



**Annual Report
for the year ended 30 June 2016**

ISSN 1174-7467 (Print)

ISSN 1177-9535 (Online)

Directory

Carterton District Council Phone 06 379 4030
 Holloway Street Fax 06 379 7832
 PO Box 9 www.cdc.govt.nz
 Carterton info@cdc.govt.nz

Financial Advisors

Malcolm Hollis
 PricewaterhouseCoopers

Resource Management and Engineering Consultants

Opus International Consultants
 NZ Environmental Technologies Ltd

Auditors

Mari-Anne Williamson
 Audit New Zealand
 on behalf of the Auditor-General

Solicitors

Mark Hinton
 WCM Legal

Bankers

Johan Otto
 Bank of New Zealand

Contents

	Page
Introduction from the Mayor	3
Chief Executive's report	4
Mayor and councillors	5
Senior executives	5
Marae kaumātua	5
Opportunities for Māori to contribute	5
Statement of compliance and responsibility	6
Audit New Zealand report	6
Groups of activities	
Governance	9
Community support	11
Regulatory and planning	15
Roads and footpaths	18
Sewerage and the treatment and disposal of sewage	21
Stormwater drainage	24
Waste management	27
Water supply	29
Financial statements	
Statement of Financial Performance	34
Statement of Other Comprehensive Revenue and Expense	34
Statement of Changes in Equity	35
Statement of Financial Position	35
Statement of Cashflows	36
Funding Impact Statements	36
Notes to the accounts	42
Financial prudence disclosure statement	62
Statement of accounting policies	67



Introduction from the Mayor

*Tihei winiwini, tihei wanawana, tihei mauri ora!
Mauri ora ki te rangi, mauri ora ki te whenua, mauri ora ki a
tātou katoa!*

*I breathe with excitement, I breathe with thrill, I breathe with well-being and life!
The well-being of our air and skies, the well-being of our lands and waterways,
the well-being of our community!*

I have much pleasure in presenting the Carterton District Council's Annual Report for the 2015/16 financial year. It summarises the Council's activities and financial results for the past year, and gives an update on the key matters that were highlighted in the Council's Long Term Plan 2015–2025.

This is the second Annual Report that I have presented in my time as Mayor. It gives me great pleasure to report on our Annual Plan, and to confirm our achievements throughout the past 12 months.

I would like to take the opportunity to recognise the appointment of our new Chief Executive, Jane Davis. Jane's experience in strategic planning and thinking coupled with her strong leadership skills sets us in great stead, and we are incredibly lucky to have such a high calibre leader.

The statistics are telling us that Carterton District is doing well. Our employment rate is better than the NZ average, the numbers of new dwellings is tracking up on the NZ average, our GDP per capita is rising, we've had a record year for our building consents, and our population is growing—more and more people want to come and live in Carterton.

One of the strengths of Carterton is the way in which we as a community work together. We're a very small Council by NZ standards, and yet I feel we constantly punch above our weight. We can only do this by working effectively with our community through collaborations. Over this past year we have had some outstanding examples of just that.

We worked with the Lions Club of Carterton to upgrade Millennium Park and bring to the town a magnificent statue of our founding father, Charles Rooking Carter. Having the Prime Minister in town to unveil the statue was a real highlight of the year. We work with the Lions and many other groups on our annual Daffodil Festival, which is growing in success every year. The Rotary Club run our district's Christmas Parade each year. We have partnered with a number of organisations delivering arts, culture and community services to Carterton through our grants scheme, including Toi Wairarapa, the Carterton Historical Society and others. Over the past year we have developed a strong partnership with youth in Carterton through Rangatahi to Rangatira (R2R) and I am privileged to be supporting, as a mentor, two of our young leaders through the Tuia programme.

The Council also has strong partnership relationships with social services providers in our community, including the Carterton Foodbank. This year we have established Haumanu House, which has enabled the Council to bring back into Carterton social services providers to support our people here in town.

We are also very pleased, as a Council, to be working alongside Resilient Carterton. This is a community-led initiative aimed at growing our community's readiness to respond to a major event. Our own Neighbourhood Support programme is an important part of that resilience.

I 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 enjoy living.



John Booth
Mayor



Chief Executive's report

This is my first year at Carterton District Council and I feel very privileged to be part of this high-performing council.

Despite its small size the Council has very good financial management and is in a very sound financial position. We are operating well within our prudential limits. And we have outstanding staff and managers who deliver very high quality services to the Carterton community.

Some of the work we do is highly visible and we get a lot of very positive feedback about it. Our gardens and parks are particularly appreciated, and we are really proud of the work of our parks team. We also deliver outstanding drinking water and wastewater services. Our operations team quite rightly takes a lot of pride in what they do. I have been very impressed with their commitment to the people of Carterton.

The Events Centre is one of Carterton's biggest assets, in all meanings of the word. It is in its fifth year—an appropriate time to review its operations, which we did this year. Our strategic review of the centre confirmed that is highly valued as a local community facility, and that we need to continue to make its spaces available to community groups. We also found that there is potential to get better value from it, particularly the auditorium, through increased commercial use. We have begun marketing the facilities more actively and have already seen a significant increase in usage.

Responding to community needs, we have stepped up our community development work. Carterton, like many small towns, has lost direct access to a number of government and other support services. This year we have established a social services hub, Haumanu House, which hosts a number of social service agencies. We are also supporting our young people under the umbrella of a Youth Strategy that the Council adopted this year.

One of the Council's contributions to the economic well-being of Carterton is in the way we deliver our regulatory services. We are very lucky to have a highly skilled team who work hard to be enabling and responsive, while still ensuring we meet our legal obligations. I receive a lot of positive feedback on the way we manage the various applications and processes, particularly our timeliness.

One of the challenges ahead for us all at Carterton District Council over the next year will be responding to the decisions that are made about local government amalgamation in Wairarapa. Staff at the Council have been operating with the uncertainty of amalgamation for a few years now. It is likely that a final decision will be made in the coming year. I will be working very hard to ensure staff feel supported and well represented should amalgamation happen.

Irrespective of amalgamation decisions, I know we will all continue to work hard to maintain the high service levels we currently deliver. My personal thanks goes to the management team and the wider Council staff for their support of me in my first year. I acknowledge their dedication and professionalism in delivering services and programmes to Carterton over the past year.



Jane Davis
Chief Executive

Mayor and councillors

His Worship the Mayor	Mayor John Booth	
Deputy Mayor	Cr Elaine Brazendale	
Councillors	Cr Mike Ashby	Cr Bill Knowles
	Cr Ruth Carter	Cr Greg Lang
	Cr Jill Greathead	Cr Mike Palmers
	Cr Russell Keys	

Senior executives

Chief Executive	Jane Davis
Community Facilities Manager	Brian McWilliams
Operations Manager	Garry Baker
Manager Planning and Regulatory	Dave Gittings
Community Development Manager	Carrie Mckenzie
Corporate Services Manager	Marty Sebire
Human Resources Manager	Peter Rickman

Hurunui-o-Rangi Marae

Kaumātua	Mrs Lou Cook
	Mr PJ Devonshire

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 Hurunui-o-Rangi Marae as mana whenua in our district and recognises the value of Hurunui-o-Rangi in the social and cultural fabric of our community.

We work 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.

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:

- Attendance of Kaumātua at Council meetings
- 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
- working with the Marae on a number of community development activities.

This section is in accordance with the Local Government Act 2002 Schedule 10 Part (3)(2)(1) requirement that Council 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.

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, with the exception of the following. Council adopted its annual report on 22 February 2017, and did therefore not meet the statutory deadline for adoption.

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 2016 fairly reflect the financial position and operations of Carterton District Council.



John Booth
Mayor



Jane Davis
Chief Executive

Independent Auditor's Report

To the readers of Carterton District Council's annual report
for the year ended 30 June 2016

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, Mari-Anne Williamson, using the staff and resources of Audit New Zealand, on his behalf, to:

- audit the information included in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the District Council has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the financial statements and other statements required by legislation

In our opinion:

- the financial statements on pages 34 to 36, 42 to 61 and 67 to 78:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards Reduced Disclosure Regime;
- the funding impact statement on page 36, presents fairly, in all material respects, 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 statement about capital expenditure for each group of activities on pages 37 to 41, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 37 to 41, presents fairly, in all material respects, 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.

Qualified opinion on the statement of service performance – Our work was limited because the system for complaints and response times was not reliable

An important part of the District Council's service provision is the recording of complaints received in relation to the services it provides and the response time it takes to attend to and resolve service requests and fault notifications. This is significant because information about the number of complaints and response times are indicative of the quality of services received by ratepayers.

The District Council reports on a number of complaints and response time related performance measures included in its Long-term plan to demonstrate levels of service. The District Council relies on data from its Customer Request Management (CRM) system for reporting on these performance measures. We found the information in the CRM system was not complete because not all complaints and faults received by the District Council were recorded in the system and therefore could be omitted from the District Council's reporting. Consequently, our work was limited and there were no practical audit procedures we could apply to obtain assurance that all complaints and faults received by the District Council have been included in the District Council's reporting.

In our opinion, except for the possible effects of the matter explained above for complaints and response time related performance measures:

- the statement of service provision on pages 9 to 32:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand.

Compliance with requirements

The District Council has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 34 to 66 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Our audit was completed on 22 February 2017. 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 audited information. We were unable to determine whether there are material misstatements in relation to the statement of service provision because the scope of our work was limited, as we referred to 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 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 the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision within the District 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 District Council complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide an unmodified opinion on the financial statements and other legislative disclosures and a qualified opinion on the statement of service provision.

Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

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.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

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

A handwritten signature in blue ink that reads "Mari-Anne Williamson".

Mari-Anne Williamson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

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 must:

- take account of the diversity of its community and its communities' interests, now and into the future
- consider the likely impact of any decision on those interests
- provide opportunities for Māori to contribute.

The Council must also:

- ensure prudent stewardship, and efficient and effective use of its resources
- take a sustainable development approach, by taking into account the social, economic, environmental, and cultural interests 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

- Regular meetings of the Council, its committees and working groups were held to address governance and strategic policy issues. The conduct of these meetings observed standing orders and reflected best practice.
- Engaged with constituents in a range of ways: consultation meetings, service groups, business forums and individually.
- Leadership and participation in the response to future Wairarapa governance options promoted by the Local Government Commission.
- Participation at the Wellington Region Mayoral Forums.
- Attendance at the Zone 4 Local Government New Zealand meetings.
- 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 for governance activities during the year.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	Result
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Achieved. Governance cost \$808,863 during 2015/16, up from \$754,473 in 2014/2015. The Long Term Plan 2015–2025 (LTP) anticipated expenditure of \$821,533. [2015: Not achieved]
Open and transparent conduct of Council business	Agenda items within 'public excluded' business	≤5%	Not achieved. 8.8% of agenda items were considered as 'public excluded' items. Matters considered as 'public excluded' were personal or commercially sensitive in terms of the Local Government Official Information Management Act. [2015: 10.6%]
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 undertaken in 2014 stated that 77% of residents surveyed ¹ , rated performance as 'very good' or 'fairly good'. This survey is taken every three years, the next survey to be taken in 2017. [2014: 77%]
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%	Not achieved. The Annual Report was not adopted within the statutory deadline (31 October 2016). The Report was adopted in February 2017 with a modified opinion; this being a modification due to the completeness of data in the Customer Request Management (CRM) system for reporting on numbers of complaints received and response times for attendance and resolution of complaints or faults. [2015: Achieved. unmodified report adopted on 30 October 2015]

¹ NRB Communitrak™ Survey: National Research Bureau, August 2014.

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.

Community amenities

- Carterton Events Centre
- Clareville Cemetery
- Outdoor Swimming Complex

- public toilets
- Carterton Holiday Park
- 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, the Cobblestones Trust, and the Neighbourhood Support.
- Other funding assistance including the Wairarapa Healthy Homes Project, the Clareville artificial hockey surface, the EnviroSchools programme, and Sport Wellington (Wairarapa).
- Transferred the pensioner housing to the Carter Society for their management within the Society's wider services to the elderly.
- 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.
- Worked with other councils to review and re-establish the Wairarapa Councils youth development strategy.
- Establishing Haumanu House bringing social service agencies under the one roof so Carterton residents can access the services within their own town.
- Supported two Carterton youth to attend the Tuia Mayoral mentoring programme.
- Creating two new roles within Council of Marketing and Communications and Community Development Coordinator.
- School holiday programmes via the Library for youth and young adults.

- Running a book club via the Library to encourage wider reading and education.
- 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.
- Installed heat pumps into the library as well as new inner doors in order to make the Event Centre and library a warm and inviting place to visit.

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

- Completed the Millennium Park upgrade.
- Initiated revitalisation of Broadway as the link between shopping centre and the railway station.
- Completed the burial berms at Clareville cemetery.
- Identified suitable land to be purchased for establishing a playground at South End.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	Result
Community support is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Not achieved. Community Support cost \$3,394,976 during 2015/16, down from \$4,366,120 in 2014/2015. The LTP anticipated expenditure of \$3,379,491. Unplanned forest harvesting of low value trees cost \$980,957 in 2015 but their replacement with Mānuka plantings is anticipated to provide annual revenue from apiary activity. [2015: Achieved]
A range of amenities of a standard satisfactory to residents	Residents satisfied with public swimming baths	≥75%	Not measured. The survey undertaken in 2014 stated that 63% of residents surveyed ² rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 34% 'didn't know'. Of those who had used or visited the public swimming baths in the previous 12 months, 90% rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 57%]
	Residents satisfied with public toilets	>75%	Not measured. The survey undertaken in 2014 stated that 74% of residents surveyed ³ rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 26% 'didn't know'. Of those who had used the public toilets in the previous 12 months, 95% rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 49%]
	Percentage of Carterton residents who are members of the Library	>75%	Not achieved. At 30 June 2016, there were 4,408 members. This is 54 percent of the 8,235 ⁴ residents. [2015: Achieved]
	Increase in number of people who use the Outdoor Swimming Complex	≥50	Free access to the outdoor pool and favourable weather had the complex filled to capacity on several days of the 2015/16 summer. This demand compromised the measurement records on these days as limits were put in effect to restrict swimmers to the approved levels. [2015: 2,176 increase]

² NRB Communitrak™ Survey: National Research Bureau, August 2014.

