



# **Annual Report**

**For the Year Ending 30 June 2009**

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## **Directory**

### **Elected Members**

#### **His Worship the Mayor**

Gary McPhee

#### **Deputy Mayor**

Cr Ruth Carter

#### **Councillors**

Cr. Elaine Brazendale

Cr. Barbara Durbin

Cr. Chris Engel

Cr. Jill Greathead

Cr. William (Bill) Knowles

Cr. Brian Poulsen

Cr. Grant Smith

### **Senior Staff**

Colin Wright – Chief Executive

Milan Hautler – Planning & Regulatory Manager

Julie Hallam – Support Services Manager

Garry Baker – Operations Manager

Brian McWilliams – Community Facilities Manager

### **Financial Advisor**

Paul Lynskey - PricewaterhouseCoopers

### **Engineering Consultants**

Opus International Consultants

NZ Environmental Technologies Ltd

### **Auditor**

Leon Pieterse - Audit New Zealand

### **Solicitor**

Mark Hinton – Wollerman, Cooke & McClure

### **Banker**

Noel Fussell - Bank of New Zealand

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## **Mayor's & Chief Executive Officer's Report**

We have pleasure in introducing the Carterton District Council's Annual Report for the 2008/09 financial year. This annual report summarises the Council's activities and financial performance for the past year.

The most visible activity undertaken by Council during the past financial year has been the work to improve the business area of Carterton on the main highway. As well as a variety of works to improve the footpaths and general appearance of the area, this activity also involved: a new roundabout at the intersection of Park Road and Belvedere Road; the replacement of the High Street sewer in a larger size; and the relaying of water pipes. Most of this work was undertaken under a joint contract between Council and the NZ Transport Agency so that the various Council aspects were co-ordinated with the state highway activities. The new roundabout in particular has been well received by Carterton people.

A very pleasing aspect of Council's performance this year was that all applications for resource consents, building consents, and LIM's (Land Information Memorandums) were processed within the time limits allowed for in the legislation. In many cases the approvals were issued in much shorter timeframes than the statutory provisions. This is an area where the Government has recently asked Councils to 'lift their game'.

There was a substantial reduction of approximately 25% in town water supply usage in the past year despite a record number of connections on the system. Three actions by Council contributed to this reduction.

Firstly, this year was the first year of charging for water consumption above a base annual allowance of 300 cubic metres per property. Previously, every property including businesses, could use as much water as they wished with each connection paying the same water rate regardless of actual use. This change in paying for water usage has resulted in a more careful use of water overall.

Secondly, Council undertook extensive leak detection work and many leaks have been repaired. In particular, water metering helped identify a high number of leaks in water pipes on private property. Repairing all known leaks within the water reticulation system has lowered overall water use.

The third factor has been the construction of an additional water reservoir at the Kaipaitangata water treatment plant. This reservoir has provided considerably more storage in the system to cater for the peak demand periods in hot weather. As a result, there was no need for water restrictions to be applied in the past summer as would previously have been the case.

Financially, Council achieved an operating surplus for the 2008/09 year of \$1,913,327 which was \$369,751 above budget. Both income and expenditure for the year exceeded the budget with variations, both up and down, over a number of activities as outlined later in this report.

The Council's balance sheet improved over the year with total equity now being \$137.8 million. The value of the District's physical infrastructure assets such as roads and pipes make up the large majority of the Council's assets. Total borrowing at present is \$1.46 million.

Details relating to the Council's finances and activities for the year are recorded elsewhere in the annual report. However, we would particularly mention some of the more significant aspects as follows.

- During the year Councillors and staff continued to work with many groups on a wide variety of activities for the overall betterment of the Carterton District. This included groups both within the District and in the Wairarapa. Council also worked closely with a number of central government agencies and with other councils in the Wairarapa and in the wider Wellington Region.
- Resealing was completed on 17 kilometres of the rural roading network during the year and footpaths were upgraded in several Carterton streets. Roothing continues to be the highest expenditure activity of Council with over 450 kilometres of roads to be maintained and with improvements as finances allow.
- Work was completed on a stormwater project that provided substantial improvements to the drainage system on the eastern side of Carterton. This work will prevent a repeat of the serious flooding that occurred in some areas of the town and adjacent rural areas in 2006.
- Council has made a significant start on replacing old or leaking sewer pipelines with sections of the sewers in Kent and Garrison Streets being replaced. This was in addition to the length of High St sewer through the centre of town which was replaced as part of the town centre project.
- The wetlands and discharge to land system at the Wastewater Treatment Plant generally performed well during the summer months when discharge to the Mangatarere River is not permitted. However, the resource consent for this current system expired early in 2009 and Council has applied for a new consent. Whilst considerable time has been spent on investigating how to improve the quality of the final effluent discharge, Council is not yet in a position to make a final decision on the preferred proposal. The preference is to irrigate as much effluent as practical on to land rather than discharging in to the Mangatarere River. However, this approach will require an improvement to the effluent quality and Council is endeavouring to determine the most cost effective way of achieving this. Investigations undertaken so far include a trial of a membrane filtration plant over several months to test the actual operation of this type of system on the Carterton effluent.
- Improvements have been carried out on the sludge digester at the Wastewater Treatment Plant so that it operates more efficiently and is less prone to producing odours. This work has included the installation of a heating system so that the digester operates at a more optimum temperature for the biological processes involved.
- A new Trade Waste Bylaw has been introduced and the charging associated with this applies from 1 July 2009. This bylaw and charging has been developed to control the various discharges to the public sewerage system and to ensure that industries pay a fair share of the costs associated with their discharges.

- Council has negotiated an agreement with the Masterton District Council for the provision of potable water and the taking of sewerage in relation to the recently expanded Waingawa industrial zone. The Carterton Council is now responsible for the water and sewer pipelines in the Waingawa area. These pipelines connect into the respective Masterton systems across the Waingawa River bridge.
- The demolition of the Municipal Hall and Phoenix Theatre because of their poor condition has focussed attention during the past year on the provision of suitable public facilities for social and cultural activities for Carterton's 'next 100 years'. Council considers that something needs to be done to: extend the under-sized library; provide better facilities for youth groups; and common meeting spaces for various community groups. Carterton is probably the only town of a reasonable size in the country currently without a town hall type building. After much work and consultation, Council has decided on a concept plan incorporating the existing library and scout den buildings within a new construction. Actions are underway to turn this concept in to a reality during 2011. Two pamphlets delivered to all households earlier this calendar year outlined the concept plan and proposed funding.
- The installation of new numbers for all rural properties under the RAPID system (Rural Address Property Identification) was completed this year. These numbers indicate the distance along the particular road. This new numbering system will be of particular benefit for emergency services and for visitors and contractors wishing to locate rural properties. The Council took the opportunity during this process to rename several rural roads where there has been the potential for confusion for people trying to find particular roads.
- Applications for new subdivisions and particularly for building consents were down noticeably from the very high levels of the previous two years reflecting the global recession. However, there was still some property development activity continuing in the District throughout the year including in the Waingawa industrial area.
- The new Combined Wairarapa District Plan is very close to being finalised with only two appeals yet to be resolved. This project is being carried out jointly with the other two Wairarapa councils and is the first example of a combined district plan in New Zealand. Those parts of the new District Plan that have not been appealed have already come into force.
- Considerable progress has been achieved in developing structure plans for the South Carterton urban area and for the Waingawa Industrial zone. These structure plans are being prepared so that future subdivision development in these two areas will occur in a more desired way rather than just accepting what might otherwise occur. The results of the structure planning process will be implemented by changes to the Combined District Plan.
- Council's Parks and Reserves have continued to be maintained to a high standard. New play equipment has been installed at Carrington Park and Council was very pleased to make available Council land at Kaipaitangata for the development of a mountain bike park by volunteers from the Wairarapa Multi-Sports Club.

In conclusion, we acknowledge and thank all the many people who work with and alongside Council or with other groups in the community to help make the Carterton District a great place to live.

A handwritten signature in black ink, appearing to read 'G. McPhee', with a large loop at the start and a stylized 'm'.

Gary McPhee  
**Mayor**

A handwritten signature in black ink, appearing to read 'C. Wright', with a stylized 'C' and 'W'.

Colin Wright  
**Chief Executive**

## **Report on Four Well-being Areas**

Section 15(d) of Schedule 10 of the Local Government Act 2002 requires Council to describe any identified effects that any activity has had on the social, economic, environmental and cultural well-being of the community.

### **Leak Detection Work, Extra Storage & Water Metering – Social, Economic & Environmental Well-beings**

Installation of a new timber reservoir at the Kaipaitangata Water Treatment Plan tripled the storage capacity of treated water for the Carterton town water supply. This additional storage along with extensive leak detection work and the introduction of new charges meant that water restrictions were not needed over the summer months.

An independent report on the water leak detection work identified a noticeable drop in the minimum night-time water consumption from 12 months ago. The resulting water saving for the period equates to approximately 100 cubic metres (100,000 litres) per year for every connected property.

Water metering has also detected many private property leaks that may otherwise have not been repaired.

### **CBD Revitalisation Stage II – Economic, Social, Cultural & Environmental Well-beings**

Council and the NZ Transport Agency entered a joint contract for the revitalisation of the CBD. The contract was let in December 2008 and completed in June 2009.

The work involved:

- Installation of a roundabout at Park/Belvedere Roads intersection with High Street.
- Renewal of the sewer main through the CBD in a larger diameter.
- Renewal of water laterals to properties.
- Shifting of a pedestrian crossing to a safer location further south.
- Renewal of the footpaths in a design unique to Carterton.
- Landscaping.
- Improvements to the under-veranda lighting and the installing of feature lighting.
- Resurfacing of the state highway through the CBD and installation of new road markings (to be completed in spring 2009).

This work has improved pedestrian and traffic safety, presentation of the CBD, community spirit and well-being.

### **Rural Addressing – Social & Economic Well-beings**

Over the financial year Council installed new RAPID (Rural Address Property ID) numbers on all rural properties. At the same time some road names were changed, for example where a name had west or east as part of it. This work has aided the easy location of properties for emergency services, visitors, contractors and the like. The RAPID number reflects the distance along a road that a property entrance is located, for example No. 235 is 2350 metres or 2.35 kilometres from the beginning of the road.



### Wairarapa Combined District Plan – Waingawa Industrial Area – Economic Well-being

The new Combined Wairarapa District Plan substantially increased the area of industrial zoned land at Waingawa. This was a strategic decision of the three Wairarapa Councils to concentrate future significant industrial development in this area.

Council has entered an agreement with Masterton District Council for water and wastewater services. From 1 July 2009 industries requiring these services will deal directly with Carterton District Council.

Industrial development is occurring in the area, with Council having approved a two stage 42 lot subdivision. Over the year several industries have set up business in this new area.

### Infrastructure Improvements – Environmental, Economic & Social Well-beings

Some of the older sewer pipelines in Carterton suffer from infiltration during times of high watertables. A start has been made on a long-term programme of replacing pipelines in poor condition.

Work completed during the year was as follows:

- Garrison Street south of Victoria Street.
- Kent Street – west of the rail line.

Significant improvements to the stormwater system on the eastern side of Carterton were completed in the 2008/09 year. During the reporting year, the improvements included increasing the size of pipes and culverts from Hilton Road through to Waihakeke Road and down to the Waiohine River as well as improvements in the Richmond Road area.

## **Opportunities for Maori to Contribute**

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

Consultation and the involvement of Maori in the decision-making process during the last year are detailed below:

- Notified resource consent applications were forwarded to Rangitaane o Wairarapa and Ngati Kahungunu ki Wairarapa Iwi Authorities.
- Council representatives attended meetings of RIF (Regional Inter-agency Forum), a group organised by Te Puni Kokiri, which discusses items of mutual interest and includes representatives from local government, Iwi, and other Maori organisations, and central government agencies.

## Statement of Compliance and Responsibility

### Compliance

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

### Responsibility

2. The Council and Management of the Carterton District Council accept responsibility for the preparation of the annual Financial Statements and 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 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 2009 fairly reflect the financial position and operations of Carterton District Council.



G H McPhee  
**Mayor**



Colin Wright  
**Chief Executive**

## **Audit Report**

### **To the readers of Carterton District Council's financial statements and performance information for the year ended 30 June 2009**

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out an audit. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council for the year ended 30 June 2009, including the financial statements.

### **Unqualified Opinion**

In our opinion:

- The financial statements of the District Council on pages 14 to 65:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2009; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 66 to 120 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 28 October 2009, and 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 the Auditor, and explain our independence.

### **Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements,

performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

## **Responsibilities of the Council and the Auditor**

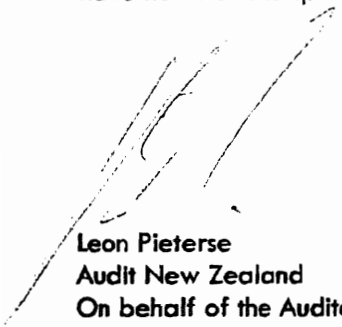
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2009. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council or any of its subsidiaries.



**Leon Pieterse**  
**Audit New Zealand**  
**On behalf of the Auditor-General**  
**Wellington, New Zealand**

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements**

This audit report relates to the financial statements, performance information and the other requirements of Carterton District Council for the year ended 30 June 2009 included on Carterton District Council's website. The Council is responsible for the maintenance and integrity of Carterton District Council's website. We have not been engaged to report on the integrity of Carterton District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 28 October 2009 to confirm the information included in the audited financial statements, performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

## **Statement of Accounting Policies**

### **Reporting Entity**

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

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

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

The financial statements of the CDC are for the year ended 30 June 2009. The financial statements were authorised for issue by Council on 28 October 2009.

### **Basis of Preparation**

#### **Statement of compliance**

The financial statements of the CDC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally, accepted accounting practice (NZ GAAP).

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

#### **Measurement base**

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

#### **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 CDC is New Zealand dollars.

#### **Changes in accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the CDC include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the CDC the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). CDC intends to adopt this standard for the year ending 30 June 2010, and will prepare a separate income statement followed by a statement of comprehensive income.
- NZ IAS 23 Borrowing Cost (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustment to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The CDC intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.

## **Significant Accounting Policies**

### **Revenue**

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

#### **Rates revenue**

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

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

#### **Other revenue**

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

CDC receives government grants from the New Zealand Transport Agency, which subsidises part of CDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

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 CDC are recognised as revenue when control over the asset is obtained.

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 income is recognised using the effective interest method.

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

### **Development contributions**

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

Development contributions are classified as part of “contributions”.

### **Borrowing costs**

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 CDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the CDC’s decision.

### **Income tax**

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted at balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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 losses used in the computation of taxable profit.



The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity 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 profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with 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, the CDC recognises finance leases 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 statement of financial performance 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 CDC 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 in 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**

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## **Inventories**

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. The valuation includes allowance for slow moving and obsolete items. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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

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

## **Financial assets**

CDC classifies its financial assets into the following four categories: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

Purchases and sales of investments are recognised on trade-date, the date on which the CDC 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 CDC has transferred substantially all the risks and rewards of ownership.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss

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. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. CDC's financial assets at fair value through profit and loss include derivatives that are not designated as hedges.

After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the statement of financial performance.

Currently, the CDC 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. CDC's loans and receivables comprise cash and cash equivalents, debtors and other receivables, terms deposits, community and related party loans.

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 statement of financial performance.

Loans to community organisations made by CDC 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 expected future cash flows of the loan is recognised in the statement of financial performance as a grant.

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 that CDC has the positive intention and ability to hold to maturity. 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 statement of financial performance.

Investments in this category include bank term deposits.

- Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity 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 investment within 12 months of the balance date. CDC's financial assets at fair value through equity comprise local authority stock and investments in quoted and unquoted shares. CDC includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

After initial recognition these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. On derecognition the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

### **Fair value**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. CDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

### **Impairment of financial assets**

At each balance sheet date CDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

### **Loans and other receivables**

Impairment of a loan or a receivable is established when there is objective evidence that CDC will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer 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 statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amounts.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the CDC will not be able to collect amounts due to original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

## **Quoted and unquoted equity investments**

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, 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 statement of financial performance) is removed from equity and recognised in the statement of financial performance on equity investments are not reversed through the statement of financial performance.

## **Derivative financial instruments, hedging activities and foreign currency transactions**

CDC does not engage in the use of derivative financial instruments, hedging activities and foreign currency transactions.

## **Current assets held for sale**

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. 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 statement of financial performance.

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

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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

## **Property, plant and equipment**

Property, plant and equipment consists of:

### **Operational assets**

These include land, buildings, landfill post closure, water races, library books, plant and equipment, and motor vehicles.

### **Restricted assets**

Restricted assets are parks and reserves owned by the CDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

### **Infrastructure assets**

Infrastructure assets are the fixed utility systems owned by the CDC. 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

Heritage assets are assets owned by the CDC which 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 are shown at cost or valuation, less accumulated depreciation and impairment losses.

## Revaluation

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.

CDC 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.

CDC 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.

## 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 CDC and the cost of the item can be measured reliably.

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

## Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

## 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 the CDC and the cost of the item can be measured reliably.

## 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 economic lives of major classes of assets have been estimated as follows:

Motor vehicles	10 years
Plant and equipment	10 to 50 years
Roads, bridges & footpaths*	17 to 58 years
Water systems*	8 to 33 years
Stormwater systems*	65 to 74 years
Wastewater systems*	10 to 24 years
Buildings	5 to 92 years
Library collections	6 years
Office equipment	5 to 10 years
Fixtures and fittings	8 to 50 years
Heritage assets	20 to 50 years
Intangible assets	5 years

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.

## Revaluation

Those asset classes that are revalued are valued on a three yearly cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

### Operational land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2009. The landfill liner and water races were not revalued in the 2009 year and are currently valued using the deemed cost option under NZ IFRS 1. Heritage assets are also included in this category. Additions are recorded at cost.

## Restricted land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2009. Additions are recorded at cost.

## Infrastructure asset classes – Roads, bridges & footpaths, water systems, wastewater systems and stormwater systems

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date the CDC assesses the carrying values of its infrastructure assets 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. The most recent valuation was performed by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) of Opus International Consultants, and the valuation is effective as at 30 June 2008. All infrastructure asset classes were valued. Additions are recorded at cost.

## Land under roads

Land under roads, was valued based on fair value of adjacent land determined by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) 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.

## Vested assets

Vested assets were valued based on optimised depreciated replacement cost determined by John Vessey (BE (Civil), BA (Economics), Reg Eng (FIPENZ)) of Opus International Consultants, effective 30 June 2009.

## Library collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand in May 2002. Library valuations are performed by Graeme Hughson (BE, MIPENZ) and Ian Martin (BE, CPEng, MIPENZ) of AECOM New Zealand Limited, and the valuation is effective as at 30 June 2009.

## Investment properties

Investment properties are valued annually at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2009.



## Current assets held for sale

Current assets held for sale are valued annually at the lower of carrying value and fair value less costs to sell as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2009.

## Intangible assets

### Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by CDC, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense 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.

### 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 statement of financial performance.

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

Computer software	5 years	20%
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## 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 pre-tax 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 biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of financial performance.

The costs to maintain the forestry assets are included in the statement of financial performance.

### **Investment property**

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

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

After initial recognition, the CDC measures all investment property at fair value as determined annually by an independent valuer.

Gains and losses arising from a change in the fair value of investment property are recognised in the statement of financial performance.

### **Creditors and other payables**

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### **Impairment of non-financial 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 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 it's remaining future economic benefits or service potential.

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the statement of financial performance.

## **Employee entitlements**

### **Short-term employee entitlements**

Employee benefits that the CDC expects to be settled within twelve 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.

The CDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earning 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 that the CDC anticipates it will be used by staff to cover those future absences.

The CDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### **Long-term employee entitlements**

#### **Long service leave**

Entitlements that are payable beyond twelve months, such as long service leave, 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 6.89% 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.

### **Superannuation schemes**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

## **Provisions**

The CDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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.

## **Borrowings**

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

Borrowings are classified as current liabilities unless CDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

## **Equity**

Equity is the community's interest in the CDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

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

## **Restricted and council created reserves**

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

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

The CDC's objectives, policies and processes for managing capital are described in note 32.

## **Goods and services tax (GST)**

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it 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 at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the CDC for the preparation of the financial statements.

## **Cost allocation**

The CDC has derived the cost of service for each significant activity of CDC 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.

## **Critical accounting estimates and assumptions**

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

### **Landfill aftercare provision**

Note 19 discloses an analysis of the exposure of the CDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

### **Infrastructural assets**

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modeling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset;
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 CDC could be over and under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk, CDC's 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 modeling are also carried out regularly as part of the CDC's asset management planning activities, which gives the CDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

### **Critical Judgments in Applying CDC's Accounting Policies**

Management has exercised the following critical judgments in applying the CDC's accounting policies for the period ended 30 June 2009:

#### **Classification of property**

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

#### **Statement of cash flows**

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

Operating activities include cash received from all income sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the Statement of Cash Flows because they flow through the Council's main bank account.

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

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

### **Cost of service statements**

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

**Statement Of Financial Performance  
For The Year Ended 30 June 2009**

Actual 30 June 2008 \$		Note	Actual 30 June 2009 \$	Budget 30 June 2009 \$
<b>OPERATING INCOME</b>				
5,402,114	Rates revenue	22	5,907,799	5,928,572
57,478	Rates penalties	22	62,150	60,000
221,276	Finance income	1	258,064	347,334
1,147,076	Fees & charges		1,031,706	1,162,250
1,348,995	LTNZ subsidy		1,508,048	1,446,613
59,556	Petrol tax		58,861	66,690
91,241	Grants & subsidies	2	215,054	290,600
197,143	Rentals		190,677	178,535
105,547	Miscellaneous income	4	98,936	54,030
587,435	Contributions		550,576	200,000
37,475	Commissions		36,044	36,990
85,883	Recoveries		84,974	95,536
99,000	Assets vesting in council		2,245,500	-
-	Forestry harvest		124,725	553,250
647,352	Profit on sale of assets		3,770	-
10,087,571	<b>Total operating income</b>		12,376,884	10,420,400
<b>OPERATING COSTS</b>				
535,298	Governance		529,068	565,542
805,668	Economic, cultural & community development		744,744	803,944
2,488,181	Roads, streets & bridges		3,233,716	2,589,650
887,533	Urban water services		1,015,221	931,668
227,285	Rural water services		193,545	228,757
709,650	Wastewater		765,362	717,955
79,514	Stormwater		90,128	116,948
613,801	Waste management		655,415	630,281
533,711	Parks & reserves		528,242	537,395
257,223	Community amenities		253,155	253,158
488,576	Property		618,816	466,872
538,174	Resource management & planning		503,784	397,448
733,974	Public protection		723,992	613,202
14,910	Bad debts		(13,629)	10,300
30,222	Loss on sale of assets		189,669	10,300
8,943,720	<b>Total operating costs</b>		10,031,228	8,873,420
1,143,851	<b>Operating surplus/(deficit)</b>		2,345,656	1,546,980
(520,679)	Asset revaluations gains/(losses)	7	(432,329)	(3,404)
623,172	<b>Total surplus/(deficit) before tax</b>		1,913,327	1,543,576
-	Income tax expense	12	-	-
623,172	<b>Total surplus/(deficit) after tax</b>	5	1,913,327	1,543,576
Note: Operating costs include the following expenses				
1,912,949	Depreciation and amortisation	6	2,392,231	1,828,898
52,080	Finance costs	1	78,390	78,606



**Statement Of Movements In Equity  
For The Year Ended 30 June 2009**

Actual 30 June 2008 \$		Note	Actual 30 June 2009 \$	Budget 30 June 2009 \$
111,888,053	<b>Equity at start of year</b>		136,126,783	126,085,884
623,172	Total surplus/(deficit) after tax for the year		1,913,327	1,543,576
23,615,558	Increase/(decrease) in revaluation and other reserves	21	(242,049)	724,188
24,238,730	Total recognised revenues and expenses for the period		1,671,278	2,267,764
<u>136,126,783</u>	<b>Equity at end of year</b>		<u>137,798,061</u>	<u>128,353,648</u>

**Statement Of Financial Position**  
**As At 30 June 2009**

Actual 30 June 2008 \$		Note	Actual 30 June 2009 \$	Budget 30 June 2009 \$
<b>ASSETS</b>				
<i>Current assets</i>				
4,418,613	Cash and cash equivalents	8	3,764,023	5,981,061
1,372,337	Debtors and other receivables	9	1,863,301	1,285,520
3,447	Inventories	10	2,148	3,249
330,764	Assets held for sale	11	57,400	18,141
<u>6,125,161</u>	<b>Total current assets</b>		<u>5,686,872</u>	<u>7,287,971</u>
<i>Non-current assets</i>				
-	Investments		-	261,270
152,100	Investment property	14	187,700	120,198
843,699	Forestry assets	15	384,469	-
8,222	Intangible assets	16	20,005	18,000
45,293	Shares	13	46,225	45,331
131,610,223	Property, plant & equipment	34	135,016,130	124,432,953
<u>132,659,537</u>	<b>Total non-current assets</b>		<u>135,654,529</u>	<u>124,877,752</u>
<u><u>138,784,698</u></u>	<b>Total assets</b>		<u><u>141,341,401</u></u>	<u><u>132,165,723</u></u>
<b>LIABILITIES</b>				
<i>Current liabilities</i>				
1,470,545	Creditors and other payables	17	1,670,523	1,095,216
271,545	Employee entitlements	18	316,490	198,035
10,000	Provisions	19	10,000	-
513,421	Borrowings	20	793,714	99,671
<u>2,265,511</u>	<b>Total current liabilities</b>		<u>2,790,727</u>	<u>1,392,922</u>
<i>Non-current liabilities</i>				
53,651	Employee entitlements	18	45,612	-
42,103	Provisions	19	37,828	52,996
296,650	Borrowings	20	669,173	2,366,157
<u>392,404</u>	<b>Total non-current liabilities</b>		<u>752,613</u>	<u>2,419,153</u>
<i>Equity</i>				
104,610,513	Public equity	21	107,825,308	108,079,353
5,138,986	Restricted reserves	21	3,959,184	4,231,560
26,374,232	Asset revaluation reserves	21	26,009,585	16,042,735
3,052	Other reserves	21	3,984	-
<u>136,126,783</u>	<b>Total equity</b>		<u>137,798,061</u>	<u>128,353,648</u>
<u><u>138,784,698</u></u>	<b>Total liabilities and equity</b>		<u><u>141,341,401</u></u>	<u><u>132,165,723</u></u>

**Statement Of Cashflows  
For The Year Ended 30 June 2009**

Actual 30 June 2008 \$	Note	Actual 30 June 2009 \$	Budget 30 June 2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<i>Cash was received from:</i>		
5,289,878	Rates	5,839,755	5,988,572
762,271	Regional council rates	825,496	893,214
1,423,205	Government grants & subsidies	1,505,428	1,737,213
58,572	Petrol tax	57,734	66,690
2,199,359	Other income	1,796,884	3,324,709
221,724	Finance income	258,017	347,334
9,955,009		10,283,314	12,357,732
	<i>Cash was applied to:</i>		
6,760,999	Payments to suppliers & employees	7,016,327	6,012,412
755,277	Regional council rates	823,150	893,214
54,747	Finance costs	77,331	185,310
7,571,023		7,916,808	7,090,936
2,383,986	<b>Net cash flow from operating activities</b>	2,366,506	5,266,796
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
	<i>Cash was received from:</i>		
1,485,787	Sale of property, plant & equipment	214,003	-
292	Term investments & advances	-	196,880
-	Forestry Investment	124,725	553,250
1,486,079		338,728	750,130
	<i>Cash was applied to:</i>		
2,829,211	Purchase of property, plant & equipment	4,012,640	5,432,456
2,829,211		4,012,640	5,432,456
(1,343,132)	<b>Net cash flow from investing activities</b>	(3,673,912)	(4,682,326)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	<i>Cash was received from:</i>		
760,000	Public debt	735,000	1,291,900
	<i>Cash was applied to:</i>		
512,657	Repayment of public debt	82,184	86,142
247,343	<b>Net cash flow from financing activities</b>	652,816	1,205,758
1,288,197	Net increase/(decrease) in cash held	(654,590)	1,790,228
3,130,416	Add cash at start of year (1 July)	4,418,613	1,094,655
4,418,613	<b>Balance at end of year (30 June)</b>	3,764,023	2,884,883
	<b><u>REPRESENTED BY:</u></b>		
947,201	Cash and cash equivalents	1,124,883	474,655
3,471,412	Special funds	2,639,140	2,410,228
4,418,613		3,764,023	2,884,883

## Notes to the Accounts

<b><i>Note 1: Finance income and finance costs</i></b>	30 June 2009 \$	30 June 2008 \$
<b>Finance income</b>		
Interest income:		
- term deposits	258,064	221,276
<b>Total finance income</b>	<u>258,064</u>	<u>221,276</u>
<b>Finance costs</b>		
Interest expense:		
- interest on bank borrowings	78,390	52,080
<b>Total finance costs</b>	<u>78,390</u>	<u>52,080</u>
<b><i>Note 2: Grants and subsidies</i></b>	30 June 2009 \$	30 June 2008 \$
Creative New Zealand	9,109	9,109
SPARC rural travel fund	9,500	9,000
Employment subsidy	17,926	7,841
Internal affairs	1,093	1,093
Civil defence subsidy	820	1,515
Summer reading grant	5,397	5,040
CPU life to the max	50,000	52,778
World War II memorial trust	1,000	4,865
Ministry of Health subsidy	120,209	-
<b>Total grants and subsidies</b>	<u>215,054</u>	<u>91,241</u>
<b><i>Note 3: Personnel costs</i></b>	30 June 2009 \$	30 June 2008 \$
Salaries and wages	2,235,648	2,113,352
Defined contribution plan employer contributions	69,940	71,333
Increase/(decrease) in employee entitlements/liabilities	36,906	63,272
<b>Total personnel costs</b>	<u>2,342,494</u>	<u>2,247,957</u>

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

**Note 4: Miscellaneous income**

	30 June 2009 \$	30 June 2008 \$
Dividends	2,186	2,103
Sundry sales	19,204	1,152
Library income	6,298	6,319
Daffodil carnival	4,612	2,976
Keep Carterton Beautiful	974	13,243
Donations	2,500	370
Vehicle crossings	2,596	2,614
Plant sales	11,000	11,380
Grazing	597	427
Other	48,969	64,963
<b>Total miscellaneous income</b>	<b>98,936</b>	<b>105,547</b>

