributed to achieving outcomes

- Universal water metering of the urban reticulated water supply, with a significant number of leaks on private property pipes identified and repaired.
- Provision of water for stock farming, industrial, horticulture, and viticulture businesses.
- Provision of reticulated water services to the Waingawa Industrial Zone by agreement with Masterton District Council.

## Significant asset acquisitions or replacements, and variations from the Annual Plan

Work on renewing the resource consents has taken much longer than expected. Unplanned capital expenditure associated with the consent to take water from Kaipaitangata for town water supply was carried forward from 2012/13. Capital expenditure for new intake gates to take water from Mangatārerere for the Taratahi and Carrington water races has been carried forward to 2014/15.

An unplanned third resource consent to take water from the Supplementary Bores for the town supply started and was finished during the financial year.

The concrete storage tank at the Kaipaitangata intake was lined and baffles installed to reduce the risk from earthquakes.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2014	Result
The urban water service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Operating expenditure exceeded the budget set in the Annual Plan. Capital expenditure was within the budget set in the Annual Plan. [2013: Not achieved]
Water is safe to drink	Compliance with NZ Drinking Water Standards bacteriological requirements	100%	Achieved. All samples complied with the standards. [2013: three samples did not comply]
Response to reticulated water system failures and service requests	Significant repairs and system failures resolved within 4 hours of notification	100%	Achieved. There was 1 significant repair, and it was resolved within 4 hours. [2013:100%]
Urban water system of a satisfactory standard	Urban residents are satisfied with the urban water service	≥90%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2011: 91%]
Water resources are used sustainably	Reduction in community water consumption	≥2.5% per annum	Not achieved. Water flow from the Kaipaitangata and Supplementary Bore reservoirs was 3% <b>more</b> than the previous year. [2013: 16% <b>more</b> than the previous year]
	Compliance with water resource consent conditions	100%	Achieved. Full compliance with the resource consent conditions for the urban water supply and water races. [2013: full compliance]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Water Supply for the year ended 30 June 2014

Actual 30 June 2013 \$		Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
	<b>Income</b>		
975,144	Fees, charges and targeted rates for water supply	1,171,184	1,152,827
-	Recoveries	-	50,000
-	Development and financial contributions	79,083	-
5,390	Miscellaneous income	-	-
980,534	<b>Total income</b>	1,250,267	1,202,827
	<b>Expenditure</b>		
762,291	Reticulation	825,290	756,517
30,672	New water connections	33,353	58,602
117,475	Underground services	136,503	134,036
292,158	Filtration plant	271,725	280,545
207,453	Taratahi water race	242,256	227,435
60,655	Carrington water race	64,880	82,227
105,634	Waingawa water	102,857	70,278
1,576,338	<b>Total expenditure</b>	1,676,864	1,609,640
(595,804)	<b>Net cost of service</b>	(426,597)	(406,813)
	<b>Capital Expenditure</b>		
-	Resource consent - Taratahi water race	127,004	-
-	Resource consent - Carrington water race	31,730	-
-	Mains upgrade and replacement	49,500	104,200
-	Kaipatanga - line and seismic baffles concrete tank	47,600	40,000
3,067	Water race weirs	17,962	15,000
4,999	Information systems data	5,962	6,252
-	Portable pump	3,574	3,960
-	Carrington - intake control gates	-	80,000
-	Kaipatanga - fish ladders	-	50,000
-	Taratahi - intake control gates	-	120,000
2,500	Water meter reader photo gun	-	-
2,066	Hand held water multi meter	-	-
12,632	<b>Total capital expenditure</b>	283,332	419,412

Note—Reclassification of rates income. The presentation of rates income in the Annual Plan and LTP comparatives has been changed to comply with the presentation requirements of the Local Government (Financial Reporting) Regulations 2011, and to match the presentation of the actual results for 2013/14.