³ NRB Communitrak™ Survey: National Research Bureau, August 2014.

⁴ 2013 Census, NZ Statistics

The service broken down into measurable components	Performance measure	Target 2016	Result
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. [2015: Achieved]
High quality sports fields, parks, and reserves	Residents (who have used or visit a park or reserves) satisfied	≥90%	Not measured. The survey undertaken in 2014 stated that 96% of residents surveyed ⁵ , who had visited a park or reserve in the previous 12 months, rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 95%]
	High profile or offensive graffiti is removed within 4 hours of the Council being aware of it	100%	Achieved. Graffiti found in public parks and reserves was removed within 4 hours in every instance during 2015/16. [2015: 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%	There were no calls received during 2015/16 identifying a potential public health or safety risk. [2015: 100%]

⁵ NRB Communitrak™ Survey: National Research Bureau, August 2014.

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
- Oversight of the building control functions of both the Territorial Authority's (TA) and Building Consent Authority's (BCA) regulatory responsibilities within the Council. Both BCA and TA requirements are set out under the Building Act 2004 with specific requirements for the BCA in the Building (Accreditation of Building Consent Authorities) Regulations 2006.
- 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, e.g. location of sewer and water connections, fault lines, and resource consents
- Environmental health
- Licensing the sale and supply of alcohol
- Civil defence and emergency management
- Animal and dog 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.

The Building Act sets out standards to ensure that people who use buildings can do so safely and without endangering their health. There are other legislative requirements to provide and manage that are important for the health and safety of the district's community and environment including the monitoring of air quality, drinking water, and food safety.

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 enforce safe and responsible sale, supply, and consumption of alcohol 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 regulations, which sets out the roles and responsibilities of the BCA, TA, owner, builder designer, and product manufacturer
- 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 maintain 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, e.g. 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 of the regional BCA group.
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand.
- Membership and funding support to the Wellington Region Emergency Management Group.
- Regular inspection of food and alcohol outlets.
- All dog owners are visited at least once every year.
- The District Licensing Committee prepared a Wairarapa Local Alcohol Policy under the Sale and Supply of Alcohol Act 2012.

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

Investment was made in a new building consent management system.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	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. Regulatory and Planning cost \$1,602,011 during 2015/16, up from \$1,265,569 in 2014/2015. The LTP anticipated expenditure of \$1,321,162. The increase in cost arose through the processing of resource consents, building consents and health inspection. [2015: Achieved]
Timely processing of applications	LIMs ⁶ processed within 10 working days	100%	Achieved. 204 LIMs processed all completed under the 10 day statutory time frame. Average process time was 5 days. [2015: 153 LIMs, Average processing time 5 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	Achieved. 47 resource consents were processed during the year, all completed within statutory timeframes. [2015: 54 resource consents, 100% within statutory timeframes]
	Building consents processed within statutory timeframes	100%	Achieved. 280 Building consents were processed during the year, with an approximate value of \$23.4 million. All processed within the statutory time frame. Average processing time 7 days. [2015: 304 Building consents and PIMS, 100% within statutory timeframes – approximate value \$23m]
Prompt responses to enquiries and complaints (animal and noise)	100% of complaints and service requests responded to and actioned within 4 hours	100%	A total of 586 complaints and service requests were responded to. 120 noise complaints and 466 complaints/service requests from animal control [2015: 379 complaints and service requests, 76% 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. 15 On-licences, 13 off-licences, and 8 club licences processed. 23 food premises. (a total of 59). All monitored, ensuring current licensing and registration. [2015: A total of 67 registered or licensed]

⁶ Land Information Memorandums

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, 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 and for recreational activity.

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 2014* 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, eg Land Transport NZ Act 1989
- 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

- 2015/16 was noted for very favourable weather conditions with some extreme temperatures and no adverse weather events. This situation enabled demands on contractor availability to do work that exceeded expectation.
- Provision of funding for the Wairarapa Road Safety Co-ordinator.
- Completion of the approved subsidised roading programme, being the first year in the 2015/18 3 year programme.
- 19.4 km of resealing on rural roads completed.
- 0.75 km of sealed rural road rehabilitated. A further 0.9km of unsealed rural road was partially completed, but completion delayed due to contractor availability from continuing favourable weather.
- 1730 m² of footpath surfacing renewed (562m² of concrete paths, and 1168m² of asphaltic concrete paths).

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

The bulk of the roading work was ‘business as usual’. The Ponatahi, Millars, and Kokotau Road intersection works has been completed with some additional safety works. Two new street lights were added at the East Taratahi/Hughes Line and Waihakeke/Para Rd intersections.

The proposed river protection works at Dakins Road were deferred to 2016/17 due to the Regional Council being unable to meet their share of the costs. Temporary works in the river were carried out by GW to help stabilise the river flow. Land purchase to enable a realignment of the road has been initiated.

The Ponatahi Road culvert realignment was advanced and design work completed and a contract awarded for completion in 2016/17.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	Result
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Roads and Footpaths cost \$3,156,942 during 2015/16, down from \$3,429,985 in 2014/2015. The LTP anticipated expenditure of \$3,422,051. Savings arose from there being no emergency expenditure. This situation was due to favourable weather conditions throughout the period. [2015: Not achieved—operating under and capital over budget]
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network ⁷	<1 fatal <3 serious injury	Not Achieved. During 2015/16 there was one fatal crash (0 in 2015) and four serious injury crashes (1 in 2015). [2015: Achieved.]
Up-to date, ‘fit for purpose’ network and facilities	Compliance with maintenance contract response times	90%	Not achieved. Of the 141 requests, 125 or 89% were responded to within the contract response time. [2015: Not achieved 86%]
	Average quality of ride on the sealed local road network	≥90%	Achieved. The ride quality of the sealed local road network was considered to be 98%. [2015: not measured]
	An average road roughness index on sealed roads	80 or less	Achieved. Road roughness was 64.3 NAASRA ⁸ counts per lane kilometre. [2015: 65.4 NAASRA counts per lane km]
	Percentage of sealed road network that is resurfaced	≥6%	Achieved. 19.4km or 7.0% of the 289.9km of sealed roads. [2015: Not achieved. 20km or 7%. The prior year measure was that the

⁷ Source: NZTA’s Crash Analysis System

⁸ National Association of Australia State Road Authorities

The service broken down into measurable components	Performance measure	Target 2016	Result
			percentage resurfaced was ≤6%. This measure was changed in the LTP 2015-25]
	Percentage of footpaths compliant with condition standards	≥95%	Not measured in last two years. A survey is proposed for 2016/2017
	Residents satisfied with the district's footpaths	≥60%	Not measured. The survey undertaken in 2014 stated that 69% of residents surveyed ⁹ rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 8% 'didn't know'. [2011: 58%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	Not achieved. A response rate of 20%; of the five regulatory signs repaired or replaced; only one was within the required response time. [2015: Not achieved. Of 19 signs repaired or replaced, none were within the response time.]
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥90%	Not achieved. A response rate of 44%; of the 54 non-regulatory signs, 24 were repaired within the required response time. [2015: Not measured]
	Road signs and markings found missing or not visible	≤5%	Achieved. A rate of 2%: of the 2,300 road signs or markings within the district, 53 road signs or markings were found to be missing or not visible in the six-monthly inspections. All were remedied. [2015: Achieved]
Safe footpaths	Fault reports and public complaints are acknowledged within 2 days	≥90%	Not achieved. Of six complaints related to footpaths one was responded to within 2 working days (17%). [2015: 31%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	Not achieved. Of the 42 streetlight faults identified, 39 or 93% were repaired within 2 weeks. [2015: 97%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥90%	Not achieved. Of 196 service requests 134 responded to within 10 days (68%). [2015: Not measured]

⁹ NRB Communitrak™ Survey: National Research Bureau, August 2014.

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 wastewater 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 2015*, which sets out the targets for asset condition, performance, and levels of service.

In Waingawa, sewerage services are provided by Carterton District Council, who has an agreement with Masterton District Council to treat and dispose of the sewage.

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

- Reporting to Greater Wellington Regional Council (GWRC) on 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

The significant activity this year was undertaking system trials and investigation work preparatory to making application for renewal of the resource consent. This application will be made to Greater Wellington Regional Council in early 2017.

The planned mains replacement activity was completed; this work came in \$12,000 under the contract budget.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	Result
The sewerage service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Sewerage cost \$1,841,568 during 2015/16, up from \$1,421,826 in 2014/2015. The LTP anticipated expenditure of \$1,601,106. The increase arose from the continued re-development of the sewage treatment plant and its capability to meet current and future resource consents. This expenditure includes professional advice and technical analysis services. Activity continued on the associated capital works. [2015: Not achieved]
System and adequacy	Number of dry weather sewerage overflows per 1000 connections	≤5	Achieved. A rate of 0.84 per 1000 connections: two properties impacted by sewer overflows during the year. [2015: Not measured]
Management of environmental impacts	Number of abatement notices	≤1	Achieved. No abatement notices were issued by GWRC. [2015: Not achieved]
	Number of infringement notices	0	Achieved. No infringement notices were issued by GWRC. [2015: Achieved]
	Number of enforcement orders	0	Achieved. No enforcement notices were issued by GWRC. [2015: Achieved]
	Number of successful prosecutions	0	Achieved. No prosecution of the Carterton District Council was undertaken by GWRC during 2015/16 [2015: Achieved]
Response to sewerage system faults	Median attendance time	≤1 hour	Not achieved. The median is 1.68 hours. However there were three incidents recorded that took less than 1 hour to attend. [2015: Not measured]

The service broken down into measurable components	Performance measure	Target 2016	Result
	Median resolution time	≤4 hours	Achieved. The median is 0.9 hours; a rate less than 4 hours. Six incidents occurred and each took less than 4 hours to resolve. There were seven faults reported overall and one was not resolved until after the year-end. This last fault related to surface restoration. [2015: Not measured]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤20	Achieved. The rate is 3.78 per 1000 connections: there were 2 odour complaints and 7 other service requests during 2015/16. [2015: Not measured]
Minimising adverse effects on the environment	Compliance with resource consent conditions	100%	Achieved. Discharge to land and air is compliant with resource consent. ¹⁰ Some work required on finalising arrangements for trade waste and the frequency of sampling for monitoring purposes. [2015: Not achieved]
	Sewage overflows per storm event due to inflow / infiltration	≤15	Achieved. There were no overflows from storm events during the year. [2015: None]
Response to sewerage system failures and service requests	Significant repairs and system failures resolved within 4 hours of notification	100%	Achieved. All major faults were resolved within 4 hours of notification. [2015: Not achieved]
Sewerage system of a satisfactory standard	Urban residents satisfied with the sewerage system	≥87%	Not measured. The survey undertaken in 2014 stated that 97% of urban residents surveyed ¹¹ rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2014: 97%]

¹⁰ Based on Greater Wellington Regional Council Report of 5 October 2016.

¹¹ *NRB Communitrak™ Survey*: National Research Bureau, August 2014.

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 2015*, 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

The only significant capital works item, the diversion of Waikākāriki Stream, could not proceed when the key service provider became unavailable.

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 2016	Result
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Stormwater management cost \$165,699 during 2015/16, down from \$173,338 in 2014/2015. The LTP anticipated expenditure of \$223,107. [2015: Achieved]
System and adequacy	Number of flooding events	≤1	No flooding events recorded. A flooding event is where a residential or commercial floorspace is flooded. [2015: Not measured]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	None. [2015: Not measured]
Management of environmental impacts	Number of abatement notices	0	Achieved. No abatement notices were issued by GWRC. [2015: Achieved]
	Number of infringement notices	0	Achieved. No infringement notices were issued by GWRC. [2015: Achieved]
	Number of enforcement orders	0	Achieved. No enforcement notices were issued by GWRC. [2015: Achieved]
	Number of successful prosecutions	0	Achieved. No prosecution of the Carterton District Council was undertaken by GWRC during 2015/16. [2015: Achieved]
Response to stormwater system issues	The median response time to attend a flooding event	≤3 hours	Achieved. The median is 0. There was no flooding event in 2015/16. Three pipe blockages (ie service faults) were reported where one was attended within 3 hours and two outside the timeframe. All were resolved. [2015: Not measured]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	Achieved. The rate per 1000 properties was 1.29 complaints. 3 complaints or service faults were reported during 2015/16. [2015: Not measured]

The service broken down into measurable components	Performance measure	Target 2016	Result
Response to service requests	Significant reticulation blockages cleared within 4 hours during storm events	100%	Achieved. There were no major reticulation blockages. [2015: Achieved]
Stormwater system of a standard satisfactory to residents	Urban residents satisfied with the stormwater system	≥79%	Not measured. The survey undertaken in 2014 stated that 73% of urban residents surveyed ¹² rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 77%]
The urban stormwater service is managed in a sustainable manner	Compliance with resource consent conditions including discharge requirements	100%	Achieved. Complied with resource consent conditions. [2015: Achieved]

¹² NRB *Communitrak™* Survey: National Research Bureau, August 2014.

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 two hours per day, 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.
- An Environment and Sustainability Officer, jointly funded by Wairarapa councils, undertaking promotional activity to encourage waste reduction, and identifying actions for reducing greenhouse gas emissions.

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 2016	Result
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Waste management cost \$733,431 during 2015/16, up from \$695,443 in 2014/2015. The LTP anticipated expenditure of \$826,424. [2015: Not achieved]
Refuse and recycling services of a satisfactory standard	Urban residents are satisfied with refuse collection and with kerbside recycling	≥85%	Not measured. The survey undertaken in 2014 stated that 90% of urban residents surveyed ¹³ rated their satisfaction with refuse collection as 'very satisfied' or 'fairly satisfied', and 89% with kerbside recycling. [2014: refuse collection 90% and kerbside recycling 89%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	Not achieved. Ground water sampling from the landfill has been found to exceed guideline parameters. These reflect past use of the landfill environs. [2015: Not achieved]

¹³ NRB *Communitrak*TM Survey: National Research Bureau, August 2014.