**Note 5: Summary cost of services**

	30 June 2009 \$	30 June 2008 \$
<b>Income</b>		
Governance	160	35,704
Economic, cultural & community development	114,298	128,199
Roads, streets and bridges	1,584,825	1,426,994
Urban water services	189,491	25,861
Rural water services	18,177	-
Wastewater	22,507	43,126
Stormwater	711	-
Waste management	269,369	263,959
Parks and reserves	16,349	20,245
Community amenities	73,116	42,498
Property	425,181	278,654
Resource management and planning	147,993	823,526
Public protection	426,905	528,085
<b>Total activity income</b>	<b>3,289,082</b>	<b>3,616,851</b>
Rates	5,907,799	5,402,114
Rates penalties	62,150	57,478
Commission	34,301	34,891
Finance income	258,064	221,276
Fees and charges	186	197
Miscellaneous income	25,456	8,412
Assets vested in council	2,245,500	99,000
Profit on sale of assets	3,770	647,352
Contributions	550,576	-
Other gains	-	-
<b>Total income</b>	<b>12,376,884</b>	<b>10,087,571</b>

	30 June 2009 \$	30 June 2008 \$
<b>Expenditure</b>		
Governance	529,068	535,298
Economic, cultural & community development	744,744	805,668
Roads, streets and bridges	3,233,716	2,488,181
Urban water services	1,015,221	887,533
Rural water services	193,545	227,285
Wastewater	765,362	709,650
Stormwater	90,128	79,514
Waste management	655,415	613,801
Parks and reserves	528,242	533,711
Community amenities	253,155	257,223
Property	618,816	488,576
Resource management and planning	503,784	538,174
Public protection	723,992	733,974
<b>Total activity expenditure</b>	<b>9,855,188</b>	<b>8,898,588</b>
Loss on sale of assets	189,669	30,222
Bad debts	(13,629)	14,910
Other losses	432,329	520,679
<b>Total expenditure</b>	<b>10,463,557</b>	<b>9,464,399</b>
<b>Net surplus/(deficit) before tax</b>	<b>1,913,327</b>	<b>623,172</b>

***Note 6: Other revenue and expenses***

		30 June 2009 \$	30 June 2008 \$
<b>Income</b>	\$	\$	\$
Rental income from investment properties		8,889	22,889
<b>Expenditure</b>			
Fees to principal auditor - Audit fees			
- Financial reporting and systems management	69,458		72,242
- LTCCP 2010-2019	52,412		-
		121,870	72,242
Depreciation			
- Motor vehicles	53,215		58,851
- Plant & equipment	77,035		80,059
- Roads, bridges & footpaths	1,335,310		937,535
- Water systems	329,139		232,904
- Stormwater systems	41,386		27,710
- Sewerage systems	186,524		175,275
- Buildings	218,604		234,117
- Library collections	73,312		63,979
- Office equipment	37,687		38,068
- Fixtures & fittings	28,757		25,645
- Heritage assets	6,685		6,685
		2,387,654	1,880,828

	30 June 2009 \$	30 June 2008 \$
Amortisation – GIS system	4,577	32,121
Councillors' remuneration	172,334	157,594
Interest expense	78,390	52,080
Rates debtors written off	-	-
Change in provision for doubtful debts	(13,629)	1,493
Rental expense of leased assets	25,812	27,966
Superannuation contributions	69,940	71,333
Fixed assets written off	171,531	-
Donations	2,500	-
Impairment of receivables	-	-
Impairment of property, plant & equipment	-	-

***Note 7: Other gains and losses***

	30 June 2009 \$	30 June 2008 \$
Gain/(loss) in fair value of forestry assets (note 15)	(389,229)	29,179
Gain/(loss) in fair value of property, plant and equipment	(25,700)	(591,710)
Gain/(loss) in fair value of assets held for sale	(53,000)	-
Gain/(loss) in fair value of investment property (note 14)	35,600	38,800
Gain/(loss) on changes in fair value of investments	-	-
Gain/(loss) on changes in fair value of shares (note 13)	-	3,052
Gain/(loss) on foreign exchange transactions	-	-
<b>Total gains/(losses)</b>	<b>(432,329)</b>	<b>(520,679)</b>

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

	30 June 2009 \$	30 June 2008 \$
Cash at bank and in hand	1,124,883	440,116
Short term deposits maturing three months or less from date of acquisition	-	507,085
Special fund bank deposits maturing within three months	2,639,140	3,471,412
<b>Total cash and cash equivalents</b>	<b>3,764,023</b>	<b>4,418,613</b>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	30 June 2009 \$	30 June 2008 \$
Cash at bank and in hand	1,124,883	440,116
Short term bank deposits maturing within three months	-	507,085
Special fund bank deposits maturing within three months	2,639,140	3,471,412
<b>Total cash and cash equivalents</b>	<b>3,764,023</b>	<b>4,418,613</b>

The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant trust deeds is \$2,639,140 (2008 \$3,471,412).

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**Maturity analysis and effective interest rates**

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

**2009**

Cash at bank and in hand	1,124,883
Short term bank deposit maturing within three months	-
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	2,639,140
<i>Weighted average effective interest rate</i>	3.91%

**2008**

Cash at bank and in hand	440,116
Short term bank deposit maturing within three months	507,085
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	3,471,412
<i>Weighted average effective interest rate</i>	8.59%

**Note 9: Debtors & other receivables**

	30 June 2009 \$	30 June 2008 \$
Rates receivables	261,360	206,864
Other receivables	639,160	330,809
Goods and services tax	160,734	104,253
Related party receivables	-	-
Amounts due from customers for contract work	-	-
Sundry debtors	736,898	634,348
Prepayments	75,676	120,219
Loans to related parties	-	-
	<u>1,873,828</u>	<u>1,396,493</u>
Less provision for impairment of receivables	(10,527)	(24,156)
<b>Total debtors &amp; other receivables</b>	<u>1,863,301</u>	<u>1,372,337</u>

**Fair value**

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the Council, as the Council has a large number of customers.

The Carterton District Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments if the impact of discounting is material.

These powers allow the Carterton District Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then the Carterton District Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. There are no repayment plans in place as at 30 June 2009 (2008 \$nil).



As of 30 June 2009 and 2008, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The Carterton District Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2008 \$nil).

The status of receivables as at 30 June 2009 and 2008 are detailed below.

	2009			2008		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$	\$	\$	\$	\$	\$
Not past due	1,106,790	-	1,106,790	819,734	-	819,734
Past due 1-60 days	42,909	-	42,909	46,371	-	46,371
Past due 61-120 days	282,015	-	282,015	46,293	-	46,293
Past due > 120 days	442,114	(10,527)	431,587	484,095	(24,156)	459,939
<b>Total</b>	<b>1,873,828</b>	<b>(10,527)</b>	<b>1,863,301</b>	<b>1,396,493</b>	<b>(24,156)</b>	<b>1,372,337</b>

The impairment provision has been calculated based on expected losses for the Carterton District Councils' pool of debtors. Expected losses have been determined based on an analysis of the Carterton District Council's losses in previous periods, and review of specific debtors as detailed below:

	30 June 2009 \$	30 June 2008 \$
Collective impairment	10,527	24,156
<b>Total provision for impairment</b>	<b>10,527</b>	<b>24,156</b>

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

	30 June 2009 \$	30 June 2008 \$
At 1 July	24,156	22,663
Additional provisions made during the year	(13,629)	1,493
Receivables written off during the period	-	-
<b>At 30 June</b>	<b>10,527</b>	<b>24,156</b>

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

### **Note 10: Inventories**

	30 June 2009 \$	30 June 2008 \$
Works inventory	2,148	3,447
<b>Total inventories</b>	<b>2,148</b>	<b>3,447</b>

The carrying amount of inventories held for distribution that are measured at cost (adjusted where applicable for any loss of service potential) as at 30 June 2009 amounted to \$2,148 (2008 \$3,447).

### ***Note 11: Assets held for sale***

The Carterton District Council owns two properties which have been presented as held for sale following the approval by Council to sell the premises. The Council has approved the sale of the premises, as it will provide no future use to the Carterton District Council. The completion dates of the sales are expected to be by June 2010.

	30 June 2009 \$	30 June 2008 \$
Assets held for sale are:		
Buildings	-	-
Land	57,400	330,764
<b>Total assets held for sale</b>	<b>57,400</b>	<b>330,764</b>

### ***Note 12: Income Tax***

	30 June 2009 \$	30 June 2008 \$
Total surplus/(deficit) before tax	1,791,667	623,172
Income tax @ 30% (2008 33%)	537,500	205,647
Add/(less) tax effect of non-taxable income/expenditure	(537,500)	(205,647)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
Current tax expense	-	-
Deferred tax expense	-	-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

CDC has 2009 taxable income of \$2,347 (2008 \$2,329) with tax credits attached of \$704 (2008 \$769). As the tax credits attached are equal to the applicable income tax rate of 30% (2008 33%), CDC has no further tax to pay on this income.

### ***Note 13: Shares in companies***

	Fair value 30 June 2009 \$	Fair value 30 June 2008 \$
New Zealand Local Government Insurance Corporation Ltd (11,821 shares)	35,581	35,463
Airtel Ltd (8,100 shares)	10,044	9,234
Farmlands Trading Society Ltd (600 shares)	600	596
<b>Total shares in companies</b>	<b>46,225</b>	<b>45,293</b>

#### ***Unlisted shares – valuation***

The fair value of the unlisted shares of New Zealand Local Government Insurance Corporation Limited, Airtel Limited and Farmlands Trading Society Limited have been revalued to 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***

The fair value of listed shares is determined by reference to published price quotations in an active market. CDC has no publicly listed shares.

## Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

### **Note 14: Investment property**

	30 June 2009 \$	30 June 2008 \$
Balance 1 July	152,100	113,300
Additions from acquisitions	-	-
Reclassified as properties held for sale	-	-
Fair value gains/(losses) on valuation	35,600	38,800
<b>Balance 30 June</b>	<b>187,700</b>	<b>152,100</b>

Carterton District Council's investment properties are valued annually at fair value with the latest valuation effective 30 June 2009. All investment properties were based on open market evidence. The valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Jamie Benoit (BApplSci (VFM and Ag), MPINZ) of Darroch Valuations.

Contractual obligations in relation to investment properties at balance date but not recognised in the financial statements are minimal and relate to the Waiohine crusher plant. The obligation relates to keeping the area tidy and free from noxious weeds. There are no capital commitments as at 30 June 2009 on the investment properties (2008 \$nil).

Rental income received on these investment properties to 30 June 2009 was \$8,889 (2008 \$22,889).

### **Note 15: Forestry assets**

	30 June 2009 \$	30 June 2008 \$
Balance 1 July	843,699	814,520
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	(389,229)	29,179
Decreases due to sales	-	-
Decreases due to harvest	(70,001)	-
<b>Balance 30 June</b>	<b>384,469</b>	<b>843,699</b>

Through its investment in Kaipaitangata Forest, the Carterton District Council owns 241.30 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2011 - 2038. Council received \$124,725 from harvesting during the year (2008 \$nil).

#### *Valuation assumptions*

Independent registered valuers Forest Enterprises Limited have valued forestry assets as at 30 June 2009. A pre-tax discount rate of 10% has been used in discounting the present value of expected cash flows.

#### *Financial risk management strategies*

The Carterton District Council is exposed to financial risks arising from changes in timber prices. Carterton District Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. Carterton District Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

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## **Note 16: Intangible assets**

GIS software has been reclassified from property, plant and equipment under IFRS and is the only intangible asset owned by the Council.

Balance at 1 July 2008	\$
Cost	165,195
Accumulated amortisation and impairment	(156,973)
Opening carrying amount	<u>8,222</u>
Year ended 30 June 2009	\$
Additions	16,360
Amortisation charge	(4,577)
Closing carrying amount	<u>20,005</u>
<b>Balance 30 June 2009</b>	\$
Cost	181,555
Accumulated amortisation and impairment	(161,550)
Closing carrying amount	<u>20,005</u>
Balance at 1 July 2007	\$
Cost	150,707
Accumulated amortisation and impairment	(115,364)
Opening carrying amount	<u>35,343</u>
Year ended 30 June 2008	\$
Additions	5,000
Amortisation charge	(32,121)
Closing carrying amount	<u>8,222</u>
<b>Balance 30 June 2008</b>	\$
Cost	165,195
Accumulated amortisation and impairment	(156,973)
Closing carrying amount	<u>8,222</u>

There are no restrictions over the title of CDC's intangible assets, nor are any intangible assets pledged as security for liabilities.

### **Easements**

Easements are non cash generating in nature, instead they give CDC the right to access private property where infrastructural assets are located. These easements have not been valued as CDC believes that this amount would be immaterial. As a result, no value for easements has been included as intangible assets.

<b>Note 17: Creditors &amp; other payables</b>	30 June 2009 \$	30 June 2008 \$
Trade payables	1,076,936	995,537
Deposits and bonds	152,296	171,959
Accrued expenses	221,991	78,349
Income in advance	105,244	95,403
Rates in advance	114,056	129,297
<b>Total trade and other payables</b>	<b>1,670,523</b>	<b>1,470,545</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

<b>Note 18: Employee entitlements</b>	30 June 2009 \$	30 June 2008 \$
Accrued pay	67,825	58,976
Annual leave	196,219	179,882
Long service leave	81,723	76,939
Retirement gratuities	-	-
Time off in lieu	16,335	9,399
Sick leave	-	-
<b>Total employee entitlements</b>	<b>362,102</b>	<b>325,196</b>
Comprising:		
Current	316,490	271,545
Non-current	45,612	53,651
<b>Total employee entitlements</b>	<b>362,102</b>	<b>325,196</b>

<b>Note 19: Provisions</b>	30 June 2009 \$	30 June 2008 \$
Landfill aftercare provision		
Opening balance	52,103	58,884
Provision expensed for the year	(10,000)	(10,000)
Adjustment to NPV	5,725	3,219
<b>Total provisions</b>	<b>47,828</b>	<b>52,103</b>
Comprising:		
Current	10,000	10,000
Non-current	37,828	42,103
<b>Total employee entitlements</b>	<b>47,828</b>	<b>52,103</b>

#### **Provision for landfill aftercare costs**

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

The cash outflows for landfill post-closure are expected to occur between 2009 and 2016. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6.89% (2008 7.98%).

**Note 20: Borrowings**

	30 June 2009 \$	30 June 2008 \$
<b>Current</b>		
Bank overdraft	-	-
Secured loans	793,714	513,421
Debentures	-	-
Lease liabilities	-	-
<b>Total current borrowings</b>	<u>793,714</u>	<u>513,421</u>
<b>Non-Current</b>		
Secured loans	669,173	296,650
Debentures	-	-
Lease liabilities	-	-
<b>Total non-current borrowings</b>	<u>669,173</u>	<u>296,650</u>

The range of interest rates applying to the above loans is 3.50% to 9.43% with a weighted average of 6.89% (2008 7.98%). Loans are secured by way of rates.

*Fixed-rate debt*

Carterton District Council's secured debt of \$1,462,887 (2008 \$810,071) is issued at fixed rates of interest.