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Water Supply for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
	<b>Sources of operating funding</b>		
126,464	General rates, UAGC, rates penalties	139,957	130,975
263,627	Targeted rates (other than water supply)	265,837	247,548
-	Subsidies and grants - operating	-	-
1,129,185	Fees, charges and targeted rates for water supply	1,171,184	1,195,244
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
1,519,276	<b>Total operating funding</b>	1,576,978	1,573,767
	<b>Applications of operating funding</b>		
827,719	Payments to staff and suppliers	813,095	863,928
27,101	Finance costs	23,452	26,881
208,272	Internal charges and overheads applied	253,038	218,445
-	Other operating funding applications	-	-
1,063,093	<b>Total applications of operating funding</b>	1,089,585	1,109,254
456,183	<b>Surplus / (deficit) of operating funding</b>	487,393	464,513
	<b>Sources of capital funding</b>		
-	Subsidies and grants - capital	-	-
50,000	Development and financial contributions	79,083	51,600
(18,593)	Increase / (decrease) in debt	(14,181)	(18,814)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
31,407	<b>Total sources of capital funding</b>	64,902	(32,786)
	<b>Applications of capital funding</b>		
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	47,600	-
402,278	Capital expenditure - replace existing assets	434,019	124,832
85,312	Increase / (decrease) in reserves	70,676	372,467
-	Increase / (decrease) of investments	-	-
487,590	<b>Total application of capital funding</b>	552,295	497,299
(456,183)	<b>Surplus / (deficit) of capital funding</b>	(487,393)	(464,513)
-	<b>Funding balance</b>	-	-

Note—Reclassification of rates income. The presentation of rates income in the Annual Plan and LTP comparatives has been changed to comply with the presentation requirements of the Local Government (Financial Reporting) Regulations 2011, and to match the presentation of the actual results for 2013/14.

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Administration and Support for the year ended 30 June 2014

Actual 30 June 2013 \$	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Income</b>		
1,945,522	1,952,404	1,693,329
69,463	63,534	50,000
114,034	146,052	134,550
322,601	-	-
41	29	200
41,318	43,110	40,000
1,260,071	73,237	-
-	-	-
3,176	2,300	1,550
-	-	50,000
30,719	-	-
-	9,772	-
3,786,945	2,290,438	1,969,629
<b>Expenditure</b>		
1,294,672	1,246,740	1,366,008
512,781	554,575	295,691
119,501	143,466	24,832
18,568	7,625	6,799
2,837	858	-
28,883	26,376	-
-	21,305	15,000
1,977,242	2,000,945	1,708,330
1,809,703	289,493	261,299

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Administration and Support contd. for the year ended 30 June 2014

Actual 30 June 2013 \$	Actual 30 June 2014 \$	Annual Plan 30 June 2014 \$
<b>Capital Expenditure</b>		
-	5,094	2,800
-	4,980	12,100
3,143	3,571	8,600
-	1,909	2,800
4,270	1,324	-
38,736	-	-
4,270	-	-
7,017	-	-
2,135	-	-
9,500	12,609	5,000
-	-	5,000
-	22,263	-
-	10,558	-
-	21,469	-
-	2,236	-
-	1,688	-
-	780	-
10,289	-	-
-	-	5,000
-	-	5,000
-	-	5,000
-	43,193	35,000
-	40,962	46,530
-	33,804	35,000
-	8,687	-
29,071	-	-
27,852	-	-
-	-	35,000
-	52,751	55,000
-	8,696	10,000
-	6,831	8,000
-	782	1,000
-	2,861	-
-	-	4,000
4,817	-	-
282	-	-
141,382	287,048	280,830

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Administration and Support for the year ended 30 June 2014

LTP 30 June 2013 \$		Actual 30 June 2014 \$	LTP 30 June 2014 \$
<b>Sources of operating funding</b>			
60,000	General rates, UAGC, rates penalties	63,534	61,920
-	Targeted rates (other than water supply)	-	-
-	Subsidies and grants - operating	-	-
200	Fees, charges and targeted rates for water supply	29	206
1,744,346	Internal charges and overheads recovered	1,952,404	1,827,211
189,100	Local Authorities fuel tax, fines, infringement fees and other	191,462	159,853
1,993,646	<b>Total operating funding</b>	2,207,429	2,049,190
<b>Applications of operating funding</b>			
1,549,736	Payments to staff and suppliers	1,810,998	1,584,980
-	Finance costs	8,620	-
-	Internal charges and overheads applied	-	-
-	Other operating funding applications	-	-
1,549,736	<b>Total applications of operating funding</b>	1,819,618	1,584,980
443,910	<b>Surplus / (deficit) of operating funding</b>	387,811	464,210
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	8,235	-
-	Gross proceeds from sale of assets	38,425	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	<b>Total sources of capital funding</b>	46,660	-
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
212,920	Capital expenditure - replace existing assets	287,048	131,752
230,990	Increase / (decrease) in reserves	147,423	332,458
-	Increase / (decrease) of investments	-	-
443,910	<b>Total application of capital funding</b>	434,471	464,210
(443,910)	<b>Surplus / (deficit) of capital funding</b>	(387,811)	(464,210)
-	<b>Funding balance</b>	-	-