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 encourages 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 2015*, 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

We continue to wait for approval from the Greater Wellington Regional Council for the renewal of the resource consents. Unplanned capital expenditure associated with the consent to take water from Kaipaitangata for town water supply was brought forward from 2014/15, and at the end of the year carried forward into 2016/17.

Work on the water mains replacement was carried over to 2016/17 year.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	Result
The urban water service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Water supply cost \$1,773,632, up from \$1,704,751 in 2015/2015. The LTP anticipated expenditure of \$1,803,339. [2015: Achieved]
Safety of drinking water	Compliance with NZ Drinking Water Standards bacteriological requirements	100%	Not achieved. Regional Public Health have determined the following: Frederick Street Treatment Plant: (Technical Non Compliance) Insufficient sampling, five days a week is required per quarter whereas only four were used. Kaipaitangata Treatment Plant: (Non Compliance), lack of disinfection on occasions (FACE), and an E.coli transgression on 22/10/2016, also (Technical Non Compliance) Insufficient sampling, five days a week is required per quarter whereas only four were used. [2015: Achieved]
	Compliance with part 4 of DW Standards (bacteriological requirements)	Full compliance	Achieved – Considered compliant by Regional Public Health. [2015: Not measured]
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Not achieved. Non-compliant as regular testing to be established in line with an agreed Water Safety Plan. This plan is currently under development for consideration and approval by Regional Public Health. [2015: Not measured]
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤15%	Not achieved. The real water loss is 38%. This result reflects system flushing to maintain service levels as well as the real water loss through leakages and breaks. Flushing is currently not measured. [2015: Not measured]
Fault response times	Median time to attend urgent call-outs	≤2 hours	Achieved. The median was 1 hour. 3 call-outs during 2015/16 were attended within 2 hours. 5 urgent call-outs in total for the year. An urgent call-out is where there is a complete loss of water supply. [2015: Not measured]

The service broken down into measurable components	Performance measure	Target 2016	Result
	Median time to resolve urgent call-outs	≤4 hours	Achieved. The median was 1 hour. 4 call-outs during 2015/16 were resolved once onsite within 4 hours. [2015: Not measured]
	Median time to attend non-urgent call-outs	≤12 hours	Not achieved. The median was 65.1 hours. 8 call-outs during 2015/16 were attended within 12 hours. 48 non-urgent call-outs in total for the year. [2015: Not measured]
	Median time to resolve non-urgent call-outs	≤24 hours	Achieved. The median was 1 hour. 43 call-outs during 2015/16 were resolved once onsite within 24 hours. [2015: Not measured]
Response to reticulated water system failures and service requests	Significant repairs and system failures resolved within 4 hours of notification	100%	Not achieved. The achievement rate was 83%. Of the 6 significant events there was one significant repair that took nearly 21 hours. [2015: not achieved]
Customer satisfaction	Number of complaints received per 1000 connections	≤15	Not achieved. There were 2,579 water supply connections and the effective complaint/service request rate is 22 per 1000 connections. 3 complaints were received during the year about water quality and 53 other service requests to correct water supply faults. [2015: Not measured]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	Achieved. 227 litres per resident serviced by water supply. [2015: Not measured]
Urban water system of a satisfactory standard	Urban residents are satisfied with the urban water service	≥90%	Not measured. The survey undertaken in 2014 stated that 95% of urban residents surveyed rated their satisfaction with the town water supply as 'very satisfied' or 'fairly satisfied'. [2014: 95%]
Water resources are used sustainably	Reduction in community water consumption	≥2.5% per annum	Achieved. Water flow from the Kaipaitangata and Supplementary Bore reservoirs was 2.7% less than the previous year. [2015: Not achieved 5% more than the previous year]
	Compliance with water resource consent conditions	100%	Not achieved. An abatement notice was issued by GWRC due to lateness in reporting usage demand. [2015: Achieved]

Financial statements

CARTERTON DISTRICT COUNCIL

Statement Of Financial Performance For The Year Ended 30 June 2016

Actual 30 June 2015 \$	Note	Actual 30 June 2016 \$	LTP 30 June 2016 \$
Revenue			
9,709,837	20	10,224,374	10,337,324
35,463	20	74,303	50,000
175,910	1	175,860	203,356
1,599,964		1,759,931	1,314,549
1,635,015		1,499,039	1,599,500
63,779		66,128	60,000
24,719	2	129,091	16,281
330,884		186,328	123,639
42,509	4	61,827	186,910
339,092		428,805	310,000
51,406		47,304	50,500
116,510		24,574	154,200
-		-	-
970,312		-	-
-		27,591	-
27,194		13,000	-
-		-	(64,000)
15,122,594		14,718,155	14,342,259
Expenditure			
754,472		808,863	821,553
3,429,985		3,156,942	3,422,051
1,704,751		1,773,632	1,803,339
1,421,826		1,841,568	1,601,106
173,338		165,699	223,107
695,443		733,431	826,424
4,366,120		3,394,976	3,379,491
1,265,569		1,602,011	1,321,162
39,852		-	20,000
-	5	2,197,938	-
42,232		19,046	1,553,239
-		-	(64,000)
13,893,588		15,694,106	14,907,471
1,229,006		(975,951)	(565,212)
18,529	7	77,802	-
1,247,535		(898,149)	(565,212)
-	11	-	-
1,247,535	5	(898,149)	(565,212)
Note: Operating costs include the following expenses			
3,297,962	6	3,448,373	3,476,495
489,820	1	445,723	553,094
3,348,570	3	3,630,024	3,040,426

CARTERTON DISTRICT COUNCIL

Statement Of Other Comprehensive Revenue And Expense For The Year Ended 30 June 2016

Actual 30 June 2015 \$	Note	Actual 30 June 2016 \$	LTP 30 June 2016 \$
1,247,535		(898,149)	(565,212)
2,042,724	19	2,985,041	366,159
2,458	19	6,147	1,350
2,045,182		2,991,188	367,509
3,292,717		2,093,039	(197,703)

CARTERTON DISTRICT COUNCIL

Statement Of Changes In Equity For The Year Ended 30 June 2016

Actual 30 June 2015 \$	Note	Actual 30 June 2016 \$	LTP 30 June 2016 \$
160,486,867		163,779,584	162,008,052
3,292,717		2,093,039	(197,703)
<u>163,779,584</u>		<u>165,872,623</u>	<u>161,810,349</u>
Components of equity			
112,831,897		114,916,539	113,299,763
1,247,535		(898,149)	(565,212)
834,272		(3,032,890)	(2,293,131)
2,835		1,435,819	-
<u>114,916,539</u>		<u>112,421,319</u>	<u>110,441,420</u>
42,241,753		44,284,100	43,261,781
2,045,182		2,991,188	366,159
(2,835)		(1,435,819)	-
<u>44,284,100</u>		<u>45,839,469</u>	<u>43,627,940</u>
5,413,217		4,578,945	5,446,508
(834,272)		3,032,890	2,293,131
-		-	1,350
<u>4,578,945</u>		<u>7,611,835</u>	<u>7,740,989</u>
<u>163,779,584</u>		<u>165,872,623</u>	<u>161,810,349</u>

CARTERTON DISTRICT COUNCIL

Statement Of Financial Position As At 30 June 2016

Actual 30 June 2015 \$	Note	Actual 30 June 2016 \$	LTP 30 June 2016 \$
Assets			
Current assets			
4,589,904	8	4,394,885	6,595,617
1,975,407	9	1,332,481	1,381,422
13,517	10	1,826,901	-
-		-	-
-		-	-
<u>6,578,828</u>		<u>7,554,267</u>	<u>7,977,039</u>
Non-current assets			
166,520,230	32	167,461,795	165,283,226
413,053	13	490,855	394,524
531,011	14	421,626	329,433
28,370	12	34,517	27,262
13,882	12	13,882	13,882
<u>167,506,546</u>		<u>168,422,675</u>	<u>166,048,327</u>
<u>174,085,374</u>		<u>175,976,942</u>	<u>174,025,366</u>
Liabilities			
Current liabilities			
1,682,989	15	1,470,235	1,179,621
288,493	16	308,860	261,322
-	17	-	-
344,195	18	5,747,711	503,666
<u>2,315,677</u>		<u>7,526,806</u>	<u>1,944,609</u>
Non-current liabilities			
76,851	16	84,277	-
-	17	-	-
7,913,262	18	2,493,236	10,270,408
<u>7,990,113</u>		<u>2,577,513</u>	<u>10,270,408</u>
Equity			
114,916,539	19	112,421,319	110,441,420
1,187,016	19	2,300,737	1,734,225
44,284,100	19	45,839,469	43,627,940
3,391,929	19	5,311,098	6,006,764
<u>163,779,584</u>		<u>165,872,623</u>	<u>161,810,349</u>
<u>174,085,374</u>		<u>175,976,942</u>	<u>174,025,366</u>

CARTERTON DISTRICT COUNCIL

Statement Of Cashflows For The Year Ended 30 June 2016

Actual 30 June 2015 \$	Note	Actual 30 June 2016 \$	LTP 30 June 2016 \$
Cash flows from operating activities			
Cash was received from:			
9,746,798		10,392,257	10,187,324
1,908,431		1,321,358	1,615,781
64,220		65,272	60,000
1,845,979		3,335,190	2,235,655
172,133		175,881	203,356
13,737,561		15,289,958	14,302,116
Cash was applied to:			
9,102,670		9,725,494	9,497,247
490,226		446,433	553,094
9,592,896		10,171,927	10,050,341
4,144,665	21	5,118,031	4,251,775
Net cash flow from operating activities			
Cash flows from investing activities			
Cash was received from:			
33,706		67,655	-
-		-	-
-		-	-
33,706		67,655	-
Cash was applied to:			
3,884,021		3,550,811	4,378,200
13,517		1,813,384	-
-		-	-
3,897,538		5,364,195	4,378,200
(3,863,832)		(5,296,540)	(4,378,200)
Net cash flow from investing activities			
Cash flows from financing activities			
Cash was received from:			
604,847		443,625	2,920,650
604,847		443,625	2,920,650
Cash was applied to:			
933,569		460,135	427,592
933,569		460,135	427,592
(328,722)		(16,510)	2,493,058
(47,889)		(195,019)	2,366,633
4,637,793		4,589,904	4,228,984
4,589,904		4,394,885	6,595,617
Balance at end of year (30 June)			
Represented by:			
4,589,904		4,394,885	6,595,617
4,589,904		4,394,885	6,595,617