**Security**

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

**2009**

Less than one year	793,714
<i>weighted average effective interest rate</i>	6.89%

Later than one year but not more than five years	668,403
<i>weighted average effective interest rate</i>	6.89%

Later than five years	770
<i>weighted average effective interest rate</i>	6.89%

**2008**

Less than one year	513,421
<i>weighted average effective interest rate</i>	7.98%

Later than one year but not more than five years	295,881
<i>weighted average effective interest rate</i>	7.98%

Later than five years	769
<i>weighted average effective interest rate</i>	7.98%

**Fair values of borrowing**

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

<b>2009</b>	Carrying Amount \$	Fair Value \$
Secured loans	1,462,887	1,462,887
<b>Total</b>	<u>1,462,887</u>	<u>1,462,887</u>

<b>2008</b>	Carrying Amount \$	Fair Value \$
Secured loans	810,071	810,071
<b>Total</b>	<u>810,071</u>	<u>810,071</u>

**Note 21: Equity**

	30 June 2009 \$	30 June 2008 \$
<b>Public equity</b>		
As at 1 July	104,610,513	105,798,609
Transfers to:		
Special reserves	(767,879)	(5,166,862)
Transfers from:		
Special reserves	1,947,681	3,355,594
Transfers from asset revaluation reserve on disposal of property, plant and equipment	121,666	-
Surplus / (deficit) for the year	1,913,327	623,172
<b>As at 30 June</b>	<u>107,825,308</u>	<u>104,610,513</u>

**Restricted reserves**

As at 1 July	5,138,986	3,327,719
Transfers to:		
Public equity	(1,947,681)	(3,355,594)
Transfers from:		
Public equity	767,879	5,166,861
<b>As at 30 June</b>	<u>3,959,184</u>	<u>5,138,986</u>

Restricted reserves consist of :

Discretionary reserves	13,865	158,858
Restricted reserves	3,375,927	3,150,025
Hall Board reserves	24,466	26,231
Other reserves	455,104	1,716,492
Trusts	66,788	64,682
Other trusts	23,034	22,698
<b>Total restricted reserves</b>	<u>3,959,184</u>	<u>5,138,986</u>

<b>Asset revaluation reserves</b>		
As at 1 July	26,374,232	2,761,725
Revaluation gains / (losses)	(242,981)	23,617,633
Transfer to public equity - disposal of property, plant and equipment	(121,666)	(5,126)
<b>As at 30 June</b>	<b>26,009,585</b>	<b>26,374,232</b>

Asset revaluation reserves consist of:

*Infrastructure assets*

Roads, streets & bridges	21,189,017	21,189,017
Water systems	1,519,123	1,519,123
Stormwater systems	909,493	909,493

*Operational assets*

Land	1,491,114	2,066,637
Buildings	718,272	545,561
Library collections	103,256	-
Landfill	-	59,234

*Restricted assets*

Heritage assets	79,310	85,167
<b>Total asset revaluation reserves</b>	<b>26,009,585</b>	<b>26,374,232</b>

**Fair value through equity reserve**

As at 1 July	3,052	-
Valuation gains / (losses) taken to equity	932	3,052
<b>As at 30 June</b>	<b>3,984</b>	<b>3,052</b>

**Note 22: Rates revenue**

	30 June 2009	30 June 2008
	\$	\$
<b>General rates</b>	<b>4,163,284</b>	<b>3,710,376</b>
<b>Targeted rates attributable to activities</b>		
Urban water services	706,028	680,237
Rural water services	200,995	185,171
Wastewater	611,449	611,869
Stormwater	106,401	86,961
Waste management	119,642	127,500
<b>Total targeted rates</b>	<b>1,744,515</b>	<b>1,691,738</b>
<b>Total rates revenue</b>	<b>5,907,799</b>	<b>5,402,114</b>
Rates penalties	62,150	57,478
<b>Total revenue from rates and penalties</b>	<b>5,969,949</b>	<b>5,459,592</b>



**Rates Remission**

Revenue is shown net of rates remissions and non-rateable land. Under the Council's rate remission policies, the Council allowed remissions of \$16,735 (2008: \$15,047) for the purposes listed below.

	30 June 2009	30 June 2008
	\$	\$
Rates revenue before remissions	5,953,214	5,444,545
Council policy remissions:		
Sports bodies	5,766	5,160
Other	10,969	9,887
<b>Total remissions</b>	<b>16,735</b>	<b>15,047</b>
<b>Rates revenue after remissions</b>	<b>5,969,949</b>	<b>5,459,592</b>

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

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

	30 June 2009	30 June 2008
	\$	\$
<b>Surplus/(deficit) after tax</b>	<b>1,913,327</b>	<b>623,172</b>
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	2,392,231	1,912,949
Bad debts	-	13,416
Vested assets	(2,245,500)	(99,000)
(Gains)/losses in fair value of forestry assets	389,229	(29,179)
(Gains)/losses in fair value of investment property	(35,600)	(38,800)
(Gains)/losses in fair value of property, plant & equipment	78,700	591,710
(Gains)/losses in fair value of investments	-	8,674
(Gains)/losses in fair value of shares	-	(3,052)
	<b>579,060</b>	<b>2,356,718</b>
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	185,899	(617,130)
(Gains)/losses on disposal of forestry assets	(54,724)	-
	<b>131,175</b>	<b>(617,130)</b>
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	(477,335)	(239,924)
Inventories	1,299	(464)
Creditors and other payables	199,978	203,629
Provisions	(17,904)	(5,287)
Employee entitlements	36,906	63,272
	<b>(257,056)</b>	<b>21,226</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,366,506</b>	<b>2,383,986</b>

## Note 24: Statement of commitments

	Not more than one year	Later than one year and not later than five years	Later than 5 years
<b>2009</b>	\$	\$	\$
Professional services roads	65,660	-	-
Road maintenance	1,374,500	5,995,700	-
Office cleaning	17,250	69,000	-
Eftpos – 3 terminals	2,642	5,284	-
Compass Communications – air time	5,940	-	-
NCS – software support	30,714	122,856	-
Photocopier lease	18,768	75,072	-
Quotable Value NZ - valuations	64,716	-	-
Town clock - maintenance	3,751	15,004	-
Cleaning – weekend services	19,136	76,544	-
	<u>1,603,077</u>	<u>6,359,460</u>	<u>-</u>
<b>2008</b>	\$	\$	\$
Professional services roads	65,660	-	-
Road maintenance	1,206,000	-	-
Office cleaning	17,000	17,000	17,000
Eftpos – 3 terminals	2,605	1,708	1,708
Compass Communications – air time	5,940	5,940	5,940
NCS – software support	28,474	28,474	28,474
Photocopier lease	21,341	21,341	21,341
Quotable Value NZ - valuations	62,831	64,716	-
	<u>1,409,851</u>	<u>139,179</u>	<u>74,463</u>
<b>Capital Commitments</b>		30 June 2009	30 June 2008
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.		-	-

Refer to note 14 for capital commitments for investment properties.

**Note 25: Contingencies**

	30 June 2009	30 June 2008
<b>Contingent liabilities</b>	\$	\$
NZMLRP mutual pool call	13,385	-
Financial guarantees	-	31,250
<b>Total contingent liabilities</b>	<b>13,385</b>	<b>31,250</b>

The New Zealand Mutual Liability RiskPool (NZMLRP) board has indicated that a call will be made on Councils that are members for further contributions. NZMLRP have indicated that CDC's calls will be \$13,385 and will be payable in the latter part of 2009. NZMLRP have also indicated that over the next two years it is possible that one or two further calls of a similar size may also be made.

CDC had guaranteed a loan held in the name of Go Wairarapa Inc to the value of \$31,250 as at 30 June 2008. This loan has subsequently been repaid.

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

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

**Note 26: Related party transactions****Key management personnel**

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

In addition, the Council purchased advertising services in the Carterton Crier. Mr B Poulsen, a Councillor, is a part owner in the business. These services were made on commercial terms and amounted to \$7,439 (2008 \$3,732). In 2009 the Council did not purchase computer accessories (2008 \$1,495) from Enzed PC Services, which Mrs J Greathead, a Councillor, has an interest in.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2008 \$nil).

	30 June 2009	30 June 2008
	\$	\$
Salaries and other short tem employee benefits	344,606	315,564
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>344,606</b>	<b>315,564</b>

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

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**Note 27: Remuneration****Chief executive**

The Chief Executive of Carterton District Council appointed under section 42 of the Local Government Act 2002 received a salary of \$151,632 (2008 \$128,102), performance bonus of \$10,889 (2008 \$10,123) and superannuation contributions of \$9,751 (2008 \$8,291) to 30 June 2009.

For the year ended 30 June 2009, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$172,272 (2008 \$146,516).

<i>Elected representatives</i>	30 June 2009 \$	30 June 2008 \$
G McPhee	50,964	48,905
R Carter	17,940	18,505
E Brazendale	16,432	19,355
W Knowles	13,797	17,443
B Durbin	15,905	10,205
C Engel	13,797	7,961
J Greathead	14,817	11,272
B Poulsen	14,885	12,088
G Smith	13,797	7,961
D Lowes (retired 19/10/07)	-	6,019
M Blundell (retired 19/10/07)	-	5,921
R Booth (retired 19/10/07)	-	3,413
<b>Total elected members remuneration</b>	<b>172,334</b>	<b>169,048</b>

**Note 28: Severance payments**

For the year ended 30 June 2009 Carterton District Council did not make any severance payments to employees (2008: \$nil).

**Note 29: Events after balance date**

There were no significant events after balance date.

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**Note 30: Financial instrument categories**

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

<b>FINANCIAL ASSETS</b>	<b>30 June 2009 \$</b>	<b>30 June 2008 \$</b>
<b>Fair value through profit and loss – held for trading</b>		
Derivative financial instrument assets	-	-
<b>Loans and receivables</b>		
Cash and cash equivalents	1,124,883	947,201
Special funds	2,639,140	3,471,412
Investments	-	-
Debtors and other receivables	1,863,301	1,372,337
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<i>Total loans and receivables</i>	<u>5,627,324</u>	<u>5,790,950</u>
<b>Held to maturity</b>		
Other financial assets:		
- government stock	-	-
- local authority stock	-	-
<i>Total held to maturity</i>	<u>-</u>	<u>-</u>
<b>Fair value through equity</b>		
Other financial assets:		
- local authority stock	-	-
- unlisted shares	46,225	45,293
- listed shares	-	-
<i>Total fair value through equity</i>	<u>46,225</u>	<u>45,293</u>
<b>FINANCIAL LIABILITIES</b>	<b>30 June 2009 \$</b>	<b>30 June 2008 \$</b>
<b>Fair value through profit and loss – Held for trading</b>		
Derivative financial instrument liabilities	-	-
<b>Financial liabilities at amortised cost</b>		
Creditors and other payables	1,670,523	1,470,545
Borrowings:		
- bank overdraft	-	-
- secured loans	1,462,887	810,071
- debentures	-	-
<i>Total financial liabilities at amortised cost</i>	<u>3,133,410</u>	<u>2,280,616</u>

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## ***Note 31: Financial instrument risks***

Carterton District Council has a series of policies providing risk management for interest rates and the concentration of credit risk. The Council is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established an Investment Policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

### **Market risk**

#### Price risk

Price risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate as a result of changes in market prices. CDC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of CDC's investment portfolio in accordance with the limits set out in CDC's investment policy.

#### Interest rate risk

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

#### *Fair value interest rate risk*

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

Investments were made only with those counter-parties specified in the Investment Policy.

#### *Cash flow interest rate risk*

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

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has no exposure to currency risk.

### **Credit risk**

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash inflows and outflows, the CDC invests surplus cash into term deposits which gives rise to credit risk.

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

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

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

*Maximum exposure to credit risk*

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

	30 June 2009	30 June 2008
	\$	\$
Cash at bank and term deposits	3,764,023	4,418,613
Debtors and other receivables	1,863,301	1,372,337
Community and related party loans	-	-
Local authority and government stock	-	-
Derivative financial instrument assets	-	-
Financial guarantees	-	31,250
Total credit risk	<u>5,627,324</u>	<u>5,822,200</u>

*Credit quality of financial assets*

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

	30 June 2009	30 June 2008
	\$	\$
<b>COUNTERPARTS WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA	<u>1,762,401</u>	<u>1,640,766</u>
Total cash at bank and term deposits	<u>1,762,401</u>	<u>1,640,766</u>

**COUNTERPARTS WITHOUT CREDIT RATINGS**

<b>Cash at bank and term deposits</b>		
Wairarapa Building Society	<u>2,001,622</u>	<u>1,830,646</u>
Total cash at bank and term deposits	<u>2,001,622</u>	<u>1,830,646</u>

**COUNTERPARTS WITHOUT CREDIT RATINGS**

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

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

## Liquidity risk

### *Management of liquidity risk*

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

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months.

Council manages borrowings in accordance with its funding and financial policies, which includes an Investment Policy document. This policy has been adopted as part of the Council's Long Term Council Community Plan.

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

### *Contractual maturity analysis of financial liabilities*

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

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>2009</b>					
Creditors and other payables	1,670,523	1,670,523	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	1,462,887	793,714	311,974	357,113	86
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>3,133,410</b>	<b>2,464,237</b>	<b>311,974</b>	<b>357,113</b>	<b>86</b>
<b>2008</b>					
Creditors and other payables	1,470,545	1,470,545	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	810,071	513,421	21,425	274,456	769
Financial guarantees	31,250	31,250	-	-	-
<b>Total</b>	<b>2,311,866</b>	<b>2,015,216</b>	<b>21,425</b>	<b>274,456</b>	<b>769</b>



	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>2009</b>					
Cash and cash equivalents	1,124,883	1,124,883	-	-	-
Debtors and other receivables	1,863,301	1,863,301	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	2,639,140	2,639,140	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
<b>Total</b>	<b>5,627,324</b>	<b>5,627,324</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2008</b>					
Cash and cash equivalents	947,201	947,201	-	-	-
Debtors and other receivables	1,372,337	1,372,337	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	3,471,412	3,471,412	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
<b>Total</b>	<b>5,790,950</b>	<b>5,790,950</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Sensitivity analysis

The table below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on CDC's financial instrument exposures at balance date.

	2009			
	-1% Profit	Other Equity	+1% Profit	Other Equity
<b>INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(11,249)	-	11,249	-
Special funds term deposits	(26,391)	-	26,391	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:	-	-	-	-
- local authority and government stock	-	-	-	-
<b>Financial liabilities</b>				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-
- term loans	-	-	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(37,640)</b>	<b>-</b>	<b>37,640</b>	<b>-</b>

**EQUITY PRICE RISK**

Financial assets

Other financial assets:

- quoted share investments

**Total sensitivity to equity price risk**

-	(442)	-	442
-	(442)	-	442

**2008****INTEREST RATE RISK****Financial assets**

Cash and cash equivalents

Special funds term deposits

Derivatives – held for trading

Derivatives – hedge accounted

Other financial assets:

- local authority and government stock

Profit	-1% Other Equity	Profit	+1% Other Equity

(9,472) - 9,472 -

(34,714) - 34,714 -

- - - -

- - - -

- - - -

- - - -

**Financial liabilities**

Derivatives – hedge accounted

Borrowings:

- bank overdraft

- term loans

**Total sensitivity to interest rate risk**

- - - -

- - - -

- - - -

- - - -

(44,186) - 44,186 -

**EQUITY PRICE RISK**

Financial assets

Other financial assets:

- unlisted share investments

**Total sensitivity to equity price risk**

-	(3,546)	-	3,546
-	(3,546)	-	3,546

**Explanation of sensitivity analysis****1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$1,124,883 (2008 \$947,201) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$11,249 (2008 \$9,472).

**2. Special funds**

Special funds totalling \$2,639,140 (2008 \$3,471,412) mature monthly. These are treated as floating for interest rate risk. A movement in interest rates of plus or minus 1% has an effect on interest income of \$26,391 (2008 \$34,714).

Derivative financial assets held for trading include interest rate swaps with fair value are nil (2008 \$nil).

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### 3. Secured loans

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

### 4. Listed shares

CDC does not hold any listed shares.

## ***Note 32: Capital management***

The Council's capital is its equity (or ratepayers funds), which comprise retained earnings 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. Ratepayer's 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 Council Community Plan (LTCCP) 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 in the Council's LTCCP.

Carterton District 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 rate. 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 Council has received 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.

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### ***Note 33: Property, plant and equipment – valuation***

#### **Revaluation**

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.

CDC 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.

CDC 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.