CARTERTON DISTRICT COUNCIL

Funding Impact Statement For The Year Ended 30 June 2016

Annual Plan 30 June 2015 \$	Actual 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding				
6,592,667	6,621,578	General rates, UAGC, rates penalties	6,880,507	6,932,816
3,103,257	3,123,722	Targeted rates	3,418,170	3,454,509
606,398	843,787	Subsidies and grants - operating	665,082	779,173
1,576,663	1,599,964	Fees and charges	1,759,931	1,314,549
159,215	175,910	Interest and dividends from investments	175,860	203,856
449,659	1,575,400	Local Authorities fuel tax, fines, infringement fees and other	413,752	350,749
12,487,859	13,940,361	Total operating funding	13,313,302	13,035,651
Applications of operating funding				
9,151,153	10,063,574	Payments to staff and suppliers	9,583,026	9,324,643
540,575	489,820	Finance costs	445,723	553,094
-	-	Other operating funding applications	-	-
9,691,728	10,553,394	Total applications of operating funding	10,028,749	9,877,737
2,796,131	3,386,967	Surplus / (deficit) of operating funding	3,284,553	3,157,914
Sources of capital funding				
988,470	815,947	Subsidies and grants - capital	963,048	996,608
310,000	339,092	Development and financial contributions	428,805	310,000
1,519,759	(328,722)	Increase / (decrease) in debt	(16,510)	2,493,058
-	33,706	Gross proceeds from sale of assets	67,655	-
-	-	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	-
2,818,229	860,023	Total sources of capital funding	1,442,998	3,799,666
Applications of capital funding				
572,050	10,539	Capital expenditure - meet additional demand	-	216,600
1,619,760	2,332,070	Capital expenditure - improve level of service	601,197	1,210,000
3,134,030	2,312,098	Capital expenditure - replace existing assets	2,680,952	2,951,600
248,520	(407,717)	Increase / (decrease) in reserves	1,445,402	2,579,380
40,000	-	Increase / (decrease) of investments	-	-
5,614,360	4,246,990	Total application of capital funding	4,727,551	6,957,580
(2,796,131)	(3,386,967)	Surplus / (deficit) of capital funding	(3,284,553)	(3,157,914)
-	-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Governance Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
798,467	General rates, UAGC, rates penalties	825,525	834,846
-	Targeted rates	-	-
-	Subsidies and grants - operating	-	-
-	Fees and charges	-	-
-	Internal charges and overheads recovered	-	-
107	Local Authorities fuel tax, fines, infringement fees and other	9,011	2,000
798,574	Total operating funding	834,536	836,846
Applications of operating funding			
439,541	Payments to staff and suppliers	456,076	516,668
43,181	Finance costs	-	8,210
300,949	Internal charges and overheads applied	351,475	294,863
-	Other operating funding applications	-	-
783,671	Total applications of operating funding	807,551	819,741
14,903	Surplus / (deficit) of operating funding	26,985	17,105
Sources of capital funding			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
(32,212)	Increase / (decrease) in debt	-	(22,148)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
(32,212)	Total sources of capital funding	-	(22,148)
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	-	2,000
(17,309)	Increase / (decrease) in reserves	26,985	(7,043)
-	Increase / (decrease) of investments	-	-
(17,309)	Total application of capital funding	26,985	(5,043)
(14,903)	Surplus / (deficit) of capital funding	(26,985)	(17,105)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Community Support Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
2,881,795	General rates, UAGC, rates penalties	2,937,843	2,970,523
-	Targeted rates	-	-
25,486	Subsidies and grants - operating	24,368	16,281
222,954	Fees and charges	190,501	199,424
-	Internal charges and overheads recovered	-	-
297,728	Local Authorities fuel tax, fines, infringement fees and other	160,315	91,999
3,427,963	Total operating funding	3,313,027	3,278,227
Applications of operating funding			
2,139,763	Payments to staff and suppliers	1,951,484	2,115,662
337,315	Finance costs	177,746	187,003
454,850	Internal charges and overheads applied	598,909	426,523
-	Other operating funding applications	-	-
2,931,928	Total applications of operating funding	2,728,139	2,729,188
496,035	Surplus / (deficit) of operating funding	584,888	549,038
Sources of capital funding			
-	Subsidies and grants - capital	104,723	-
106,502	Development and financial contributions	111,367	100,000
79,473	Increase / (decrease) in debt	(160,675)	306,753
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
185,975	Total sources of capital funding	55,415	406,753
Applications of capital funding			
375,026	Capital expenditure - meet additional demand	-	-
309,065	Capital expenditure - improve level of service	263,493	692,000
337,077	Capital expenditure - replace existing assets	262,055	222,500
(339,158)	Increase / (decrease) in reserves	114,755	41,291
-	Increase / (decrease) of investments	-	-
682,010	Total application of capital funding	640,303	955,791
(496,035)	Surplus / (deficit) of capital funding	(584,888)	(549,038)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Regulatory and Planning Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
415,978	General rates, UAGC, rates penalties	397,832	402,307
322,091	Targeted rates	375,364	379,839
-	Subsidies and grants - operating	-	-
551,150	Fees and charges	667,276	596,100
-	Internal charges and overheads recovered	-	-
2,343	Local Authorities fuel tax, fines, infringement fees and other	26,855	11,500
1,291,562	Total operating funding	1,467,327	1,389,746
Applications of operating funding			
978,218	Payments to staff and suppliers	1,246,407	1,089,307
-	Finance costs	-	2,234
219,437	Internal charges and overheads applied	336,239	210,364
-	Other operating funding applications	-	-
1,197,655	Total applications of operating funding	1,582,646	1,301,906
93,907	Surplus / (deficit) of operating funding	(115,319)	87,840
Sources of capital funding			
-	Subsidies and grants - capital	-	160,000
-	Development and financial contributions	21,664	-
-	Increase / (decrease) in debt	-	67,494
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	Total sources of capital funding	21,664	227,494
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	150,000
-	Capital expenditure - improve level of service	21,644	10,000
-	Capital expenditure - replace existing assets	2,269	200,000
93,907	Increase / (decrease) in reserves	(117,568)	(44,666)
-	Increase / (decrease) of investments	-	-
93,907	Total application of capital funding	(93,655)	315,334
(93,907)	Surplus / (deficit) of capital funding	115,319	(87,840)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Roads and Footpaths Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
2,136,574	General rates, UAGC, rates penalties	1,965,304	1,988,044
-	Targeted rates	-	-
711,789	Subsidies and grants - operating	640,714	762,892
-	Fees and charges	-	-
-	Internal charges and overheads recovered	-	-
91,878	Local Authorities fuel tax, fines, infringement fees and other	92,212	150,200
2,940,241	Total operating funding	2,698,230	2,901,136
Applications of operating funding			
1,663,431	Payments to staff and suppliers	1,425,894	1,633,467
119,985	Finance costs	54,310	93,187
412,732	Internal charges and overheads applied	365,134	362,832
-	Other operating funding applications	-	-
2,196,147	Total applications of operating funding	1,845,338	2,089,487
744,094	Surplus / (deficit) of operating funding	852,892	811,649
Sources of capital funding			
906,320	Subsidies and grants - capital	858,325	836,608
106,502	Development and financial contributions	104,274	100,000
(80,665)	Increase / (decrease) in debt	(64,263)	(81,413)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
932,157	Total sources of capital funding	898,336	855,195
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	61,600
-	Capital expenditure - improve level of service	-	-
1,855,220	Capital expenditure - replace existing assets	1,729,596	1,545,200
(178,969)	Increase / (decrease) in reserves	21,632	60,044
-	Increase / (decrease) of investments	-	-
1,676,251	Total application of capital funding	1,751,228	1,666,844
(744,094)	Surplus / (deficit) of capital funding	(852,892)	(811,649)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Sewerage Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
109,181	General rates, UAGC, rates penalties	124,311	125,522
982,630	Targeted rates	1,118,794	1,129,701
-	Subsidies and grants - operating	-	-
227,352	Fees and charges	402,749	239,000
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	47,843	48,800
1,319,163	Total operating funding	1,693,697	1,543,024
Applications of operating funding			
550,295	Payments to staff and suppliers	925,823	672,490
185,919	Finance costs	221,752	221,726
162,031	Internal charges and overheads applied	212,258	151,812
-	Other operating funding applications	-	-
898,245	Total applications of operating funding	1,359,833	1,046,028
420,918	Surplus / (deficit) of operating funding	333,864	496,996
Sources of capital funding			
-	Subsidies and grants - capital	-	-
53,251	Development and financial contributions	76,600	50,000
498,209	Increase / (decrease) in debt	224,910	2,068,446
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
551,460	Total sources of capital funding	301,510	2,118,446
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
218,200	Capital expenditure - improve level of service	288,213	250,000
589,686	Capital expenditure - replace existing assets	473,490	592,000
164,492	Increase / (decrease) in reserves	(126,329)	1,773,442
-	Increase / (decrease) of investments	-	-
972,378	Total application of capital funding	635,374	2,615,442
(420,918)	Surplus / (deficit) of capital funding	(333,864)	(496,996)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Stormwater Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
20,122	General rates, UAGC, rates penalties	22,266	22,546
181,095	Targeted rates	200,392	202,912
-	Subsidies and grants - operating	-	-
-	Fees and charges	-	-
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
201,217	Total operating funding	222,658	225,458
Applications of operating funding			
82,166	Payments to staff and suppliers	42,669	77,137
27,869	Finance costs	19,264	26,830
28,094	Internal charges and overheads applied	37,742	26,652
-	Other operating funding applications	-	-
138,129	Total applications of operating funding	99,675	130,619
63,088	Surplus / (deficit) of operating funding	122,983	94,839
Sources of capital funding			
-	Subsidies and grants - capital	-	-
10,650	Development and financial contributions	38,300	10,000
(8,481)	Increase / (decrease) in debt	(14,700)	182,905
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
2,169	Total sources of capital funding	23,600	192,905
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	5,000
-	Capital expenditure - improve level of service	13,846	210,000
-	Capital expenditure - replace existing assets	-	-
65,257	Increase / (decrease) in reserves	132,737	72,744
-	Increase / (decrease) of investments	-	-
65,257	Total application of capital funding	146,583	287,744
(63,088)	Surplus / (deficit) of capital funding	(122,983)	(94,839)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Waste Management Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
292,858	General rates, UAGC, rates penalties	379,835	383,887
146,328	Targeted rates	144,026	145,786
-	Subsidies and grants - operating	-	-
274,776	Fees and charges	279,171	240,000
-	Internal charges and overheads recovered	-	-
68,162	Local Authorities fuel tax, fines, infringement fees and other	175	64,000
782,124	Total operating funding	803,207	833,673
Applications of operating funding			
648,838	Payments to staff and suppliers	613,168	714,106
-	Finance costs	-	-
91,909	Internal charges and overheads applied	90,003	82,824
-	Other operating funding applications	-	-
740,747	Total applications of operating funding	703,171	796,930
41,377	Surplus / (deficit) of operating funding	100,036	36,743
Sources of capital funding			
-	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	-	-
-	Total sources of capital funding	-	-
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	-	50,000
41,377	Increase / (decrease) in reserves	100,036	(13,257)
-	Increase / (decrease) of investments	-	-
41,377	Total application of capital funding	100,036	36,743
(41,377)	Surplus / (deficit) of capital funding	(100,036)	(36,743)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Water Supply Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
132,013	General rates, UAGC, rates penalties	153,288	155,141
1,188,115	Targeted rates	1,579,594	1,596,270
-	Subsidies and grants - operating	-	-
272,856	Fees and charges	220,189	40,000
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	457	-
1,592,984	Total operating funding	1,953,528	1,791,411
Applications of operating funding			
866,138	Payments to staff and suppliers	856,511	993,470
26,548	Finance costs	16,928	13,903
226,920	Internal charges and overheads applied	293,776	211,885
-	Other operating funding applications	-	-
1,119,606	Total applications of operating funding	1,167,215	1,219,258
473,378	Surplus / (deficit) of operating funding	786,313	572,153
Sources of capital funding			
-	Subsidies and grants - capital	-	-
53,251	Development and financial contributions	76,600	50,000
(19,147)	Increase / (decrease) in debt	(14,181)	(28,978)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
34,104	Total sources of capital funding	62,419	21,022
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	12,705	18,000
125,512	Capital expenditure - replace existing assets	91,693	141,500
381,970	Increase / (decrease) in reserves	744,334	433,675
-	Increase / (decrease) of investments	-	-
507,482	Total application of capital funding	848,732	593,175
(473,378)	Surplus / (deficit) of capital funding	(786,313)	(572,153)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Administration and Support Funding Impact Statement For The Year Ended 30 June 2016

LTP 30 June 2015 \$		Actual 30 June 2016 \$	LTP 30 June 2016 \$
Sources of operating funding			
63,901	General rates, UAGC, rates penalties	74,303	50,000
-	Targeted rates	-	-
-	Subsidies and grants - operating	-	-
213	Fees and charges	45	25
1,896,922	Internal charges and overheads recovered	2,285,536	1,767,754
199,340	Local Authorities fuel tax, fines, infringement fees and other	304,869	250,106
2,160,376	Total operating funding	2,664,753	2,067,885
Applications of operating funding			
1,631,575	Payments to staff and suppliers	2,064,994	1,576,337
-	Finance costs	7,848	-
-	Internal charges and overheads applied	-	-
-	Other operating funding applications	-	-
1,631,575	Total applications of operating funding	2,072,842	1,576,337
528,801	Surplus / (deficit) of operating funding	591,911	491,549
Sources of capital funding			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	12,398	-
-	Gross proceeds from sale of assets	67,655	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	Total sources of capital funding	80,053	-
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	1,296	30,000
265,156	Capital expenditure - replace existing assets	121,848	198,400
263,645	Increase / (decrease) in reserves	548,820	263,149
-	Increase / (decrease) of investments	-	-
528,801	Total application of capital funding	671,964	491,549
(528,801)	Surplus / (deficit) of capital funding	(591,911)	(491,549)
-	Funding balance	-	-

Notes to the Accounts

Note 1: Finance revenue and finance costs

	30 June 2016 \$	30 June 2015 \$
Finance revenue		
Interest revenue:		
- term deposits	175,860	175,910
Total finance revenue	<u>175,860</u>	<u>175,910</u>
Finance costs		
Interest expense:		
- interest on bank borrowings and finance leases	445,723	489,820
Total finance costs	<u>445,723</u>	<u>489,820</u>

Note 2: Grants and subsidies

	30 June 2016 \$	30 June 2015 \$
Lions Club of Carterton	104,723	-
Creative New Zealand	11,765	11,765
Sports NZ rural travel fund	9,500	9,500
Internal Affairs	1,093	1,093
Summer reading grant	1,510	1,861
World War II memorial trust	500	500
Total grants and subsidies	<u>129,091</u>	<u>24,719</u>

Note 3: Personnel costs

	30 June 2016 \$	30 June 2015 \$
Salaries and wages	3,511,403	3,222,348
Defined contribution plan employer contributions	90,828	88,337
Increase/(decrease) in employee entitlements/liabilities	27,793	37,885
Total personnel costs	<u>3,630,024</u>	<u>3,348,570</u>

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

Note 4: Miscellaneous revenue

	30 June 2016 \$	30 June 2015 \$
Dividends	271	543
Sundry sales	1,350	1,462
Vehicle crossings	1,510	-
Daffodil Festival	3,999	4,137
Manuka Apiary	8,666	-
Donations	100	697
Other	39,649	28,721
Election deposits	-	1,391
Library revenue	3,589	3,649
Ticket sales	1,985	1,909
Grazing	708	-
Total miscellaneous revenue	<u>61,827</u>	<u>42,509</u>

Note 5: Summary cost of services

	30 June 2016 \$	30 June 2015 \$
Revenue		
Governance	9,011	2,333
Roads and footpaths	1,695,525	1,781,840
Water supply	297,246	294,288
Sewerage	527,192	486,078
Stormwater	38,300	39,000
Waste management	279,346	324,514
Community support	591,274	1,550,746
Regulatory and planning	715,795	645,609
Total activity revenue	<u>4,153,689</u>	<u>5,124,408</u>
Rates	10,224,374	9,709,837
Rates penalties	74,303	35,463
Commission	44,100	47,775
Finance revenue	175,860	175,910
Fees and charges	45	-
Miscellaneous revenue	5,193	2,007
Assets vested in council	-	-
Bad debts recovered	27,591	-
Profit on sale of assets	13,000	27,194
Other gains	77,802	18,529
Total revenue	<u>14,795,957</u>	<u>15,141,123</u>

Expenditure		
Governance	808,863	754,472
Roads and footpaths	3,156,942	3,429,985
Water supply	1,773,632	1,704,750
Sewerage	1,841,568	1,421,826
Stormwater	165,699	173,338
Waste management	733,431	695,443
Community support	3,394,976	4,366,122
Regulatory and planning	1,602,011	1,265,569
Total activity expenditure	13,477,122	13,811,504
Loss on sale of assets	19,046	42,232
Bad debts	-	39,852
Gifted assets	2,197,938	-
Total expenditure	15,694,106	13,893,588
Net surplus/(deficit) before tax	(898,149)	1,247,535

All items above are stated gross of internal overhead costs and revenues.

The gifted assets relate to the pensioner housing properties that were gifted to the Carter Society during September 2015.

Note 6: Other revenue and expenses

	30 June 2016	30 June 2015
Expenditure	\$	\$
Change in provision for doubtful debts	(27,591)	39,676
Fees to principal auditor		
- Audit fees for financial statement audit	83,337	81,944
- Audit fees for 2015–2025 Long Term Plan	6,000	53,000
	89,337	134,944
Depreciation		
- Motor vehicles	71,958	73,393
- Plant and equipment	304,351	184,771
- Roads and footpaths	1,310,971	1,271,638
- Water systems	515,353	514,482
- Stormwater systems	66,024	66,024
- Sewerage systems	255,897	244,864
- Buildings	427,423	469,924
- Library collections	70,010	89,577
- Office equipment	75,468	80,310
- Fixtures and fittings	198,454	169,660

- Heritage assets	999	3,296,908	3,165,047
Amortisation			
- GIS system	8,488		5,497
- Consents	142,391		127,418
- Software	586		-
		151,465	132,915
Councillors' remuneration		207,688	191,478
Interest expense		445,723	489,820
Debtors written off		-	176
Rental expense of leased assets		932	807
Superannuation contributions		90,828	88,337
Note 7: Other gains and losses		30 June 2016	30 June 2015
		\$	\$
Gain/(loss) in fair value of forestry assets (note 13)		77,802	18,529
Total gains/(losses)		77,802	18,529

Note 8: Cash and cash equivalents and special funds

	30 June 2016	30 June 2015
	\$	\$
Cash at bank and on hand	1,675,929	550,997
Short term deposits with maturities less than 3 months	1,500,000	2,515,759
Special fund term deposits with maturities less than 3 months	1,218,956	1,523,148
Total cash and cash equivalents	4,394,885	4,589,904

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 \$1,218,956 (2015 \$1,523,148).

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 2016 \$	30 June 2015 \$
Cash at bank and on hand	1,675,929	550,997
Short term bank deposits with maturities less than 3 months	1,500,000	2,515,759
Special fund bank deposits with maturities less than 3 months	1,218,956	1,523,148
Total cash and cash equivalents	4,394,885	4,589,904

Maturity analysis and effective interest rates

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

2016

Cash at bank and in hand	1,675,929
Short term bank deposit maturing within three months	1,500,000
Special fund deposits (with maturities of 3 months or less; average maturity 90 days)	1,218,956

Weighted average effective interest rate 3.20%

2015

Cash at bank and in hand	550,997
Short term bank deposit maturing within three months	2,515,759
Special fund deposits (with maturities of 6 months or less; average maturity 60 days)	1,523,148

Weighted average effective interest rate 4.17%

Note 9: Debtors and other receivables

	30 June 2016 \$	30 June 2015 \$
<i>Receivables under exchange transactions</i>		
Amounts due from customers for contract work	-	-
Prepayments	29,891	33,236
	<u>29,891</u>	<u>33,236</u>
<i>Receivables under non-exchange transactions</i>		
Rates receivables	481,524	580,058
Other receivables	619,781	857,734
Goods and services tax	67,038	61,687
Sundry debtors	195,837	531,873
Related party receivables	-	-
Loans to related parties	-	-
	<u>1,394,071</u>	<u>2,064,588</u>
Less provision for impairment	(61,590)	(89,181)
Total debtors and other receivables	1,332,481	1,975,407

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

	30 June 2016 \$	30 June 2015 \$
At 1 July	89,181	49,505
Additional provisions made during the year	(27,591)	39,852
Receivables written off during the period	-	(176)
At 30 June	61,590	89,181

Note 10: Investments

	30 June 2016 \$	30 June 2015 \$
Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months	1,819,154	-
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months	7,747	13,517
Total investments	1,826,901	13,517

The carrying value of special fund term deposits approximates their fair value.

Note 11: Income tax

	30 June 2016 \$	30 June 2015 \$
Total surplus/(deficit) before tax	(898,149)	1,247,535
Income tax @ 28%	-	349,310
Add/(less) tax effect of non-taxable income/expenditure	-	(349,310)
Income tax expense	-	-
Current tax expense	-	-
Deferred tax expense	-	-
Income tax expense	-	-

CDC has 2016 taxable income of \$nil (2015 \$nil) with tax credits attached of \$nil (2015 \$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 12: Shares in companies

	Fair value 30 June 2016 \$	Fair value 30 June 2015 \$
New Zealand Local Government Insurance Corporation Ltd (23,642 shares)	34,517	28,370
Airtel Ltd (8,100 shares)	12,879	12,879
Farmlands Trading Society Ltd (1,003 shares)	1,003	1,003
Total shares in companies	48,399	42,252

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.

Note 13: Forestry assets

	30 June 2016 \$	30 June 2015 \$
Balance at 1 July	413,053	394,524
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	77,802	18,529
Decreases due to sales	-	-
Decreases due to harvest	-	-
Balance at 30 June	490,855	413,053

Through its investment in Kaipaitangata Forest, the Council owns 265 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2016-2042. Council received revenue of \$970,312 from harvesting during the 2015 year. As disclosed in note 36 this resulted in a prior period adjustment. 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 2016. 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 2016. A discount rate of 6.9% was used to discount the present value of expected cash flows to value the forestry assets for the year ended 30 June 2016.
- 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 14: Intangible assets

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
<i>Balance at 1 July 2015</i>	\$	\$	\$	\$	\$
Cost	115,048	201,845	-	538,307	855,200
Accumulated amortisation and impairment	-	(189,895)	-	(134,294)	(324,189)
Opening carrying amount	115,048	11,950	-	404,013	531,011
<i>Year ended 30 June 2016</i>	\$	\$	\$	\$	\$
Additions	-	6,950	35,130	-	42,080
Amortisation charge	-	(8,488)	(586)	(142,391)	(151,465)
Closing carrying amount	115,048	10,412	34,544	261,622	421,626
Balance 30 June 2016	\$	\$	\$	\$	\$
Cost	115,048	208,795	35,130	538,307	897,280
Accumulated amortisation and impairment	-	(198,383)	(586)	(276,685)	(475,654)
Closing carrying amount	115,048	10,412	34,544	261,622	421,626

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
	\$	\$	\$	\$	\$
<i>Balance at 1 July 2014</i>	115,048	191,845	-	358,620	665,513
Accumulated amortisation and impairment	-	(184,399)	-	(6,875)	(191,274)
Opening carrying amount	115,048	7,446	-	351,745	474,239
<i>Year ended 30 June 2015</i>	\$	\$	\$	\$	\$
Additions	-	10,000	-	179,687	189,687
Amortisation charge	-	(5,496)	-	(127,419)	(132,915)
Closing carrying amount	115,048	11,950	-	404,013	531,011
Balance 30 June 2015	\$	\$	\$	\$	\$
Cost	115,048	201,845	-	538,307	855,200
Accumulated amortisation and impairment	-	(189,895)	-	(134,294)	(324,189)
Closing carrying amount	115,048	11,950	-	404,013	531,011

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.

Carbon credits

The council received carbon credits for no consideration when these were allocated by the government under the Emissions Trading Scheme. The Council had accounted for these carbon credits at nil under NZ IFRS (PBE). Under the new PBE accounting standards, carbon credits received for no consideration are required to be accounted for at their fair value at initial recognition. The carbon credits were received during 2012 and 2013 and the Council elected to treat their fair value at 1 July 2014 as deemed cost. Adjustments have been made to opening equity in the comparative year to account for these credits.

The Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

Note 15: Creditors and other payables

Payables under exchange transactions

Trade payables
Deposits and bonds
Accrued expenses

Payables under non-exchange transactions

Revenue in advance
Rates in advance

Total creditors and other payables

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 16: Employee entitlements

Accrued pay
Annual leave
Long service leave
Time off in lieu
Retirement gratuities
Sick leave

Total employee entitlements

Comprising:
Current
Non-current

Total employee entitlements

Note 17: Provisions

Provisions
Opening balance
Provision additions for the year
Provision expensed for the year
Adjustment to NPV

Total provisions

	30 June 2016	30 June 2015
	\$	\$
<i>Payables under exchange transactions</i>		
Trade payables	984,067	1,060,277
Deposits and bonds	35,121	20,441
Accrued expenses	189,081	342,004
	1,208,269	1,422,722
<i>Payables under non-exchange transactions</i>		
Revenue in advance	132,795	131,493
Rates in advance	129,171	128,774
	261,966	260,267
Total creditors and other payables	1,470,235	1,682,989

	30 June 2016	30 June 2015
	\$	\$
Accrued pay	60,459	30,545
Annual leave	227,584	245,007
Long service leave	97,860	80,163
Time off in lieu	7,234	9,629
Retirement gratuities	-	-
Sick leave	-	-
Total employee entitlements	393,137	365,344

	30 June 2016	30 June 2015
	\$	\$
Current	308,860	288,493
Non-current	84,277	76,851
Total employee entitlements	393,137	365,344

	30 June 2016	30 June 2015
	\$	\$
Provisions		
Opening balance	-	9,455
Provision additions for the year	-	-
Provision expensed for the year	-	(9,455)
Adjustment to NPV	-	-
Total provisions	-	-

Comprising:

Current	-	-
Non-current	-	-
Total provisions	<u>-</u>	<u>-</u>

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 has 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 was estimated taking into account existing technology and using a discount rate of 5.67% in 2015.

Note 18: Borrowings

	30 June 2016	30 June 2015
Current	\$	\$
Bank overdraft	-	-
Secured loans	5,732,481	326,653
Debentures	-	-
Lease liabilities	15,230	17,542
Total current borrowings	<u>5,747,711</u>	<u>344,195</u>
Non-Current		
Secured loans	2,418,400	7,848,318
Debentures	-	-
Lease liabilities	74,836	64,944
Total non-current borrowings	<u>2,493,236</u>	<u>7,913,262</u>

The range of interest rates applying to the above loans is 4.04% to 5.99% with a weighted average of 5.16% (2015 5.67%). Loans are secured by way of rates.

Fixed-rate debt

The Council's secured debt of \$8,150,881 (2015 \$8,174,971) is issued at fixed rates of interest.

Security

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

2016

Less than one year
weighted average effective interest rate 5.16%

Later than one year but not more than five years
weighted average effective interest rate 5.16%

Later than five years
weighted average effective interest rate 5.16%

2015

Less than one year
weighted average effective interest rate 5.67%

Later than one year but not more than five years
weighted average effective interest rate 5.67%

Later than five years
weighted average effective interest rate 5.67%

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:

	2016 Carrying Amount \$	Fair Value \$
Secured loans	8,150,881	8,150,881
Finance leases	90,066	90,066
Total	<u>8,240,947</u>	<u>8,240,947</u>
	2015 Carrying Amount \$	Fair Value \$
Secured loans	8,174,971	8,174,971
Finance leases	82,486	82,486
Total	<u>8,257,457</u>	<u>8,257,457</u>

	2016	2015
	\$	\$
Internal loans		
As at 1 July	-	-
Loans advanced	1,250,000	-
Repayments	-	-
As at 30 June	<u>1,250,000</u>	<u>-</u>

The internal loan was funded through a transfer from the water depreciation reserve to the sewerage depreciation reserve. The rate of interest charged on internal borrowing is calculated to be the weighted average rate that the Council receives on its investment portfolio. Interest was charged at 4.17% which equates to \$52,125 for the 2016 year. (2015: nil).

Note 19: Equity

	2016	2015
	\$	\$
Public equity		
As at 1 July	114,916,539	112,831,897
<i>Transfers to:</i>		
Restricted and other reserves	(6,643,338)	(4,665,516)
<i>Transfers from:</i>		
Restricted and other reserves	3,610,448	5,499,788
Transfers from asset revaluation reserve on disposal of property, plant, and equipment	1,435,819	2,835
Surplus / (deficit) for the year	(898,149)	1,247,535
As at 30 June	<u>112,421,319</u>	<u>114,916,539</u>

Restricted reserves

As at 1 July	1,187,016	1,479,963
<i>Transfers to:</i>		
Public equity	(328,299)	(845,079)
<i>Transfers from:</i>		
Public equity	1,442,020	552,132
As at 30 June	<u>2,300,737</u>	<u>1,187,016</u>

Restricted reserves consist of :

Restricted reserves	2,194,129	1,085,499
Hall Board reserves	29,673	23,731
Trusts	71,859	72,381
Other trusts	5,076	5,405
Total restricted reserves	<u>2,300,737</u>	<u>1,187,016</u>

Other reserves

As at 1 July	3,391,929	3,933,254
<i>Transfers to:</i>		
Public equity	5,201,318	(4,624,339)
<i>Transfers from:</i>		
Public equity	(3,282,149)	4,083,015
As at 30 June	<u>5,311,098</u>	<u>3,391,929</u>

Revaluation reserves

As at 1 July	44,284,100	42,241,753
Revaluation gains / (losses)	2,991,188	2,045,182
Transfer to public equity on disposal of property, plant, and equipment	(1,435,819)	(2,835)
As at 30 June	<u>45,839,469</u>	<u>44,284,100</u>

Asset revaluation reserves consist of:

Infrastructure assets

Roads, streets and footpaths	32,694,358	32,694,357
Water systems	6,091,315	4,918,518
Sewerage systems	950,937	684,595
Stormwater systems	3,505,742	1,959,841

Operational assets

Land	1,135,732	1,290,232
Buildings	1,273,256	2,554,574
Library collections	156,050	156,050
Landfill	-	-

Restricted assets

Heritage assets	23,474	23,474
-----------------	--------	--------

Total asset revaluation reserves

	<u>45,830,864</u>	<u>44,281,642</u>
--	-------------------	-------------------

Fair value revaluation reserves consist of:

As at 1 July	2,458	-
Net revaluation gains / (losses) in shares held (note 12)	6,147	2,458
Total fair value revaluation reserve	<u>8,605</u>	<u>2,458</u>

Total revaluation reserves

	<u>45,839,469</u>	<u>44,284,100</u>
--	-------------------	-------------------

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 20: Rates revenue

	30 June 2016 \$	30 June 2015 \$
General rates	6,806,204	6,586,115
Targeted rates attributable to activities		
Water	1,579,594	1,433,526
Sewerage	1,118,794	937,629
Stormwater	200,392	216,610
Waste management	144,026	151,292
Regulatory and planning	375,364	384,665
Total targeted rates	<u>3,418,170</u>	<u>3,123,722</u>
Total rates	10,224,374	9,709,837
Rates penalties	74,303	35,463
Total revenue from rates and penalties	<u>10,298,677</u>	<u>9,745,300</u>
Rating base	30 June 2016 \$	30 June 2015 \$
Capital value	2,509,975,500	2,442,712,800
Land value	1,378,308,300	1,353,190,300

There were 4,963 rating units within the Council district as at 30 June 2016 (2015: 4,902).