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

	30 June 2009 \$
John Vessey of Opus International Consultants Limited (30/6/08)	113,255,000
Kerry Stewart of Darroch Valuations (30/6/09)	9,946,030
Graeme Hughson of AECOM Limited (30/6/09)	381,912

#### **Impairment**

There were no impairment losses in 2009 or 2008.

#### **Work in progress**

The total amount of property, plant and equipment in the course of construction is \$447,361 (2008 \$345,475). Work in progress is disclosed in note 34.

<i>Note 34: Property, plant and equipment</i>	Cost/ revaluation 1 July 2008 \$	Accumulated depreciation 1 July 2008 \$	Carrying amount 1 July 2008 \$	Current year additions \$	Current year disposals \$	Accumulated depreciation on disposals \$	Current year gain/(loss) on sale \$	Current year depreciation \$	Revaluation \$	Cost/ revaluation 30 June 2009 \$	Accumulated depreciation 30 June 2009 \$	Carrying amount 30 June 2009 \$
<b>30 June 2009</b>												
<i>Infrastructural assets</i>												
Roads, bridges & footpaths - land	5,661,214	-	5,661,214	-	-	-	-	-	-	5,661,214	-	5,661,214
Roads, bridges & footpaths	102,172,999	-	102,172,999	3,573,189	-	-	-	(1,335,310)	-	105,746,188	(1,335,310)	104,410,878
Water systems	5,446,550	-	5,446,550	775,755	-	-	-	(329,139)	-	6,222,305	(329,139)	5,893,166
Sewerage systems	2,951,000	-	2,951,000	1,115,447	-	-	-	(186,524)	-	4,066,447	(186,524)	3,879,923
Stormwater systems	2,687,000	-	2,687,000	367,974	-	-	-	(41,386)	-	3,054,974	(41,386)	3,013,588
	118,918,763	-	118,918,763	5,832,365	-	-	-	(1,892,359)	-	124,751,128	(1,892,359)	122,858,769
<i>Operational assets</i>												
Land	5,386,238	-	5,386,238	7,422	-	-	(55,900)	-	(539,622)	4,798,138	-	4,798,138
Buildings	4,900,782	(230,188)	4,670,594	18,577	-	-	(115,631)	(218,604)	258,476	4,613,412	-	4,613,412
Fixtures & fittings	316,200	(142,726)	173,474	29,057	(78)	(96)	(139)	(28,757)	-	344,944	(171,387)	173,557
Office equipment	236,713	(140,912)	95,801	104,429	(711)	(19,954)	(4,595)	(37,687)	-	315,882	(158,645)	157,237
Library collections	422,974	(120,996)	301,978	49,990	-	-	-	(73,312)	103,256	381,912	-	381,912
Motor vehicles	675,920	(437,216)	238,704	67,155	(4,000)	(27,412)	3,770	(53,215)	-	715,433	(463,019)	252,414
Plant & equipment	1,214,827	(464,048)	750,779	30,902	(482)	(2,563)	(1,775)	(77,035)	-	1,240,909	(538,520)	702,389
Landfill	326,934	-	326,934	-	-	-	-	-	(84,934)	242,000	-	242,000
Water races	84,241	-	84,241	-	-	-	-	-	-	84,241	-	84,241
	13,564,829	(1,536,086)	12,028,743	307,532	(5,271)	(50,025)	(174,270)	(488,610)	(262,824)	12,736,871	(1,331,571)	11,405,300
Heritage assets	323,927	(6,685)	317,242	-	-	-	-	(6,685)	(5,857)	304,700	-	304,700
Work in progress	345,475	-	345,475	447,361	(345,475)	-	-	-	-	447,361	-	447,361
Total assets	133,152,994	(1,542,771)	131,610,223	6,587,258	(350,746)	(50,025)	(174,270)	(2,387,654)	(268,681)	138,240,060	(3,223,930)	135,016,130

	Cost/ revaluation 1 July 2007 \$	Accumulated depreciation 1 July 2007 \$	Carrying amount 1 July 2007 \$	Current year additions \$	Current year disposals \$	Current year gain/(loss) on sale \$	Current year depreciation \$	Revaluation \$	Cost/ revaluation 30 June 2008 \$	Accumulated depreciation 30 June 2008 \$	Carrying amount 30 June 2008 \$
<b>30 June 2008</b>											
<i>Infrastructural assets</i>											
Roads, bridges & footpaths - land	5,661,214	-	5,661,214	-	-	-	-	-	5,661,214	-	5,661,214
Roads, bridges & footpaths	82,231,878	(1,813,540)	80,418,338	1,503,179	-	-	(937,535)	21,189,017	102,172,999	-	102,172,999
Water systems	4,448,060	(388,992)	4,059,068	101,263	-	-	(232,904)	1,519,123	5,446,550	-	5,446,550
Sewerage systems	4,007,388	(340,817)	3,666,571	48,362	-	-	(175,275)	(588,658)	2,951,000	-	2,951,000
Stormwater systems	1,857,721	(52,504)	1,805,217	-	-	-	(27,710)	909,493	2,687,000	-	2,687,000
	98,206,261	(2,595,853)	95,610,408	1,652,804	-	-	(1,373,424)	23,028,975	118,918,763	-	118,918,763
<i>Operational assets</i>											
Land	5,052,900	-	5,052,900	355,338	-	(18,889)	-	(22,000)	5,386,238	-	5,386,238
Buildings	4,894,324	-	4,894,324	16,423	(22,910)	(5,813)	(234,117)	16,874	4,900,782	(230,188)	4,670,594
Fixtures & fittings	324,189	(174,610)	149,579	49,579	(39)	(39)	(25,645)	-	316,200	(142,726)	173,474
Office equipment	310,402	(205,514)	104,888	29,384	(403)	(403)	(38,068)	-	236,713	(140,912)	95,801
Library collections	372,686	(57,017)	315,669	50,288	-	-	(63,979)	-	422,974	(120,996)	301,978
Motor vehicles	676,454	(378,896)	297,558	-	(3)	(3)	(58,851)	-	675,920	(437,216)	238,704
Plant & equipment	1,257,140	(526,123)	731,017	105,296	(5,475)	(366)	(80,059)	-	1,214,827	(464,048)	750,779
Landfill	326,934	-	326,934	-	-	-	-	-	326,934	-	326,934
Water races	84,241	-	84,241	-	-	-	-	-	84,241	-	84,241
	13,299,270	(1,342,160)	11,957,110	606,308	(28,830)	(25,513)	(500,719)	(5,126)	1,3564,829	(1,536,086)	12,028,743
Heritage assets	323,927	-	323,927	-	-	-	(6,685)	-	323,927	(6,685)	317,242
Work in progress	5,867	-	5,867	345,475	(5,867)	-	-	-	345,475	-	345,475
<b>Total assets</b>	<b>111,835,325</b>	<b>(3,938,013)</b>	<b>107,897,312</b>	<b>2,604,587</b>	<b>(34,697)</b>	<b>(25,513)</b>	<b>(1,880,828)</b>	<b>23,023,849</b>	<b>133,152,994</b>	<b>(1,542,771)</b>	<b>131,610,223</b>

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### ***Note 35: Explanation of major variances against budget***

Explanations for major variations from Carterton District Council's estimated figures in the 2008/2009 Annual Plan are as follows:

#### **Statement of Financial Performance**

- Interest income for the year is significantly lower than budget due to lower interest rates received than were budgeted. There was also significantly less funds on call and deposit due to the Council's decision to raise an internal loan during the year.
- Fees and charges income for the year is significantly lower than budgeted due less income received from water metering than was budgeted.
- Grants and subsidies income is below budget due to less UV treatment subsidy from the Ministry of Health being received than budgeted. This is due to the UV treatment plant project being delayed from the timeframe originally budgeted for.
- Contributions income is significantly ahead of budget due to increased roading and recreation reserve levies received and also Waingawa contributions that had not been budgeted for.
- Income from assets vesting in council is \$2,245,500 due to a number of infrastructure assets relating to completed subdivisions being vested in Council.
- Council elected to delay harvesting the forest due to unfavourable timber prices. As a result forestry harvest income is well below budget.
- Roads, streets and bridges expenditure is higher than budgeted due to increased maintenance work than budgeted.
- Property expenditure is higher than budgeted due to increased forestry expenditure on harvesting and reforestation.
- Resource management & planning expenditure is higher than budgeted due to the ongoing costs to finalise the combined district plan due to the level of submissions and appeals.
- The loss on sale of assets is higher than budget due to the destruction of the Municipal Hall and the associated write-off of various redundant assets.
- The asset revaluation losses are greater than budgeted due to land and buildings and forestry devaluations.

#### **Statement of Movements in Equity**

- The net surplus for the year is significantly higher than the budgeted surplus due to the explanations mentioned above.
- The movement in the asset revaluation reserves is less than budgeted due to the revaluation of land and buildings and library collections.

#### **Statement of Financial Position**

- Cash and cash equivalents are lower than budget due to cash being used for an internal loan during the year.
- Debtors and other receivables are higher than budgeted due to an increased level of receivables at year end. This is the result of the introduction of water metering and an additional subsidy claim from Land Transport New Zealand.
- Investment properties are higher than budget due a revaluation at 30 June 2009.
- Property, plant and equipment is higher than budget due to the increased revaluations on the land and buildings and library collections during the year.

- Creditors and other payables are higher than budgeted due to an increased level of payables at year end. This has resulted from increased capital creditors payable at 30 June 2009.
- Borrowings are lower than budget due to the Council's decision to use an internal loan during the year.
- The budget for employee entitlements did not account for the higher level of long service leave accruing and this explains why the employee entitlements are higher than budget.
- Asset revaluation reserves are higher than budget due to a difference in the revaluation expected on property, plant and equipment.

### Statement of Cashflows

- Other income was less than budget due to the lower amount of fees and charges received from water metering and connection fees.
- Property, plant and equipment expenditure is less than budget due to a number of capital projects not being completed at year end.
- The drawdown of public debt is less than budgeted due to the Council's decision to use an internal loan during the year.

### *Note 36: Significant Activity Statements Annual Plan Variances*

The Annual Plan budgets used in the Significant Activity Statements differ from those shown in the published 2009 Annual Plan. The budgets shown in the published Annual Plan were not the final budgets adopted by Council and were instead from an earlier draft produced by Council.

The budgets shown in the 2009 Annual Report's Significant Activity Statements are the final budgets that were adopted by Council. These are not the budgets included in the published 2009 Annual Plan.

Following is a table of the variances between the two sets of budgets for the total income, operating costs and capital expenditure in different significant activities. The reasons for these variances are explained further below.

	Annual Plan 30 June 2009 Approved Budgets \$	Annual Plan 30 June 2009 Published Budgets \$	Variance \$
<b>Operating Costs</b>			
Urban water services	931,668	931,299	369
Wastewater	717,955	717,683	272
Waste management	630,281	630,231	50
Parks and reserves	537,395	537,302	93
Community amenities	253,158	253,100	58
Property	466,872	466,678	194
Resource management and planning	397,448	397,442	6
Public protection	613,202	613,163	39
<b>Total</b>			<u>1,081</u>



	<b>Annual Plan 30 June 2009 Approved Budgets \$</b>	<b>Annual Plan 30 June 2009 Published Budgets \$</b>	<b>Variance  \$</b>
<b>Capital Expenditure</b>			
Urban water services	703,600	698,600	5,000
Wastewater	1,287,549	1,170,549	117,000
<b>Total</b>			<u>122,000</u>

The increase in operating costs is the result of an increase in overhead operating expenses which are allocated to the above activities based on a cost allocation system. There was also an increase in depreciation as a result of the additional capital expenditure outlined below.

The increase in urban water services capital expenditure was the result of an additional \$5,000 included for the concrete reservoir at Kaipatangata. The increase in wastewater was the result of an additional \$117,000 being included for the CBD work for High Street to Wakelin Street as this work was not completed in the 2008 financial year as initially planned.

## Governance

### Scope & Nature of the Activity

This activity includes the following services and programmes:

- Elected member salaries and expenses.
- Electoral expenses.
- Council and Committee expenses and other cost of democracy expenses.
- Public communication expenses.

### Why Council Undertakes this Activity

The purpose of the Governance activity is to enable democratic decision-making at a local level which promotes social, economic, environmental and cultural wellbeing of the Carterton community now and into the future.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Governance Contributes
Clean land, water and air for present and future generations.	By ensuring compliance with the requirements of the Resource Management Act.
A safe, healthy and educated community.	By encouraging the community to be active, safe and healthy.
Access to transport and communication systems that best meets the needs of the district.	By encouraging the community to be actively involved in Council decision making processes. By providing and improving the district's roading network.
A buoyant local economy.	By ensuring District Plan/Resource Management Act requirements meet statutory timeframes.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√	√	√	√

### Council Activities Contributing to Achieving Outcomes

- Attendance at the Wellington Region Leaders Forums and Zone 4 meetings.
- Member of the Mayors' Taskforce for Jobs and Member of the Wairarapa Workforce Development Trust
- Active participation in quarterly Wairarapa Combined Council meetings
- Membership on various River Management Schemes.
- Councillors' membership on various outside committees and groups.

**Significant Asset Acquisitions or Replacement and Variations from Amended LTCCP**

There were no significant asset acquisitions or replacements and no significant variations between the Amended LTCCP's projections of capital expenditure and the actual expenditure during the year.

## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievement
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure for the Governance activity is within budget agreed with Council.	Operational expenditure for the Governance activity concluded under budget for the year. Refer to the financial statement on the next page for details.
Undertake necessary decision making in relation to the Long Term Council Community Plan and Annual Plans	Adoption of the Long Term Council Community Plan and Annual Plans within statutory timeframes, with an unqualified audit opinion for the Long Term Council Community Plan.	No capital expenditure was budgeted for or spent during the year. The 2009-19 Long Term Council Community Plan was adopted within statutory timeframes by Council on 24 June 2009 with an unqualified audit opinion.
Undertake effective monitoring of financial and non financial performance of the Council.	Adoption of the Annual Report within the statutory timeframes, with an unqualified audit opinion.	The Annual Report to 30 June 2009 was adopted within statutory timeframes by Council on 28 October 2009 with an unqualified audit opinion.

**Governance Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>INCOME</b>			
5,333	Election deposits	-	-
30,371	Miscellaneous income	160	-
<u>35,704</u>	<b>Total income</b>	<u>160</u>	<u>-</u>
<b>OPERATING COSTS</b>			
465,067	Mayor and councillors	517,604	565,542
70,231	Elections	11,464	-
<u>535,298</u>	<b>Total operating costs</b>	<u>529,068</u>	<u>565,542</u>
(499,594)	<b>Net cost of service</b>	(528,908)	(565,542)
<b>CAPITAL</b>			
-	Miscellaneous	-	-
<u>-</u>	<b>Total</b>	<u>-</u>	<u>-</u>

## **Economic, Cultural & Community Development**

### **Scope & Nature of Activity**

This activity includes the following services and programmes:

#### Economic

- Tourism and economic development support, including grants to Destination Wairarapa and the Carterton Information Centre & Gallery.
- Event support, including the Daffodil Carnival, Balloon Fiesta and community events.
- General promotion of the district.

#### Cultural

- Provision of Library services, including written and recorded material, CDs, magazines and access to electronic information.
- Provision of school holiday programmes.
- Funding to Aratoi.
- Participation in the ongoing development and implementation of the Wairarapa Arts, Cultural & Heritage Strategy.
- Creative Communities Fund

#### Community Development

- Community support, including the funding of the South Wairarapa Safer Community Council, Wairarapa Healthy Homes and Council's Community Grants Scheme.
- Participation in the ongoing development and implementation of the Wairarapa Physical Activity Plan.
- Provision of annual scholarships to UCOL and the Taratahi Agricultural Training Centre.
- Rural Travel Fund.
- Climate Change and Energy Efficiency Initiatives

### **Why Council Undertakes this Activity**

#### Economic

Economic growth is vital to the development of the district and region. Council contributes to economic development initiatives to encourage business growth, employment and tourism to the district and region.