	30 June 2016 \$	30 June 2015 \$
Rates revenue before remissions	10,310,560	9,759,155
<i>Council policy remissions:</i>		
Sports bodies	2,832	3,249
Other	9,051	10,566
Total remissions	<u>11,883</u>	<u>13,815</u>
Rates revenue after remissions	<u>10,298,677</u>	<u>9,745,300</u>

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 21: Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	30 June 2016 \$	30 June 2015 \$
Surplus/(deficit) after tax	(898,149)	1,247,535
Add/(less) non-cash items:		
Depreciation and amortisation	3,448,373	3,297,962
Gifted assets	2,181,598	-
Bad debts	(27,591)	39,852
Assets vesting in council	-	-
(Gains)/losses in fair value of forestry assets	(77,802)	(18,529)
(Gains)/losses in fair value of property, plant and equipment	-	-
(Gains)/losses in fair value of shares	-	-
	<u>5,524,578</u>	<u>3,319,285</u>
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	6,046	15,038
(Gains)/losses on disposal of forestry assets	-	-
	<u>6,046</u>	<u>15,038</u>
Add/(less) movements in working capital items:		
Trade and other receivables	642,926	(351,201)
Inventories	-	-
Creditors and other payables	(185,163)	(114,423)
Provisions	-	(9,455)
Employee entitlements	27,793	37,886
	<u>485,556</u>	<u>(437,193)</u>
Net cash inflow/(outflow) from operating activities	<u>5,118,031</u>	<u>4,144,665</u>

Note 22: Statement of commitments

Non-cancellable operating leases

For the year ended 30 June 2016 the Council had no non-cancellable operating leases (2015: \$nil).

As a lessor, the Council has an operating lease for the use of farmland which it owns. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	30 June 2016 \$	30 June 2015 \$
- not Later than 1 year	40,064	17,483
- later than 1 year but not later than 5 years	58,395	0
- later than 5 years	-	-
	<u>98,459</u>	<u>17,483</u>

Capital commitments

For the year ended 30 June 2016 the Council had no capital commitments (2015: \$nil).

Note 23: Contingencies

	30 June 2016 \$	30 June 2015 \$
Contingent liabilities	\$	\$
Financial guarantees	-	-
Total contingent liabilities	-	-

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 24: 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, Councillor Keys is the owner of McKenzies Electrical 2000. During the 2016 year the Council engaged McKenzies Electrical 2000 for electrical services. These services were made on commercial terms and amounted to \$2,358.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2015 \$nil).

	30 June 2016 \$	30 June 2015 \$
<i>Mayor & Councillors</i>		
Remuneration	207,688	191,478
Full-time equivalent members	9	9
<i>Chief Executive</i>		
Remuneration	260,179	200,078
Full-time equivalent members	1	1
Total key management personnel remuneration	<u>467,867</u>	<u>391,556</u>
Total full-time equivalent personnel	10	10

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the average number of Councillors.

	30 June 2016 \$	30 June 2015 \$
Salaries and other short-term employee benefits	460,582	380,231
Post-employment benefits	-	-
Other long-term benefits	7,285	11,325
Termination benefits	-	-
Total key management personnel compensation	<u>467,867</u>	<u>391,556</u>

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

Note 25: Remuneration

Chief executive

The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$98,141 (2015 \$171,753), performance bonus of \$23,269 (2015 \$17,000) and superannuation contributions of \$7,285 (2015 \$11,325) to 30 November 2015. During the 2016 year the Chief Executive retired and as a result holiday pay owing of \$9,936 was paid out which is included in the previously disclosed salary figure. The new Chief Executive commenced from November 2015 and received a salary of \$131,484.

For the year ended 30 June 2016, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$260,179 (2015 \$200,078).

	30 June 2016	30 June 2015
	\$	\$
<i>Elected representatives</i>		
R Mark (retired 24 September 2014)	-	14,631
J Booth (elected Mayor 31 October 2014)	63,700	51,673
E Brazendale	26,388	22,866
R Carter	16,800	16,100
W Knowles	16,800	16,100
J Greathead	16,800	16,100
M Ashby	16,800	16,100
G Lang	16,800	16,100
M Palmers	16,800	16,100
R Keys (elected Councillor 20 February 2015)	16,800	5,706
Total elected members remuneration	207,688	191,479
	30 June	30 June
	2016	2015
<i>Council employees remuneration by band</i>		
< \$60,000	40	43
\$60,000 - \$79,999	11	6
\$80,000 - \$139,999	6	6
\$140,000 - \$199,999	1	1
Total employees	58	56

At balance date, the Council employed 45 (2015: 44) full-time employees, with the balance of staff representing 5 (2015: 4.5) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Note 26: Severance payments

For the year ended 30 June 2016 the Council did not make any severance payments (2015 \$nil).

Note 27: 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 2016	
	\$	
Insurance contracts		
Material damage	23,617,500	<i>Subject to range of deductibles- \$5,000 for most claims, and 5% of site value for earthquakes.</i>
Forestry	569,764	<i>Maximum cover of \$20,000 for hail, no cover for windstorm, volcanic activity, earthquake, or landslip. Deductible of 1.5% of Property Declared Value subject to minimum \$10,000 per loss occurrence.</i>
Motor vehicle	392,479	<i>Insured for market value. Carrying amount has been used for this disclosure.</i>
Risk sharing arrangements		
Infrastructural assets as member of LAPP	14,593,111	<i>This is 40 percent of the estimated replacement cost of the scheduled assets. A deductible of \$147,000 applied.</i>
Central government assistance	21,889,667	<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>
Self-insured		
To cover deductibles and uninsured assets	-	
Total assets insured	\$61,062,521	

Note 28: Events after balance date

There has been one event subsequent to 30 June 2016 that requires disclosure or adjustment to the financial statements.

This event involved the identification of an overcharge of \$5,614 for the disposal of trade waste. The overcharge became known through a post balance date reconciliation of charging activity. Accordingly, revenue received by the sewerage activity has been reduced and accounts receivable have been adjusted.

Note 29: Financial instrument categories

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

FINANCIAL ASSETS	30 June 2016 \$	30 June 2015 \$
Fair value through profit and loss – held for trading		
Derivative financial instrument assets	-	-
Loans and receivables		
Cash and cash equivalents	1,675,929	550,997
Short term funds	1,500,000	2,515,759
Special funds	1,218,956	1,523,148
Investments	1,826,901	13,517
Debtors and other receivables	1,332,481	1,975,407
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<i>Total loans and receivables</i>	<u>7,554,267</u>	<u>6,578,828</u>
Fair value through comprehensive revenue and expense		
Other financial assets:		
- local authority stock	-	-
- unlisted shares	48,399	42,252
- listed shares	-	-
<i>Total fair value through equity</i>	<u>48,399</u>	<u>42,252</u>
FINANCIAL LIABILITIES	30 June 2016 \$	30 June 2015 \$
Fair value through profit and loss – held for trading		
Derivative financial instrument liabilities	-	-
Financial liabilities at amortised cost		
Creditors and other payables	1,470,235	1,682,989
Borrowings:		
- finance leases	90,066	82,486
- secured loans	8,150,881	8,174,971
- debentures	-	-
<i>Total financial liabilities at amortised cost</i>	<u>9,711,182</u>	<u>9,940,446</u>

Note 30: 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 31: 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)

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 independent valuers Andrew Parkyn (Registered Valuer, B.Com (VPM), PG Dip Com, SPINZ, ANZIV), Angela Scott (BBS (VPM), MPINZ) and David Cornford (BBS (VPM), MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2015. The landfill liner and water races were not revalued in the 2015 year. Additions are recorded at cost.

Buildings (operational and heritage)

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 replacement cost of the specific assets as at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design
- the replacement cost is derived from recent construction contracts of similar assets, reference to publications such as the Rawlinsons Construction Handbook, recent costing obtained from construction details 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 independent valuers Andrew Parkyn (Registered Valuer, B.Com (VPM), PG Dip Com, SPINZ, ANZIV), Angela Scott (BBS (VPM), MPINZ) and David Cornford (BBS (VPM), MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2015. 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 revenue and expense. 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 independent valuer 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 independent valuer 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 2016. 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 \$44,748,300 based on the 30 June 2016 valuation as follows:

Sewerage systems – treatment plant & facilities \$3,637,325
 Sewerage systems – other \$12,137,079
 Water systems – treatment plant & facilities \$4,486,951
 Water systems – other \$16,139,008
 Stormwater \$8,347,937

Land under roads

Land under roads was valued based on fair value of adjacent land determined by independent valuer 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

independent valuer Colin Gerrard (BSc, MSc, GIPENZ) and reviewed by Sarah Seel (BE, MIPENZ) of AECOM New Zealand, and the valuation is effective as at 30 June 2015.

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

	30 June 2016
	\$
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 (30/6/16)	19,531,811
David Cornford of QV Asset & Advisory - land, buildings & heritage assets (30/6/15)	20,092,120
Colin Gerrard of AECOM Limited - library collections (30/6/15)	343,401

Impairment

There were no impairment losses in 2016 (2015 \$nil).

Work in progress

The total amount of property, plant and equipment in the course of construction is \$333,330 (2015 \$158,861). Work in progress is disclosed in note 32.

Leasing

The net carrying amount of plant and equipment held under finance leases is \$77,342 (2015 \$66,925).

Vested assets

No assets were vested in or transferred to the Council (2015 \$nil).

Note 32: Property, plant and equipment

	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year transfers	Current year disposals	Accumulated depreciation on disposals	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2015 \$	1 July 2015 \$	1 July 2015 \$	\$	\$	\$	\$	\$	\$	30 June 2016 \$	30 June 2016 \$	30 June 2016 \$
30 June 2016												
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,722,494	-	5,722,494	-	41,152	-	-	-	-	5,763,646	-	5,763,646
Roads, streets & footpaths	119,848,015	(1,271,638)	118,576,377	1,725,294	(41,152)	-	-	(1,310,971)	-	121,532,157	(2,582,609)	118,949,548
Water systems - treatment plant & facilities	1,758,725	(162,210)	1,596,515	-	-	-	-	(81,105)	101,753	1,617,163	-	1,617,163
Water systems - other	6,440,371	(863,348)	5,577,023	-	-	-	-	(434,248)	1,071,045	6,213,820	-	6,213,820
Sewerage systems - treatment plant & facilities	1,248,278	(144,401)	1,103,877	-	(21,672)	-	-	(71,709)	755,665	1,766,161	-	1,766,161
Sewerage systems - other	4,929,408	(328,769)	4,600,639	464,508	21,672	-	-	(184,188)	(489,323)	4,413,308	-	4,413,308
Stormwater systems	4,170,568	(129,086)	4,041,482	-	-	-	-	(66,024)	1,545,901	5,521,359	-	5,521,359
	144,117,859	(2,899,452)	141,218,407	2,189,802	-	-	-	(2,148,245)	2,985,041	146,827,614	(2,582,609)	144,245,005
<i>Operational assets</i>												
Land	7,332,300	-	7,332,300	155,407	-	(519,000)	-	-	-	6,968,707	-	6,968,707
Buildings	12,606,700	-	12,606,700	310,950	-	(1,686,000)	(27,201)	(427,423)	-	11,231,650	(400,222)	10,831,428
Fixtures & fittings	2,127,898	(711,157)	1,416,741	197,551	-	(25,800)	(23,898)	(198,454)	-	2,299,649	(885,713)	1,413,936
Office equipment	564,533	(373,719)	190,813	190,302	-	(171,319)	(97,891)	(75,468)	-	583,516	(351,296)	232,219
Library collections	343,401	-	343,401	48,049	-	-	-	(70,010)	-	391,450	(70,010)	321,440
Motor vehicles	1,016,306	(554,242)	462,064	2,372	-	-	-	(71,958)	-	1,018,678	(626,200)	392,479
Plant & equipment	3,498,136	(1,326,964)	2,171,172	121,585	-	(10,932)	(8,761)	(304,351)	-	3,608,789	(1,622,554)	1,986,235
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	359,271	-	359,271	118,245	-	-	-	-	-	477,516	-	477,516
	28,062,544	(2,966,082)	25,096,462	1,144,461	-	(2,413,051)	(157,751)	(1,147,664)	-	26,793,955	(3,955,995)	22,837,960
Heritage assets	46,499	-	46,499	-	-	-	-	(999)	-	46,499	(999)	45,500
Work in progress	158,862	-	158,862	237,071	-	(62,603)	-	-	-	333,330	-	333,330
Total assets	172,385,764	(5,865,534)	166,520,230	3,571,334	-	(2,475,654)	(157,751)	(3,296,908)	2,985,041	174,001,398,	(6,539,603)	167,461,795