#### Cultural and Community Development

Access to cultural and community development activities and services contributes to the cultural and social wellbeing of the community. Council contributes because it is part of the social fabric which makes the Carterton community vibrant and a great place to live in.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Economic, Cultural & Community Development Contributes
A buoyant local economy.	By contributing to the economic development of the district.
Access to transport and communication systems that best meet the needs of the district.	By providing public access to information via the Public Library.
A safe, healthy and educated community.	By contributing to the social wellbeing of the community.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√		√	√

### Council's Activities to Contributing to Achieving Outcomes

#### Economic

- Provision of funding to Destination Wairarapa, the Carterton Information Centre and Gallery and Balloon Fiesta
- Member of the Wairarapa Chamber of Commerce
- Organisation of the annual Carterton Daffodil Carnival.
- Completion of CBD Re-Vitalisation Stage II project.

#### Cultural & Community Development

- Distribution of \$19,925.00 in community grants funding to community organisations that benefit Carterton residents.
- Funder and participant in the promulgation of the Arts, Cultural and Heritage Strategy developed in conjunction with neighbouring district councils' and Aratoi.
- Provision of school holiday programmes via the Library for youth and young adults.
- Provision of annual scholarships to UCOL and the Taratahi Agricultural Training Farm.
- Provision of \$30,000.00 funding towards the construction of a new artificial hockey turf at the Clareville Complex for the Wairarapa Hockey Association.
- Provision of \$6,000.00 funding towards the Wairarapa Healthy Homes Project.
- Provision of \$10,000.00 funding to the Southern Wairarapa Safer Community Council. In conjunction with South Wairarapa District Council have a contract with the Ministry of Justice for the Life to Max programme, which is delivered by the Safer Community Council. The programme is designed to assist young people and their families with, one on one support, who are experiencing extreme difficulties in their lives.

### **Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP**

The CBD Revitalisation Stage 2 project replaced footpaths and landscaping assets on High St in the centre of town. Public consultation three years ago indicated that the public supported an upgrading of the main business area.

This project significantly exceeded the original budget amount as the extent of the work was increased in length and scope to give a more complete result. Council agreed to include more work in the project including the undergrounding of power lines at each end of the project.



## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure is within budget as agreed with Council.	Operational expenditure for the Economic, Cultural and Community Development activity concluded under budget for the year.  Capital expenditure was over budget for the year. The reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.
Provide a quality library/information service to customers and grow the customer base.	The number of people who are library users' increase by 2% over the previous year.	Refer to the financial statement on the next page for details. The number of registered active borrowers increased by 4.1%. There were 6581 active borrowers at 30 June 2008 compared with 6856 at 30 June 2009.
Provide financial support to community based organisations that contribute to the social wellbeing of the Carterton community.	To distribute the community grants budget in accordance with the Council's Community Grants Policy.	Thirty two community grants complying with the Community Grants Policy were awarded during the year. The total amount awarded was \$19,925.00 with individual grants ranging from \$100 to \$1200.
Encourage the Carterton community to be healthy and active.	Progress on the implementation of the Wairarapa Physical Activity Plan is reported by 30 June.	The Lead Group responsible for promulgation of the Strategy have joined forces with the Healthy Eating Healthy Action Group (HEHA) at the end of the 2007 financial year. The objective being to pool resources and co-ordinate programmes and messages to the

		Wairarapa community as the object of both projects is to promote healthy living/lifestyles. A report on the implementation of the Wairarapa Physical Activity Plan was not provided to Council by 30 June 2009.
Encourage engagement and participation in the arts, culture and heritage of the region.	Progress on implementation of the Wairarapa Arts, Culture & Heritage Strategy is reported by 30 June.	A report on progress with the implementation of the Wairarapa Arts, Culture & Heritage Strategy was presented at the Council Meeting of 24 June 2009. This report set out the achievements in 2008-09 with the establishing of the Arts Culture & Heritage Trust; the networking undertaken in the sector; the enhancing of skills and quality in the sector; and the development of partnerships with Iwi.
Provide financial support to economic development based organisations that contribute to the economic wellbeing of the Carterton community.	To distribute an annual grant to Destination Wairarapa in accordance with the parameters agreed between Destination Wairarapa and Council.	A grant of \$42,450 was distributed to Destination Wairarapa as agreed between Destination Wairarapa and Council.

**Economic, Cultural & Community Development Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
	<b>INCOME</b>		
29,525	Fees and charges	17,055	15,700
7,097	Recoveries	7,650	10,114
57,819	Grants and subsidies	75,006	75,600
9,401	Rentals	-	-
24,357	Miscellaneous income	14,587	11,000
<u>128,199</u>	<b>Total income</b>	<u>114,298</u>	<u>112,414</u>
	<b>OPERATING COSTS</b>		
123,924	Community grants	191,174	189,812
300,177	Promotions and economic development	154,370	186,813
79,773	Community development	81,788	100,947
301,794	Cultural services	317,412	326,372
<u>805,668</u>	<b>Total operating costs</b>	<u>744,744</u>	<u>803,944</u>
(677,469)	<b>Net cost of service</b>	(630,446)	(691,530)
	<b>CAPITAL</b>		
-	CBD re-vitalisation stage II	675,013	400,000
-	Librarian - PC	-	2,800
3,461	Library assistants - PC (2)	-	-
50,288	Library - books	49,990	48,457
4,621	Library - heating	-	-
-	Library - notebook	3,137	3,500
2,358	Library - refurbishment shelving	-	-
<u>60,728</u>	<b>Total</b>	<u>728,140</u>	<u>454,757</u>

## Roads, Streets & Footpaths

### Scope & Nature of Activity

The Council's role is to provide and operate a safe and efficient roading network that serves the needs of the Carterton district.

This activity includes the following services and programmes:

- Management of Assets – roads, footpaths, street lighting, street and road signs.
- Funding of the Wairarapa Road Safety Council.

### Why Council Undertakes this Activity

Council has a legislative requirement to provide and manage the roads within the district.

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

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Roads, Streets & Footpaths Contributes
Access to transport and communication systems that best meet the diverse needs of the district.	By providing a well maintained district roading network.
A safe, healthy and educated community.	By supporting community education programmes that promote road safety and community education.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

### Council Activities Contributing to Achieving Outcomes

- Provision of funding to the Wairarapa Road Safety Council, together with active participation on the Council.
- Membership on the Regional Land Transport Committee
- Implementation of Year 5 of the Footpath Upgrade Strategy.
- Completion of the approved subsidised roading programme.

## **Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP**

A number of roading assets were replaced so that the roading network continued to provide appropriate levels of service.

Drainage renewals works exceeded budget as new kerb and channel in Charles Street was added to the programme.

Expenditure on unsealed road metalling and traffic services were less than budget as the work undertaken was reduced because of higher expenditure than anticipated on operating and maintenance items.

Road resealing and footpath resurfacing were less than budget because of lower than expected contract prices.

## Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure for the roading network is within budget agreed with Council.  Expenditure on footpath renewals is within budget agreed with Council.	Operational expenditure for the roading network concluded over budget for the year, with higher than budgeted costs occurring in structural maintenance, environmental maintenance, asset management expenditure, and depreciation charges. Depreciation charges increased because of the increased valuation of the roading assets at June 2008. Also more maintenance work than expected needed to be undertaken during the year.  Capital expenditure was less than budgeted. The reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.
Asset value and capability of networks are maintained at current levels as agreed to by the community.	Networks maintained to a level as specified in the roading maintenance contract as set out in the AMP.	Refer to the financial statement on the next page for details.  The last year of a five year maintenance contract ended on 30 June 2009. On only one occasion in the 2008/09 year was a Notice to Contractor issued to rectify a fault and this was completed within the response timeframe.
Maintain the current standard of the district's roads, including bridges, road signs, street lighting, kerb and drainage facilities.	90% compliance with Maintenance Contract Response times.	There is no recorded incident of the response time specified in the road maintenance contract not being met by the contractor.

Provide financial support to organisations who undertake road safety education programmes.	Provide funding to the Wairarapa Road Safety Council as agreed between the Road Safety Council and Council. The Wairarapa Road Safety Council to report on initiatives undertaken by 30 June each year.	<p>Activities/projects, as set out in the WRSC Plan 2008/09, which raise awareness of road safety issues and promote safe and sustainable transport were carried out as follows:</p> <ul style="list-style-type: none"> <li>• Billboards and media covering speed, alcohol, loss of control and fatigue issues.</li> <li>• Intersections – print and radio advertising campaign.</li> <li>• Alcohol/Youth – Driving towards a future programme delivered in all seven colleges, SADD students support and CAAG sports accreditation.</li> <li>• Cyclists – Young Cyclists of the Year competition. Cycle into Summer Events.</li> <li>• Safety Around Schools – resource distributed, radio and print advertising.</li> <li>• Restraints – Child and adult restraint checkpoints, radio and print advertising.</li> <li>• Driver Licensing – Restricted and Full Licence courses.</li> </ul>
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# Roads, Streets & Bridges Operating Statement

## For The Year Ended 30 June 2009

Actual 2007/2008 \$		Actual 2008/2009 \$	Budget 2008/2009 \$
	<b>INCOME</b>		
1,348,995	Land Transport NZ subsidy	1,508,048	1,446,613
59,555	Petrol tax	58,861	66,690
18,444	Recoveries	15,320	14,877
-	Miscellaneous income	2,596	-
<u>1,426,994</u>	<b>Total income</b>	<u>1,584,825</u>	<u>1,528,180</u>
	<b>OPERATING COSTS</b>		
2,290,866	Subsidised roading	3,016,062	2,430,315
<u>197,315</u>	Unsubsidised roading	<u>217,654</u>	<u>159,335</u>
<u>2,488,181</u>	<b>Total operating costs</b>	<u>3,233,716</u>	<u>2,589,650</u>
(1,061,187)	<b>Net cost of service</b>	(1,648,891)	(1,061,470)
	<b>CAPITAL</b>		
86,073	Dakins Road river protection	-	-
2,295	Drainage renewals - kerb & channel replacement	114,857	85,000
90,127	Footpath maintenance	66,197	82,000
145,773	Minor safety works	195,950	197,000
293,655	Pavement maintenance	295,022	340,000
432,473	Reseals	358,467	386,000
-	Service lane marking	-	8,000
55,457	Traffic services	69,057	121,000
<u>397,326</u>	Unsealed road metalling	<u>388,691</u>	<u>510,000</u>
<u>1,503,179</u>	<b>Total</b>	<u>1,488,241</u>	<u>1,729,000</u>



## Urban Water

### Scope & Nature of Activity

This activity includes the following services:

- Management of the district's water reticulation and treatment facilities.
- Monitoring the quality of the reticulated water supply.
- Promotion and education of water conservation methods.

### Why Council Undertakes this Activity

Water is an essential commodity for the health of the people living in the community and for business viability.

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

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Urban Water Contributes
A buoyant local economy.	By delivering water to Carterton residents in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the water supply activity is managed in a sustainable manner.
A safe, healthy and educated community.	By providing a water treatment system which meets Ministry of Health standards.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

### Council Activities Contributing to Achieving Outcomes

- Completion of first year of charging under universal water metering of the urban reticulated water supply.
- Second timber reservoir constructed at the Kaipaitangata water supply providing one million litres of additional treated water storage.
- Property water laterals in the CBD were replaced as part of the CBD Re-Vitalisation Stage II project.

### **Significant Asset Acquisitions or Replacements and Variations from the Amended LTCCP**

A new reservoir was constructed at the Kaipaitangata Water Treatment Plant to provide additional storage for peak water demand periods. A Ministry of Health subsidy of \$120,000 excluding GST offset some of the cost of this project to the Council.

The installation of the UV treatment processes at the Kaipaitangata and Supplementary Treatment Plants was delayed to the 2009/10 financial year.

The unbudgeted expenditure for water metering was necessary to complete the installation of water meters in Carterton.

### Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed works.	<p>Operational expenditure for the urban water activity concluded over budget due to higher costs in operational overheads, depreciation charges and materials. Depreciation charges were higher because of the revaluation of the water assets at June 2008. Materials were higher because of extensive leak repair work.</p> <p>Capital expenditure was less than budgeted. The reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP. Refer to the financial statement on the next page for details.</p>
Maintain water quality to potable standards.	100% compliance with bacteriological requirements – NZ Drinking Water Standards.	100% compliance achieved. Weekly sampling at source, plants and reticulation is carried out by Council's Health Inspector. Samples are sent to MedLab Wairarapa for independent analysis.
Asset value and capability of the networks are maintained at current levels as agreed by the community.	Networks maintained to a level as specified in the water asset management plan.	All networks have been maintained to the level as specified in the Water Asset Management Plans.
Water supply is operated in accordance with resource consent conditions.	100% compliance with water resource consent conditions.	100% compliance achieved. 159 samples were taken as per consent requirements.
Promote community awareness of water conservation practices.	Each household connected to the urban reticulated water supply be issued with two conservation reminders per year.	Council introduced water metering charging on 1 July 2008. Publicity about water metering/water conservation was included in the Carterton Crier in October and November 2008.

**Urban Water Services Operating Statement  
For The Year Ended 30 June 2009**

Actual 2007/2008 \$		Actual 2008/2009 \$	Budget 2008/2009 \$
<b>INCOME</b>			
25,106	Fees & charges	55,555	130,000
-	Grants and subsidies	120,209	200,000
-	Miscellaneous income	13,727	-
755	Recoveries	-	-
<u>25,861</u>	<b>Total income</b>	<u>189,491</u>	<u>330,000</u>
<b>OPERATING COSTS</b>			
540,283	Reticulation	677,864	554,325
60,296	New water connections	42,153	56,754
96,365	Underground services	96,177	91,484
17,290	Headworks	-	-
173,299	Filtration plant	199,027	229,105
<u>887,533</u>	<b>Total operating costs</b>	<u>1,015,221</u>	<u>931,668</u>
(861,672)	<b>Net cost of service</b>	(825,730)	(601,668)
<b>CAPITAL</b>			
1,847	Chlorine dosing pump	-	-
88,208	Domestic water metering	47,227	-
27,862	Garrison Street (Victoria to Pembroke Streets)	-	-
13,055	Investigation works from water model	-	20,000
-	Kaipatangata plant UV filter treatment	-	299,900
-	Manifold Blanks	3,453	-
-	New reservoir	271,646	153,000
6,534	New valves (better network IS isolation)	-	5,000
304,917	New water source - Waingawa	3,020	-
-	Palm held computer	9,803	-
2,940	Portable pump 3"	-	-
-	Repair leaks to concrete reservoir Kaipatangata	-	5,000
-	Replace laterals High Street CBD before upgrade	66,184	67,000
5,275	Service of actuators	-	-
-	Supplementary UV plant treatment	-	153,700
<u>450,638</u>	<b>Total</b>	<u>401,333</u>	<u>703,600</u>

## Rural Water Services

### Nature & Scope of Activity

This activity includes the following services:

- Management of the Carrington and Taratahi Water Races for stock use, non-potable domestic and industrial use, rural fire fighting and stormwater control.

### Why Council Undertakes this Activity

Water is an essential community for the health of people living in the community and for business viability.