Note 32: Property, plant and equipment

	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year transfers	Current year disposals	Accumulated depreciation on disposals	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2014	1 July 2014	1 July 2014							30 June 2015	30 June 2015	30 June 2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
30 June 2015												
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,722,494	-	5,722,494	-	-	-	-	-	-	5,722,494	-	5,722,494
Roads, streets & footpaths	118,146,152	-	118,146,152	1,701,863	-	-	-	(1,271,638)	-	119,848,015	(1,271,638)	118,576,377
Water systems - treatment plant & facilities	1,758,725	(81,105)	1,677,620	-	-	-	-	(81,105)	-	1,758,725	(162,210)	1,596,515
Water systems - other	6,408,690	(429,971)	5,978,719	31,681	-	-	-	(433,377)	-	6,440,371	(863,348)	5,577,023
Sewerage systems - treatment plant & facilities	1,248,278	(71,786)	1,176,492	-	-	-	-	(72,615)	-	1,248,278	(144,401)	1,103,877
Sewerage systems - other	4,777,379	(156,518)	4,620,861	152,029	-	-	-	(172,251)	-	4,929,408	(328,769)	4,600,639
Stormwater systems	4,170,568	(63,061)	4,107,507	-	-	-	-	(66,025)	-	4,170,568	(129,086)	4,041,482
	142,232,286	(802,441)	141,429,845	1,885,573	-	-	-	(2,097,011)	-	144,117,859	(2,899,452)	141,218,407
<i>Operational assets</i>												
Land	7,159,667	-	7,159,667	156,823	-	-	-	-	15,810	7,332,300	-	7,332,300
Buildings	11,963,201	(929,755)	11,033,446	75,872	(58,244)	(18,730)	-	(469,924)	2,044,280	12,606,700	-	12,606,700
Fixtures & fittings	1,473,039	(551,088)	921,951	606,206	58,244	(9,591)	(9,591)	(169,660)	-	2,127,897.72	(711,157)	1,416,741
Office equipment	641,429	(401,491)	239,937	41,067	-	(117,963)	(108,082)	(80,310)	-	564,533	(373,719)	190,813
Library collections	553,705	(154,120)	399,585	50,970	-	-	-	(89,577)	(17,577)	343,401	-	343,401
Motor vehicles	1,071,503	(628,299)	443,204	93,328	-	(148,525)	(147,450)	(73,393)	-	1,016,306	(554,242)	462,064
Plant & equipment	2,226,528	(1,164,469)	1,062,059	1,312,940	-	(41,332)	(22,273)	(184,768)	-	3,498,136	(1,326,964)	2,171,172
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	117,030	-	117,030	242,241	-	-	-	-	-	359,271	-	359,271
	25,420,102	(3,829,223)	21,590,879	2,579,447	-	(336,141)	(287,396)	(1,067,632)	2,042,513	28,062,544	(2,966,082)	25,096,462
Heritage assets	47,500	(808)	46,692	-	-	-	-	(404)	211	46,499	-	46,499
Work in progress	929,547	-	929,547	33,790	-	(804,475)	-	-	-	158,862	-	158,862
Total assets	168,629,435	(4,632,472)	163,996,963	4,498,810	-	(1,140,616)	(287,396)	(3,165,047)	2,042,724	172,385,764	(5,865,534)	166,520,230

Note 32: Property, plant and equipment

The current year disposals include the gifted assets referred to in note 5.

Note 33: Depreciation and amortisation by group of activity

	LTP		
	30 June 2016	30 June 2016	30 June 2015
	\$	\$	\$
Governance	1,312	1,812	1,228
Roads and footpaths	1,311,604	1,332,565	1,272,341
Water supply	606,416	584,081	604,580
Sewerage	533,860	555,078	400,745
Stormwater	66,024	92,488	66,024
Waste management	30,260	29,494	25,752
Community support	666,837	650,303	724,358
Regulatory and planning	19,365	19,256	17,056
Administration and support services	212,695	211,418	185,878
Total depreciation	3,448,373	3,476,495	3,297,962

Note 34: 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.

Rural Water Contingency Fund—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.

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.

Combined District Plan Fund—Monies set aside by Council to help meet the costs of the five-yearly review of the Combined District Plan.

Waingawa Industrial Zone Services Deficit Fund—Monies set aside by Council to smooth out deficits and surpluses from the provision of services during the development of the Waingawa Industrial Zone.

	30 June 2016	30 June 2015
Equipment purchase and renewal fund	\$	\$
Opening balance	1,509	1,091
Deposits	50	418
Withdrawals	-	-
Closing balance	1,559	1,509
Recreation and reserve account		
Opening balance	236,020	548,140
Deposits	124,336	98,930
Withdrawals	-	(411,050)
Closing balance	360,356	236,020

Roading emergency fund

Opening balance	225,102	179,419
Deposits	87,197	45,683
Withdrawals	-	-
Closing balance	312,299	225,102

Rural water contingency fund

Opening balance	45,438	38,771
Deposits	6,492	6,667
Withdrawals	-	-
Closing balance	51,930	45,438

Waste disposal fund

Opening balance	52,703	42,943
Deposits	33,270	30,366
Withdrawals	(29,192)	(20,606)
Closing balance	56,781	52,703

Creative New Zealand fund

Opening balance	2,194	9,478
Deposits	11,950	12,107
Withdrawals	(11,447)	(19,391)
Closing balance	2,697	2,194

Sport New Zealand rural travel fund

Opening balance	-	-
Deposits	9,500	9,500
Withdrawals	(8,000)	(9,500)
Closing balance	1,500	-

Keep Carterton Beautiful fund

Opening balance	5,405	5,518
Deposits	192	274
Withdrawals	(521)	(387)
Closing balance	5,076	5,405

Clareville grave maintenance trust

Opening balance	2,394	2,323
Deposits	39	71
Withdrawals	-	-
Closing balance	2,433	2,394

Memorial Square fund

Opening balance	7,043	6,747
Deposits	235	296
Withdrawals	-	-
Closing balance	7,278	7,043

WWII Memorial trust

Opening balance	62,944	62,868
Deposits	2,646	3,114
Withdrawals	(3,441)	(3,038)
Closing balance	62,149	62,944

Longbush Domain fund

Opening balance	2,227	2,984
Deposits	868	-
Withdrawals	-	(757)
Closing balance	3,095	2,227

West Taratahi Hall fund

Opening balance	19,971	19,516
Deposits	5,427	455
Withdrawals	-	-
Closing balance	25,398	19,971

Election contingency fund

Opening balance	19,940	10,775
Deposits	16,064	9,165
Withdrawals	-	-
Closing balance	36,004	19,940

Workshop depot upgrade fund

Opening balance	21,797	20,882
Deposits	729	915
Withdrawals	-	-
Closing balance	22,526	21,797

Combined district plan reserve

Opening balance	(717,838)	(688,842)
Deposits	783,182	1,051
Withdrawals	(65,344)	(30,047)
Closing balance	-	(717,838)

Roading contribution fund

Opening balance	682,650	585,516
Deposits	126,746	97,134
Withdrawals	(200,000)	-
Closing balance	609,396	682,650

Infrastructure contributions fund

Opening balance	364,787	493,515
Deposits	207,328	221,272
Withdrawals	(10,000)	(350,000)
Closing balance	562,115	364,787

Waingawa infrastructure contributions fund

Opening balance	116,177	111,236
Deposits	24,650	4,941
Withdrawals	-	-
Closing balance	140,827	116,177

Belvedere Hall fund

Opening balance	1,534	1,837
Deposits	-	-
Withdrawals	(354)	(303)
Closing balance	1,180	1,534

Waingawa industrial zone services deficit fund

Opening balance	35,020	25,248
Deposits	1,119	9,772
Withdrawals	-	-
Closing balance	36,139	35,020

Special funds reserves - summary

Opening balance	1,187,016	1,479,963
Deposits	1,442,020	552,132
Withdrawals	(328,299)	(845,079)
Closing balance	2,300,737	1,187,016

Note 35: Explanation of major variances against budget

Explanations for major variations from the Council's estimated figures in the 2015/16 year in the Long Term Plan are as follows:

Statement of Financial Performance

- Fees and charges revenue is above budget due to water metering fees and sewerage trade waste charges being higher than expected.
- Transactions relating to the forest harvest that occurred during the 2014/2015 year were processed in February 2016. These transactions resulted in net expenditure for the Council. A prior period adjustment has been made and explained in Note 36.
- Contributions for the year are above budget due to increased levels of development activity across all areas.
- Sewerage expenditure was above budget due to higher than expected activity in the reticulation area.
- Parks and reserves expenditure was above budget due to the delay of three months for the transfer of pensioner housing to the Carter Society.
- Gifted assets expenditure is above budget due to the revaluation of the pensioner housing in 2015 being higher than expected, resulting in a higher value of the properties gifted to the Carter Society.

Statement of Other Comprehensive Revenue and Expense

- The total deficit for the year is more than budgeted due to the explanations mentioned for the statement of financial performance.
- The movement in revaluation reserves is greater than budgeted due to the revaluation of water, sewerage and stormwater assets being greater than the estimated levels in the LTP as a result of actual results exceeding projected inflation factors from Business and Economic Research Limited.

Statement of Movements in Equity

- Total comprehensive revenue and expense for the year is more than budget due to the explanations mentioned for the statement of other comprehensive revenue and expense.
- The unbudgeted transfers from revaluation reserves result from the gifting of the pensioner housing.

Statement of Financial Position

- Property, plant and equipment and asset revaluation reserves are above budget due to the explanation mentioned for the statement of other comprehensive revenue and expense.
- Forestry assets are above budget due to a higher than expected increase in value resulting from further natural growth of the second rotation stands.
- Intangible assets are over budget due to the capitalisation of resource consents that were not included in the LTP.
- 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 external loans not being drawn down during 2016 for sewerage mains, stormwater and parks and reserves that were expected in the LTP.
- Restricted reserves are above budget due to the Council's decision to write off the combined district plan reserve which was overdrawn.

Statement of Cashflows

- Other revenue was greater than budgeted due to the explanations mentioned for the statement of financial performance.
- Payments to suppliers and employees was greater than budget due to the explanations mentioned for the statement of finance performance.
- The purchase of property, plant and equipment is below budget due to the timing of capital works.
- 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.

Note 36: Adjustments to the comparative year financial statements

The Council has adjusted its comparative year financial statements for the year ended 30 June 2015 to correct a prior period error. The adjustments are shown below:

	Before adjustment \$	Correction of error \$	After adjustment \$
Revenue			
Forestry harvest	-	970,312	970,312
Expenditure			
Community support	3,385,163	980,957	4,366,120
Operating surplus	1,239,651	(10,645)	1,229,006
Current liabilities			
Creditors and other payables	1,672,344	10,645	1,682,989
Equity			
Public equity	114,927,184	(10,645)	114,916,539

During the year ended 30 June 2015 part of the Kaipaitangata Forest was harvested for replanting in manuka. The reconciliation of costs and revenue was late in being presented by the forest manager to Council, which meant that the net cash outflow occurred during the year ended 30 June 2016. In effect this lateness meant that the council received revenue and incurred expenses relating to the harvest which should have been recognised in the 30 June 2015 financial year. The financial statements for 2015, which are presented as comparative information in the 30 June 2016 financial statements, have been restated to correct this error.

Note 37: Breach of Statutory Deadline

Under section 98(3) of the Local Government Act 2002, the Annual Report must be completed and adopted by resolution, within four months after the end of the financial year to which it relates. The Council has not complied with this requirement and is in breach of the Act. Council formally adopted the annual report on 22 February 2017.

Financial prudence benchmarks

Annual report disclosure statement for year ending 30 June 2016

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.

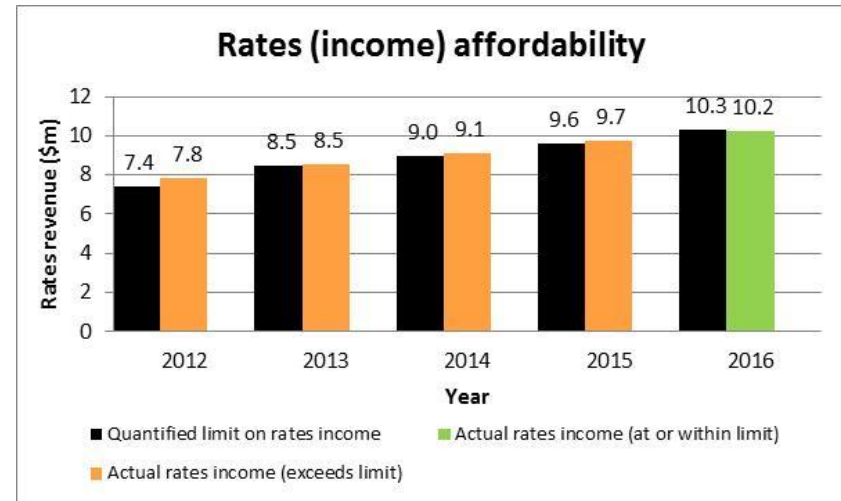
Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its actual rates income 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

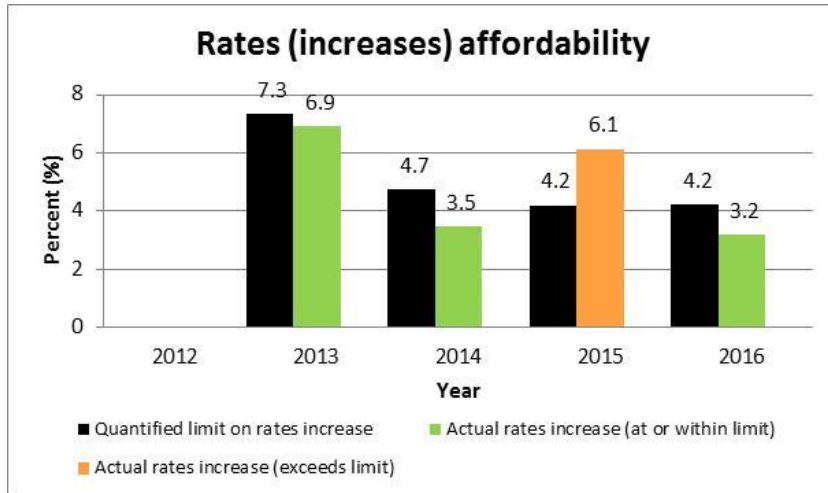
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is budgeted rates revenue in the long-term plan.



Carterton District Council has not set a definite \$ value as its quantified level for rates income; rather the Council has set the quantified level applicable each year at the agreed budgeted rates income level set in the Long Term Plan, as amended and approved each year through the Annual Plan consultation process.

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 rates¹⁴ 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.

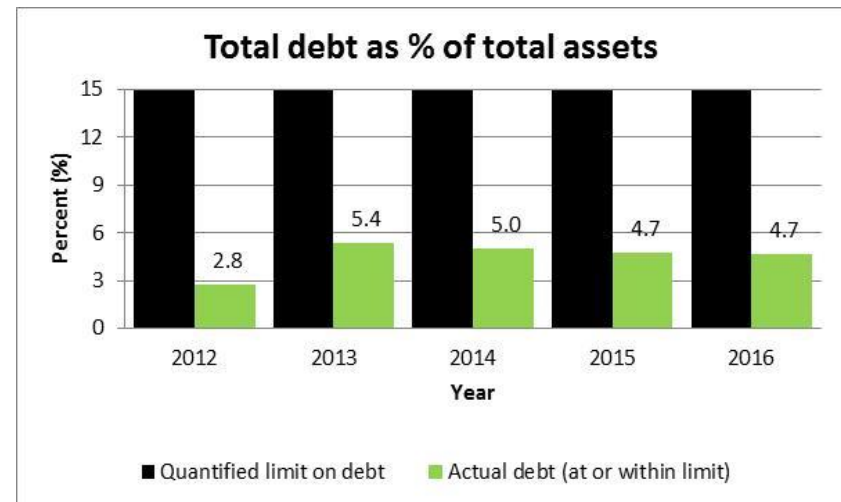
Comparative information is not available for the average rates increases (as defined in the quantified limit) for the years prior to 2013.

¹⁴ The average rates is the total rates income divided by the total number of rates assessments.

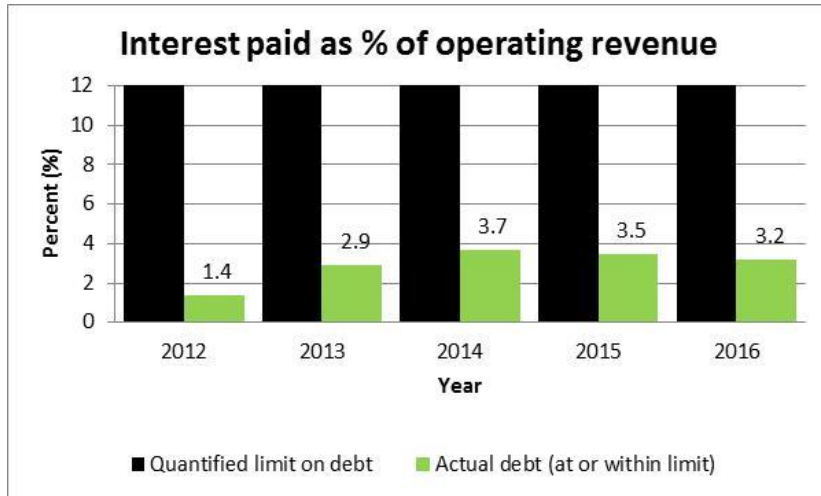
Debt affordability benchmark

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

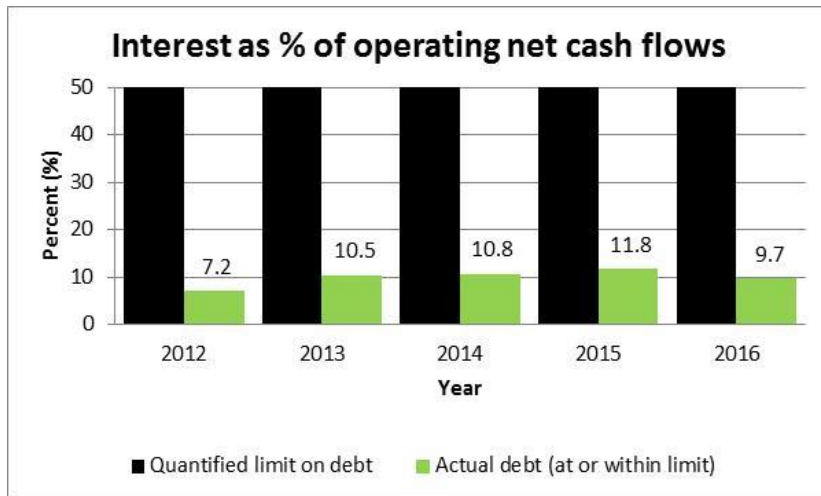
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that total debt as a percentage of total assets must not exceed 15 percent.



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.



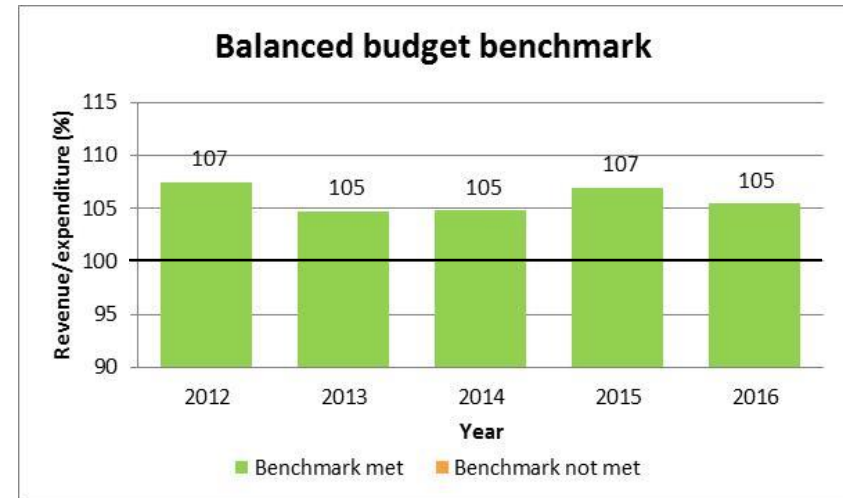
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



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).

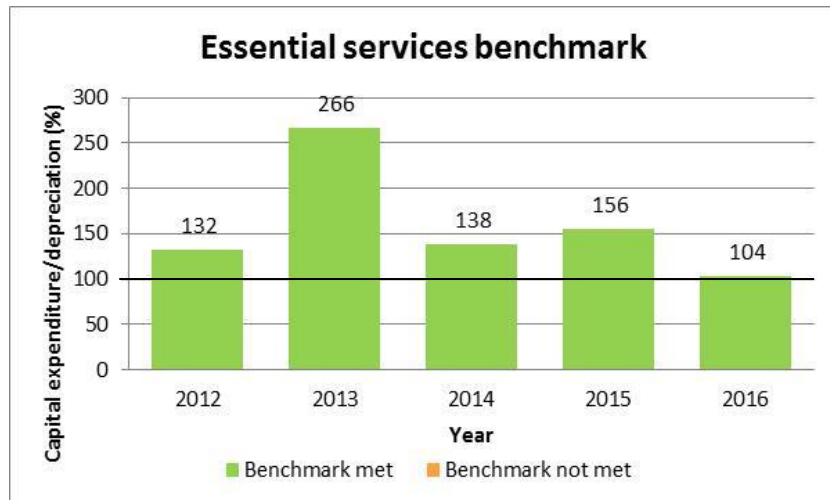
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

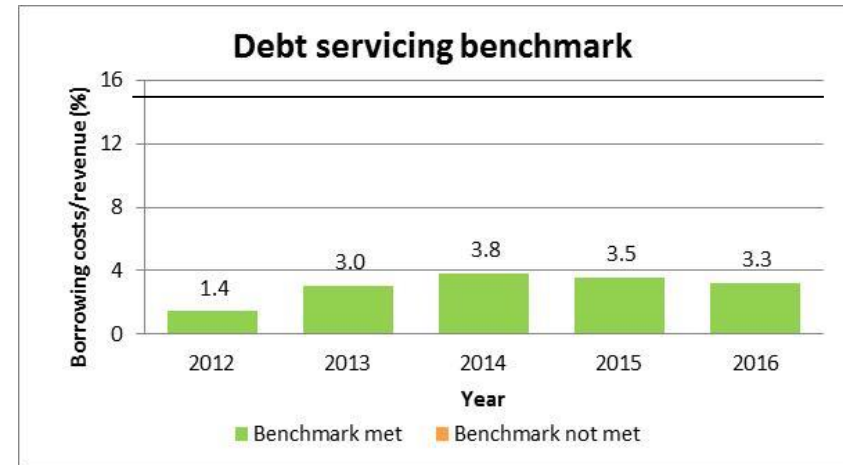
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

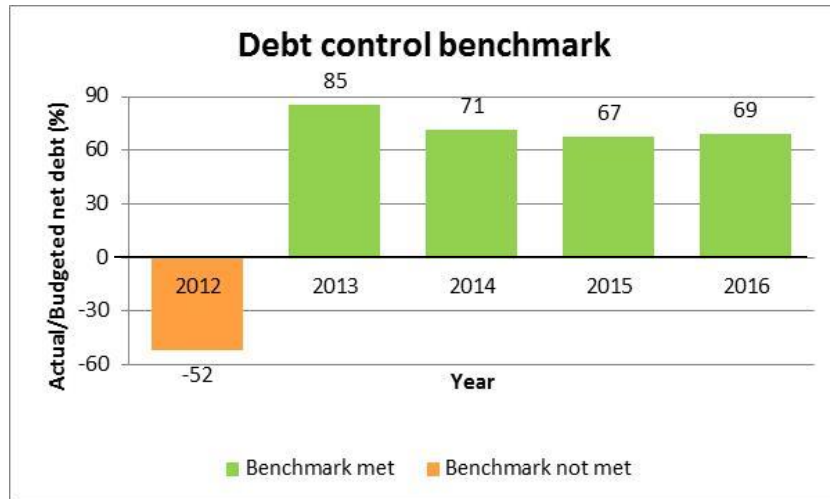
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



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.

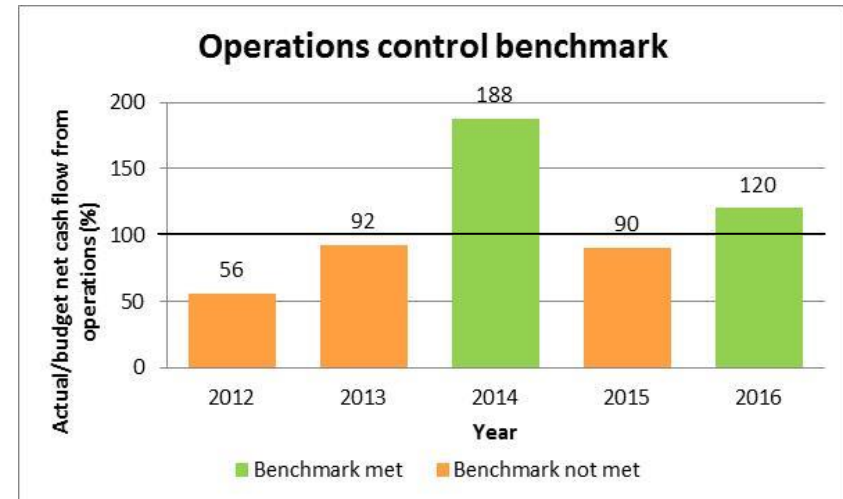


2011/12 was significantly distorted by timing differences between expectations in the 2009–2019 LTCCP and actual results related to the construction of the Events Centre and associated grants receipts, borrowing, and proceeds from property sales.

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.



2011/12 was significantly distorted by timing differences between expectations in the 2009–2019 LTCCP and actual results related to the construction of the Events Centre and associated grants receipts. In 2012/13, rates revenue was higher than planned but closing debtors increased by more, and although expenditure was similar to planned, creditors increased more than forecast. Similarly, in 2014/15, although revenue was higher than planned, there were significantly higher debtors at year end.

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 the new Public Sector Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of the Council comply with PBE standards.

The financial statements of the Council are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 26 October 2016.

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 PBE IPSAS for a Tier 2 entity as the Council does not have public accountability and is not large.

These financial statements have been prepared on a going concern basis.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, 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

There are no standards that are not yet effective and that are expected to have a material impact on the Council in the current or future reporting periods and on foreseeable future transactions.

Significant Accounting Policies

Revenue

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

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from exchange and non-exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash in exchange).

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Many of the services that the Council provides for a fee are charged at below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis and are not considered to reflect a market return. Most of the Council's revenue is therefore categorised as non-exchange.

Specific accounting policies for major categories of revenue are outlined below. The Council undertakes various activities as part of its normal operations, some of which generate revenue, but generally at below market rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

Rates revenue

General rates, targeted rates (excluding water rates by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due.

The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

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 and are taxes that use a specific charging mechanism to collect the rate and are non-exchange revenue.

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. The grants are recognised as revenue when they become receivable.

Other grants and bequests – with or without conditions – are recognised as revenue when they become receivable.

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 revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

The fair value of vested assets is usually determined by reference to the cost of constructing the asset.

Vested asset revenue is recognised as non-exchange revenue when the maintenance period (where the developer is responsible for addressing maintenance items) ends and the asset is at the required standard to be taken over by Council.

Sale of goods

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred 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 revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established and are classified as exchange revenue. Dividends are recorded net of imputation credits.

Fines and penalties

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

Other gains and losses

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities.

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 “development and financial contributions”.

Borrowing costs

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 revenue 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 revenue and expense

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 cash and cash equivalents, bank term deposits, 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 does not hold any financial assets in this category.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense 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 revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

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

Council's investments in this category include shares in companies.

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 receivable. 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 revenue and expense

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 revenue and expense, 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 revenue and expense 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.

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, fixtures and fittings, office equipment, library collections, motor vehicles, plant and equipment, landfill post closure and water races.

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 revenue and expense 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 revenue and expense 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 revenue and expense.

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.

Subsequent costs

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

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 80 years	1.25–14.29%
Stormwater systems*	20 to 100 years	1.00–5.00%
Sewerage systems*	10 to 80 years	1.25–10.39%
Buildings	3 to 100 years	1.00–34.84%
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.

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

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 assets not carried at a revalued amount, the total impairment loss is 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.

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 5.16% 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 revenue and expense 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 revenue and expense reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue and expense 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 2015 – 2025 Long Term Plan. The budget figures have been prepared in accordance with PBE IPSAS, 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 revenue 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 long-term assets and other investments not included in cash and cash equivalents.

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

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

Infrastructural assets

Note 31 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 2016:

Classification of property

The Council owned 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 were held for service delivery objectives as part of the Council's social housing policy. The properties were accounted for as property, plant and equipment until they were gifted to the Carter Society in September 2015.