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 which is sustainable and does not adversely affect the environment.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Rural Water Services Contributes
A buoyant local economy.	By delivering a managed rural water service to properties with access to the Carrington and Taratahi Water Race system in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the rural water service is managed in a sustainable manner.
A safe, healthy and educated community.	By providing water for non-potable purposes only.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			

### Council Activities Contributing to Achieving Outcomes

- Monitoring of resource consent.
- Provision of water for stock farming, industrial, horticulture and viticulture businesses.

### Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

There were no significant asset acquisitions or replacements and no significant variations between the Amended LTCCP's projections of capital expenditure and the actual expenditure during the year.

### Level of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed works.	Operational expenditure for the Rural Water Services activity concluded under budget for the year as less channel cleaning was required.
The Rural Water Service is operated in accordance with resource consent conditions.	100% compliance with water resource consent conditions.	Capital expenditure was within budget.
The Water Race Committee meets a minimum of three times per year to discuss relevant issues.	Meeting Minutes.	Refer to the financial statement on the next page for details.
Operate the Rural Water Service system in a manner which is environmentally sensitive.	No unresolved environmental complaints at 30 June each year.	100% compliance with water resource consent conditions.
		Not Achieved. The Water Race Committee met twice during the year being 7 October 2008 and 9 February 2009. There was insufficient business to warrant any further meetings.
		No environmental complaints were received.

**Rural Water Services Operating Statement**  
**For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>INCOME</b>			
-	Fees & charges	17,964	-
-	Miscellaneous income	213	-
-	<b>Total income</b>	<b>18,177</b>	<b>-</b>
<b>OPERATING COSTS</b>			
177,966	Taratahi water race	147,754	173,204
49,319	Carrington water race	45,791	55,553
227,285	<b>Total operating costs</b>	<b>193,545</b>	<b>228,757</b>
(227,285)	<b>Net cost of service</b>	<b>(175,368)</b>	<b>(228,757)</b>
<b>CAPITAL</b>			
-	Motor vehicles	36,300	38,480
-	<b>Total</b>	<b>36,300</b>	<b>38,480</b>

## Stormwater

### Scope & Nature of Activity

This activity includes the following services:

- Management of the urban stormwater system which includes street kerb collection, piped and open drains.
- Identifying flood prone areas, reviewing known trouble areas and developing cost effective solutions.

### Why Council Undertakes this Activity

Council provides the urban stormwater system to ensure that surface flooding in the urban area as a result of high rainfall is contained to waterways and flood prone areas are protected.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Stormwater Contributes
Clean land, water and air for present and future generations.	By ensuring that the stormwater activity is managed in an appropriate manner.
A safe, healthy and educated community.	By undertaking a maintenance programme to minimise potential risks to the health and safety of residents.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

### Council Activities Contributing to Achieving Outcomes

- Eastside stormwater upgrade completed.

### Significant Asset Acquisitions or Replacements and Variations from the Amended LTCCP

The East Side stormwater drainage project was completed during the year. This project involved a significant upgrade of the stormwater system to prevent a repeat of serious flooding that had occurred in 2006.

The cost of the East Side project was higher than the cost budgeted for the year because the costs included substantial costs carried forward from the previous year. The total cost of the project was similar to the overall budget for the project.

The new drain at the cemetery was deferred until next year because of delays in obtaining a resource consent.



### Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed stormwater works.	<p>Operational expenditure for the Stormwater activity concluded under budget for the year as there were few flooding events.</p> <p>Capital expenditure was over budget for the year. The reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement on the next page for details.</p>
Stormwater systems are operated in accordance with resource consent requirements.	100% compliance with resource consent conditions including compliance monitoring.	100% compliance with resource consent conditions. No sampling is required.

**Stormwater Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
	<b>INCOME</b>		
-	Miscellaneous income	711	-
-	<b>Total income</b>	711	-
	<b>OPERATING COSTS</b>		
79,514	Stormwater	90,128	116,948
79,514	<b>Total operating costs</b>	90,128	116,948
(79,514)	<b>Net cost of service</b>	(89,417)	(116,948)
	<b>CAPITAL</b>		
-	East side drainage (Park/Richmond rds/Waiheke)	367,974	135,200
-	New open drainage channel - cemetery	-	31,200
-	<b>Total</b>	367,974	166,400

## Wastewater

### Scope & Nature of Activity

This activity includes the following services:

- Management of the urban reticulated wastewater system, treatment plant and pumping stations.
- Management of the impact of any discharge into the environment.

### Why Council Undertakes this Activity

Council provides the urban reticulated wastewater system and treatment facilities to ensure high quality health outcomes for the community and to minimise adverse environmental impact on the environment.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Wastewater Contributes
A buoyant local economy.	By delivering the wastewater activity to Carterton residents in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the wastewater activity is managed in a sustainable manner.
A safe, healthy and educated community.	By ensuring that the wastewater activity is managed to minimise any potential risks to the health and safety of Carterton residents.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

### Council Activities Contributing to Achieving Outcomes

- Monitoring of resource consent conditions.
- There was no effluent discharge to the Mangatarere Stream from 1 January to 31 March 2009.
- An application was lodged with the Greater Wellington Regional Council for renewal of the wastewater treatment plant resource consent which expired in March 2009.
- Sewer mains were replaced in Kent Street (east of the rail line) and Garrison Street south.
- Sewer main replaced in the CBD as part of the CBD Re-Vitalisation Stage II project.

## **Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP**

Sewer pipelines in Kent, and Garrison Streets were replaced as they were receiving significant infiltration that was overloading the sewerage system. The sewer in High St in the central business area was replaced before major road works were undertaken. This sewer was replaced in a larger size to allow for future growth.

The tendered costs of the sewer replacements in Kent and Garrison Streets were higher than the budget estimates.

The cost of the wastewater plant digester upgrade works was higher than budget as the extent of the work involved was not obvious at the time of budget preparation.

The wastewater treatment plant upgrade was delayed because of resource consent issues and to allow more time for determining the best option for upgrading.

### Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed wastewater works.	Operational expenditure for the Wastewater Services activity concluded over budget for the year, due to higher than budgeted costs occurring for operational overheads, electricity and materials. Electricity tariffs increased during the year and several unexpected repairs were required to sewer pipes.  Capital expenditure was less than budgeted. The reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.
Operate the urban reticulated wastewater system to protect public health.  Reticulated urban wastewater system is operated in accordance with resource consents.	No unresolved public health risks/issues as at 30 June each year.  100% compliance with resource consent conditions including compliance monitoring.	No public health risks/issues arose during the year.  100% compliance with resource consent conditions achieved, with 132 samples taken.

**Wastewater Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>INCOME</b>			
31,209	Fees & charges	22,296	36,000
11,917	Miscellaneous income	211	15,000
<u>43,126</u>	<b>Total income</b>	<u>22,507</u>	<u>51,000</u>
<b>OPERATING COSTS</b>			
314,564	Reticulation	343,927	354,901
90,167	New wastewater connections	52,443	49,470
30,790	Pumping station	31,529	37,921
274,129	Wastewater plant	337,463	275,663
<u>709,650</u>	<b>Total operating costs</b>	<u>765,362</u>	<u>717,955</u>
(666,524)	<b>Net cost of service</b>	(742,855)	(666,955)
<b>CAPITAL</b>			
20,500	Calibrate sewer model	-	-
-	Camera	2,667	-
11,419	Dissolved oxygen meters for sewer ponds	-	-
-	Garrison Street South	87,137	45,364
5,000	Grout manholes	5,000	5,155
-	Hand saw wastewater kit	2,669	-
-	High street road to Wakelin Street - CBD	330,336	300,000
-	Kent Street (west of rail line)	173,319	134,030
4,974	Road cones & signage upgrade	-	3,000
21,552	Wastewater treatment plant upgrade of headworks	-	-
-	Wastewater plant digester upgrade	76,335	50,000
-	Wastewater treatment extend treatment area	-	750,000
<u>63,445</u>	<b>Total</b>	<u>677,463</u>	<u>1,287,549</u>

## Waste Management

### Scope & Nature of Activity

This activity includes the following services:

- Management of the Dalefield Road Transfer Station facilities and associated resource consents.
- Provision of weekly kerbside refuse and recycling collection and transfer of residual waste to a properly engineered landfill in the Manawatu.
- Daily collection of refuse from street refuse bins.
- Promotion of waste minimisation and recycling.

### Why Council Undertakes this Activity

Waste minimisation is essential for the health and quality of life of the Carterton community. Council is involved to ensure that the quality of the environment is maintained and that the health of the community is not compromised.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Waste Management Contributes
A buoyant local economy.	By delivering the waste management activity to residents in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the waste management activity is managed in a sustainable manner.
A safe, healthy and educated community.	By providing residents with a safe and healthy refuse and recycling collection and Transfer Station.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

### Council Activities Contributing to Achieving Outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of recycling depot behind the clock tower.
- Monitoring of Transfer Station resource consents.

### **Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP**

There were no significant asset acquisitions or replacements and no significant variations between the Amended LTCCP's projections of capital expenditure and the actual expenditure during the year.



### Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed waste management.	Operational expenditure for the Waste Management activity concluded over budget for the year, due to higher than budgeted operational overheads, costs relating to the recycling contract and less fees being received for refuse bags and entry to the Transfer Station.
The transfer station is operated in accordance with resource consents.	100% compliance with resource consent conditions including compliance monitoring.	100% compliance with resource consent conditions achieved. Monitoring undertaken was as follows: <ul style="list-style-type: none"> <li>• Nine monthly groundwater bore levels recorded.</li> <li>• One monthly sample taken.</li> <li>• One quarterly sample taken.</li> </ul>
Collection of kerbside refuse and recycling and management of the Transfer Station is carried out in an efficient manner.	100% compliance with contract requirements.	100% compliance with contract requirements achieved.

**Waste Management Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>INCOME</b>			
201,959	Fees & charges	207,365	268,000
-	Miscellaneous income	-	-
<u>62,000</u>	Recoveries	<u>62,004</u>	<u>62,000</u>
<b>263,959</b>	<b>Total income</b>	<b>269,369</b>	<b>330,000</b>
<b>OPERATING COSTS</b>			
372,016	Landfill	390,226	391,242
<u>241,785</u>	Refuse collection	<u>265,189</u>	<u>239,039</u>
<b>613,801</b>	<b>Total operating costs</b>	<b>655,415</b>	<b>630,281</b>
<b>(349,842)</b>	<b>Net cost of service</b>	<b>(386,046)</b>	<b>(300,281)</b>
<b>CAPITAL</b>			
<u>-</u>	Miscellaneous	<u>-</u>	<u>-</u>
<b>-</b>	<b>Total</b>	<b>-</b>	<b>-</b>

## Parks & Reserves

### Scope & Nature of Activity

This activity includes the following services:

- Maintenance and ongoing development of Carrington, Howard Booth, South End and Millennium Parks, Memorial Square and their facilities.
- Provision of Council's plant nursery.
- 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.

### Why Council Undertakes this Activity

Parks and reserves make an important contribution to the health and lifestyle of the community. They provide areas for relaxation, sporting activities and green open areas in built up areas. Council contributes to promote the social and environmental wellbeing of the community.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Parks & Reserves Contributes
A buoyant local economy.	Provide pleasant parks and reserves that assist in promoting the district and CBD area.
Clean land, water and air for present and future generations.	Use environmentally friendly parks and reserves maintenance techniques.
A safe, healthy and educated community.	Make available and make use safe play and sporting facilities and provide clean civic amenities.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√		√	

### Council Activities Contributing to Achieving Outcomes

- Drinking fountains were installed at Carrington and Howard Booth Parks.

### Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

There were no significant asset acquisitions or replacements and no significant variations between the Amended LTCCP's projections of capital expenditure and the actual expenditure during the year.

### Level of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed works and reserves services.	Operational expenditure for the Parks & Reserves activity concluded within budget.
Attractive bedding displays are provided in civic areas.	Flowering bedding displays provided in civic areas twice a year.	Capital expenditure was less than budgeted as the work was completed for less cost than expected.
Vandalism on Council property is attended to on a timely basis.	High profile and/or offensive graffiti is removed within four hours of Council being made aware of it.  All other graffiti is removed within three working days.	Civic gardens were planted in November 2008 and April 2009 with the exception of beds in the CBD Revitalisation Project area which were left empty to allow this project to proceed.
Play ground equipment complies with NZS5828.	All new play equipment complies with NZS5828 for playground equipment.	Nineteen incidents of graffiti were reported, three were offensive and removed within four hours, 14 were removed within three working days, one took 5 days and one took 4 days.
		New play equipment complied with the standard for play equipment.

**Parks And Reserves Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>INCOME</b>			
-	Grants	-	-
5,334	Rentals	4,238	4,500
14,911	Miscellaneous income	12,111	13,000
<u>20,245</u>	<b>Total income</b>	<u>16,349</u>	<u>17,500</u>
<b>OPERATING COSTS</b>			
153,581	Parks	154,033	189,997
253,284	Civic and urban reserves	251,931	195,990
40,503	Rural reserves	40,493	59,208
86,343	Nursery	81,785	92,200
<u>533,711</u>	<b>Total operating costs</b>	<u>528,242</u>	<u>537,395</u>
(513,466)	<b>Net cost of service</b>	(511,893)	(519,895)
<b>CAPITAL</b>			
-	Carrington park - drinking fountains	3,935	6,000
8,747	Carrington park - lighting by band rotunda & b/ball court	-	-
3,226	Carrington park - lights between carpark & bowling club	-	-
1,549	Carrington park - park bench (1)	-	-
-	Carrington park - play equipment	25,733	30,870
1,704	Civic & urban reserves - capping tiles for planting beds	-	-
4,411	Civic & urban reserves - Moreton road land reserve	-	-
7,580	Civic & urban reserves - new seats & bins Memorial square	-	-
270,783	Howard Booth park extension	-	-
-	Howard Booth park - new drinking fountain (1)	1,879	3,000
710	Rover push mower	-	-
18,883	South end park - play equipment	-	-
23,049	Toro front mounted mower	-	-
<u>340,642</u>	<b>Total</b>	<u>31,547</u>	<u>39,870</u>

## Community Amenities

### Scope & Nature of Activity

This activity includes the following services:

- Maintenance and the ongoing development of the Clareville Cemetery.
- Maintenance and the ongoing development of the Outdoor Swimming Complex.
- Maintenance and ongoing development of the public restrooms.

### Why Council Undertakes this Activity

The Community Amenities activity contributes to the health of the district's community, and is important to the social fabric of the district.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Community Amenities Contributes
A buoyant local economy.	By providing facilities which contribute to the economic wellbeing of the district.
A safe, healthy and educated community.	By providing facilities which contribute to the health and wellbeing of the district's residents and visitors.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

### Council Activities Contributing to Achieving Outcomes

- Cemetery gates were upgraded and further landscaping completed.
- Drinking fountain, BBQ and new awning provided at the Outdoor Swimming Complex.

### Significant Asset Acquisition or Replacement and Variations from Amended LTCCP

There no significant asset acquisitions or replacements and no significant variations between the Amended LTCCP's projections of capital expenditure and the actual expenditure during the year.

### Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for the programmed community amenities budgets.	Operational expenditure for the Community Amenity activity concluded within budget for the year.  Capital expenditure was less than budgeted. Refer to the financial statement on the next page for details.
Provide safe and well maintained restrooms.	No unresolved complaints at 30 June each year.	No written or oral complaints were recorded in Council's Complaints Register during the year.
Provide safe and well maintained outdoor swimming complex.	No unresolved complaints at 30 June each year.	No written or oral complaints were recorded in Council's Complaints Register during the year.
Council provides a Cemetery which accommodates the burial needs of the district.	No complaints are received relating to burial services.	No written or oral complaints were recorded in Council's Complaints Register during the year.

**Community Amenities Operating Statement**  
**For The Year Ended 30 June 2009**

Actual 2007/2008 \$		Actual 2008/2009 \$	Budget 2008/2009 \$
<b>INCOME</b>			
29,554	Fees & charges	48,259	38,000
8,934	Grants & subsidies	19,019	15,000
3,744	Rentals	5,307	4,700
266	Miscellaneous income	531	300
<u>42,498</u>	<b>Total income</b>	<u>73,116</u>	<u>58,000</u>
<b>OPERATING COSTS</b>			
84,801	Cementery	88,479	81,106
118,239	Swimming pools	115,887	125,298
47,238	Restrooms	39,071	39,290
6,945	Employment schemes	9,718	7,464
<u>257,223</u>	<b>Total operating costs</b>	<u>253,155</u>	<u>253,158</u>
(214,725)	<b>Net cost of service</b>	(180,039)	(195,158)
<b>CAPITAL</b>			
-	Baths - replacement awning	1,490	2,000
-	Baths - replacement of BBQ	1,332	1,500
-	Baths - 1 drinking foundation	2,211	3,000
-	Cemetery - gates	4,228	3,000
1,570	Cemetery - landscaping	4,402	4,322
2,154	Cemetery - new berm	-	-
-	Cemetery - submersible pumps	2,500	2,500
4,889	Cemetery - walk behind mower	-	-
-	Outdoor pool - paint facilities	5,643	26,548
<u>8,613</u>	<b>Total</b>	<u>21,806</u>	<u>42,870</u>



## Property

### Scope & Nature of Activity

This activity includes the following services:

- Maintenance and ongoing development of the Carterton Holiday Park.
- Maintenance and ongoing development of the Council's pensioner housing complexes.
- Maintenance of the Municipal Hall and other public buildings.
- Maintenance of a number of Council owned properties, some of which are leased.
- Management of the Council's forestry assets at the Kaipaitangata and miscellaneous small roadside blocks located in the Admiral/Clifton Grove area.

### Why Council Undertakes this Activity

The Property activity contributes to the health of the district's community, and is important to the economic and social fabric of the district.

Council proposes to regularly review its property needs in terms of the properties it currently owns and occupies. This may result in the upgrade of properties and the sale of surplus assets from time to time.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Property Contributes
A buoyant local economy.	By providing the Carterton Holiday Park which contributes to the economic wellbeing of the district and region.
A safe, healthy and educated community.	By providing pensioner housing complexes for older citizens of Carterton which are affordable, safe and healthy to live in.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

### Council Activities Contributing to Achieving Outcomes

- Solar water heating installed at Carterton Holiday Park.

### **Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP**

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

The upgrade at the Exhibition Centre building was necessary to make the building usable.

The community facility budget was for planning and design of the proposed Events Centre project. This expenditure on the project has been carried forward as work in progress.

### Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within budgets agreed with Council.	Operational expenditure for the Property activity concluded over budget for the year mainly because of the construction of tracks in the Council's Kaipaitangata forestry in order to make more blocks in the forest 'harvest ready'. This means that logging can begin with little delay if log prices rise to a level that makes logging more economic.  Capital expenditure was less than budgeted. The reasons for this are explained on the previous page under the heading Significant Variations from the LTCCP.
Provide a safe, well maintained living environment for the district's elderly members.	A 95% occupancy rate is maintained.	The occupancy rate was achieved during the year.
Maintain the Holiday Park to a standard which meets a Four Star Qual Mark Rating.	Four Star Qual Mark Rating maintained at each annual inspection.	Holiday Park Qual Mark Rating Four Plus was achieved. The independent annual assessment took place on 10 October 2008.

**Property Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>INCOME</b>			
99,988	Fees & charges	119,324	114,000
-	Grants and subsidies	-	-
178,666	Rentals	181,132	160,635
-	Forestry harvest	124,725	553,250
<u>278,654</u>	<b>Total income</b>	<u>425,181</u>	<u>827,885</u>
<b>OPERATING COSTS</b>			
50,071	Hall	26,182	44,465
201,213	Pensioner housing	198,797	213,267
130,516	Holiday park	135,526	127,249
67,987	Forestry	201,784	42,786
38,789	Miscellaneous properties	56,527	39,105
<u>488,576</u>	<b>Total operating costs</b>	<u>618,816</u>	<u>466,872</u>
(209,922)	<b>Net cost of service</b>	(193,635)	361,013
<b>CAPITAL</b>			
-	Exhibition centre - upgrade	11,714	-
-	Halls - community facility	-	500,000
2,548	Holiday park - lighting of entrance	1,220	-
3,012	Holiday park - renew ceiling in ablution block	-	-
5,644	Holiday park - ride on mower	-	-
-	Holiday park - solar heating	6,315	6,000
6,660	Holiday park - token meters	-	-
99,000	Land - Perry's road	-	-
8,443	Pensioner housing - flood protection Poritt Place	-	-
<u>125,307</u>	<b>Total</b>	<u>19,249</u>	<u>506,000</u>

## Resource Management & Planning

### Scope & Nature of Activity

This activity includes the following services:

- Administration of the responsibilities imposed on Council under Section 31 of the Resource Management Act 1991. The primary focus being the management of the effects of activities on the environment according to the rules set out in the District Plan.
- Maintenance and development of Council's Geographic Information System (GIS) which provides a cadastral mapping database which graphically depicts property and road boundaries. The system holds valuable data pertaining to each property in the district, i.e. location of sewer and water connections, fault lines, resource consents pertaining to the property, etc.

### Why Council Undertakes this Activity

The Resource Management Act places specific statutory functions on territorial authorities to provide the sustainable management of natural and physical resources.

The Resource Management & Planning activity benefits every resident and society in general by promoting sustainable development, whilst encouraging development to occur in a way which benefits the district and region.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Resource Management & Planning Contributes
Clean land, water and air for present and future generations.	By ensuring minimal adverse effect on the environment through the promulgation and implementation of appropriate policy and programmes.
A safe, healthy and educated community.	By providing GIS and planning information for both Council requirements and the general public.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√	√		√

### Council Activities Contributing to Achieving Outcomes

- Provide training for elected members sitting on the Hearings Panel.
- Members of the Wairarapa Planning Committee for the development of the Wairarapa Combined District Plan.
- Development of Carterton South Structure Plan
- Development of the Waingawa Industrial Area Structure Plan.

### **Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP**

There were no significant asset acquisitions or replacements.

The budgeted item relating to electronic processing of building consents did not proceed because of the need to co-ordinate this with a new electronic document management system proposed for next financial year.

### Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure is within budget as agreed with Council.	Operational expenditure for the resource management and planning activity concluded over budget for the year due to higher than budgeted regulatory overheads, plus consultancy fees and legal expenses associated with the new Combined District Plan.
Processing times for LIM's comply with statutory requirements.	100% of Land Information Memorandums processed within 10 working days.	There was no capital expenditure. Applications for Land Information Memorandums (LIM's) can be urgent or non urgent. Urgent LIM's need to be processed within 3 working days and non urgent within 10 working days. All LIM's have been processed within the statutory timeframes with an average processing time of 4 working days
Processing of non-notified and notified resource consents to comply with statutory requirements.	100% of non-notified and notified resource consents processed to comply with statutory requirements.	100% of non-notified and notified resource consents were issued within statutory timeframes.

**Resource Management & Planning Operating Statement**  
**For The Year Ended 30 June 2009**

<b>Actual</b> <b>2007/2008</b> \$		<b>Actual</b> <b>2008/2009</b> \$	<b>Budget</b> <b>2008/2009</b> \$
	<b>INCOME</b>		
226,016	Fees & charges	147,546	189,500
587,435	Contributions	-	-
10,075	Miscellaneous income	447	-
<u>823,526</u>	<b>Total income</b>	<u>147,993</u>	<u>189,500</u>
	<b>OPERATING COSTS</b>		
307,259	Resource management administration	271,784	294,534
230,915	District plan	232,000	102,914
<u>538,174</u>	<b>Total operating costs</b>	<u>503,784</u>	<u>397,448</u>
285,352	<b>Net cost of service</b>	(355,791)	(207,948)
	<b>CAPITAL</b>		
-	Building inspectors - palm held computers	-	10,000
-	Building - scan all building consent files	-	35,000
<u>-</u>	<b>Total</b>	<u>-</u>	<u>45,000</u>



## Public Protection

### Scope & Nature of Activity

This activity includes the following services:

- Environmental Health
- Liquor Licensing
- Civil Defence/Emergency Management
- Animal & Dog Control
- Building Control
- Rural Fire Control

### Why Council Undertakes this Activity

Council has a legislative requirement to provide and manage the activities included in the Public Protection portfolio.

These activities are important for the health and safety of the district's community and environment.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Property Contributes
Clean land, water and air for present and future generations.	By providing services to minimise any adverse environmental effects on the district's natural resources.
A safe, healthy and educated community.	By providing services which assist in the protection of the health and safety of the district's residents and visitors.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√	√		√

### Council Activities Contributing to Achieving Outcomes

- Membership and funding support to the Wairarapa Rural Fire Board.
- Membership of the Civil Defence & Emergency Management Group for the Wellington Region.
- Regular monitoring and inspection of food and liquor outlets.
- All dog owners are visited at least once every year.

### **Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP**

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

The proposed dog pound building did not proceed as Council is discussing the possibility of leasing space in the Masterton dog pound.

### Level of Service & Performance Measures

Level of Service	Performance Indicator	Achievements
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure is within budget as agreed with Council.	Operational expenditure for the public protection activity concluded over budget for the year due to higher than expected regulatory overheads, GIS maintenance costs and expenses relating to the rural fire activity. Costs were incurred with fighting several rural fires.
Processing times for PIM's and building consents comply with statutory requirements.	100% of PIM's and building consents are processed within 20 working days.	323 building consents and associated PIM's were issued during the year, with all being granted within the 20 day statutory period, with an average processing time of six days.
Premises (e.g. food and liquor outlets) are registered or licensed within 30 days of application.	100% compliance.	There are 48 registered premises in the district requiring a health licence. All were inspected once during year and their licences were processed within 30 days.  81 liquor licences were issued during the year. Of these 80 were processed within 30 days, 1 was not processed in the specified timeframe due to resource consent requirements.
Dog complaints are responded to within four hours of notification.	100% compliance.	Urgent complaints have all been responded to within four hours of notification, with the majority responded to within 1 hour.  Non urgent complaints responded to within 24 hours; the majority within four hours.

Emergencies are responded to in accordance with the Wellington Region Civil Defence Emergency Group.	100% compliance.	All emergencies need to be responded to in accordance with the Wellington Regional Civil Defence Group Plan. There were no emergencies reported during the year.
Rural fires are responded to in accordance with the Wairarapa Rural Fire Plan.	100% compliance.	Council received 80 notifications of rural fire incidents. All notifications which required a response were responded to within set timeframes and met the prerequisite response criteria.

**Public Protection Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>INCOME</b>			
508,623	Fees & charges	396,156	380,500
8,800	Recoveries	-	11,110
2,584	Commission	1,743	3,000
1,515	Grants and subsidies	820	-
6,563	Miscellaneous income	28,186	3,500
<u>528,085</u>	<b>Total income</b>	<u>426,905</u>	<u>398,110</u>
<b>OPERATING COSTS</b>			
31,569	Civil defence	34,081	33,890
291,915	Building inspections	303,570	281,003
73,686	Health inspections	75,330	71,437
23,588	Liquor licensing	23,876	32,224
82,773	Agency fees	61,619	5,728
106,722	Rural fire	91,744	71,262
-	Waiohine crushing plant	-	-
123,721	Animal and dog control	133,772	117,658
<u>733,974</u>	<b>Total operating costs</b>	<u>723,992</u>	<u>613,202</u>
(205,889)	<b>Net cost of service</b>	(297,087)	(215,092)
<b>CAPITAL</b>			
-	Dog control - motor vehicle	30,855	30,930
-	Dog control - new pound building	-	35,000
<u>-</u>	<b>Total</b>	<u>30,855</u>	<u>65,930</u>

**Administration & Support Services Operating Statement**  
**For The Year Ended 30 June 2009**

<b>Actual</b> <b>2007/2008</b> <b>\$</b>		<b>Actual</b> <b>2008/2009</b> <b>\$</b>	<b>Budget</b> <b>2008/2009</b> <b>\$</b>
<b>INCOME</b>			
1,912,662	Internal recoveries	2,103,207	1,300,718
57,478	Rates penalties	62,150	60,000
34,891	Commission	34,301	33,990
221,276	Interest	258,064	347,334
197	Fees & charges	186	250
8,412	Miscellaneous income	25,456	7,665
67,979	Revaluation gains	35,600	6,596
-	Contributions	550,576	200,000
99,000	Assets vesting in council	2,245,500	-
647,352	Profit on sale of assets	3,770	-
<u>3,049,247</u>	<b>Total income</b>	<u>5,318,810</u>	<u>1,956,553</u>
<b>OPERATING COSTS</b>			
1,007,175	Administration	1,205,029	934,467
611,958	Operations	585,973	275,263
301,694	Planning & regulatory	303,064	81,765
(6,773)	Professional services	838	2,600
(1,392)	Garage	8,303	6,623
588,658	Revaluation losses	467,929	10,000
30,222	Loss on sale of assets	189,669	10,300
14,910	Bad debts	(13,629)	10,300
<u>2,546,452</u>	<b>Total operating costs</b>	<u>2,747,176</u>	<u>1,331,318</u>
502,795	<b>Net cost of service</b>	2,571,634	625,235

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
<b>CAPITAL</b>			
-	Administration building - refurbishment stage 1	-	120,000
2,280	Administration consultant - PC	-	-
7,364	Administration - equipment contingency	-	5,000
-	Administration - PC (4)	6,789	10,700
-	Administration - server upgrade	55,321	20,000
5,000	Administration - software upgrade	-	5,000
345,475	Capital work in progress	447,361	-
-	CEO - laptop	3,137	3,500
2,784	CEO - PC	-	-
568	CEO - printer	-	-
-	Electronic document & record management system	-	80,000
5,000	GIS - aerial photography (rural)	16,360	15,000
-	GIS - contingency	-	5,000
-	Planning & regulatory assistants - PC	2,263	2,800
-	Reception - PC	-	2,300
-	Recreation & resources manager - PC	5,400	2,800
2,591	Regulatory assistant planner - PC	-	-
-	Regulatory equipment contingency	-	5,000
-	Regulatory manager - PC	2,263	2,800
568	Regulatory manager - printer	-	-
3,461	Regulatory planner - PC	-	-
1,307	Regulatory - software	-	5,000
-	Regulatory - water billing software	-	15,000
-	Reticulation team leader - PC	1,775	-
-	Roading manager - PC	2,263	2,800
-	Telephone system upgrade	12,278	30,000
<b>376,398</b>	<b>Total</b>	<b>555,210</b>	<b>332,700</b>

**CBU For In-House Professional Services Operating Statement  
For The Year Ended 30 June 2009**

<b>Actual 2007/2008 \$</b>		<b>Actual 2008/2009 \$</b>	<b>Budget 2008/2009 \$</b>
	<b>INCOME</b>		
<u>23,005</u>	Internal recoveries	<u>24,693</u>	<u>36,528</u>
23,005	<b>Total income</b>	24,693	36,528
	<b>OPERATING COSTS</b>		
<u>23,005</u>	Operating expenses	<u>24,693</u>	<u>36,528</u>
23,005	<b>Total operating costs</b>	24,693	36,528
-	<b>Net cost of service</b>	-	-
	<b>CAPITAL</b>		
<u>-</u>	Miscellaneous	<u>-</u>	<u>-</u>
-	<b>Total</b>	-	-