



**Annual Report  
for the year ended 30 June 2013**

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## Mayor and councillors

<b>His Worship the Mayor</b>	Ron Mark
<b>Deputy Mayor</b>	Cr Elaine Brazendale
<b>Councillors</b>	Cr John Booth Cr Ruth Carter Cr Barbara Durbin Cr Jill Greathead Cr William (Bill) Knowles Cr Brian Poulsen Cr Grant Smith

## Senior executives

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

## Introduction from the Mayor and Chief Executive

We have pleasure in presenting the Carterton District Council's Annual Report for the 2012/13 financial year. This annual report summarises the Council's activities and financial results for the past year. The report also gives an update on the key matters that were highlighted in the Council's Long Term Plan 2012–2022.

For us—Mayor, councillors, and Chief Executive—2012/13 was dominated by proposals for change to local government structures in the Wairarapa Region. Central government has changed the legislation relating to how local government boundaries and functions are determined. The three Wairarapa councils have been considering how to respond to these changes, and to suggestions from the Wellington Regional Council that they would submit a proposal for change. This has included commissioning research on options, consulting with the community on preferences, and meeting with other councils in the wider Wellington region.

In May 2013, the three Councils submitted a joint application to the Local Government Commission to amalgamate as a unitary council for all Wairarapa. The process is now under the control of the Commission, and the Council is working hard to ensure a positive outcome for all Wairarapa residents and ratepayers.

The other dominant issue for us this year was a number of resource consent processes. These resource consents are expensive and time-consuming, and require significant lead time to prepare for. Our approach to each is to develop the required infrastructure in a measured way, within an overall plan, and at a pace affordable to ratepayers. This has been frustrated by other parties who do not need to consider the affordability to ratepayers.

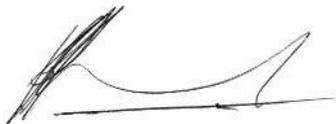
Despite these distractions, the Council staff and contractors continued to provide excellent service on a huge range of activities—from urban water supply and refuse collection to rural roads and water races, from sewage treatment to street lighting, from library to parks and reserves, and much, much more. You can find more details in the activity statements later in this report.

## Financial highlights

The Council remains sound financially. We recorded an accounting surplus of \$2.2 million for the 2012/13 year, \$1.1 million of which relates to the revaluation upwards of the sewerage systems. There was additional income from NZTA subsidies for unbudgeted emergency works and for subsidised roading works, insurance recoveries relating to the forestry fire, and extra fees relating to building consents. Most of this was matched by additional expenditure on roads. Rates income was over budget and expenditure on the Events Centre was lower than expected.

The Council's balance sheet improved over the year, with total equity now being \$153.6 million compared with \$146.6 million for the previous year. The value of the District's physical infrastructure assets, such as roads and water and sewerage pipes, make up the large majority of the Council's assets. Total borrowing has increased considerably during the year, from \$4.3 million to \$8.8 million, which is still low compared with most other councils.

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



Ron Mark  
**Mayor**



Colin Wright  
**Chief Executive**

## Update on key issues from the LTP

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

### Reform of the local government sector

In December 2012, changes were made to the Local Government Act on the purpose of local authorities. The purpose of local government is no longer 'to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future' as reflected in the Long Term Plan.

The new purpose is 'to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses'. This provides some restraint on what the Council can do, but the Council expects this will not impact significantly on the scope and quality of services currently provided.

The other legislative changes introduced were on the processes for applying for and determining reorganisation of councils, including amalgamations. After substantial investigation and consultation, Carterton, Masterton, and South Wairarapa district councils have submitted a joint application to the Local Government Commission to establish a Wairarapa unitary authority, combining the three district councils and the Wairarapa activities of the Greater Wellington Regional Council.

At the time of this report, the Local Government Commission has received and is considering a number of alternative proposals that will cover the Wairarapa region and the wider Wellington region.

The subsequent steps are set out in legislation and control over the timing is in the Commission's hands. Carterton District Council will continue to contribute positively to the process to ensure the best outcome for residents and ratepayers in the District.

## Resource consents

In order to provide some infrastructural services, the Council must hold appropriate resource consents. A number of these are in the process of being renewed—some have already expired, some are about to, and most have been more lengthy and costly than expected. In addition, some of the draft conditions set by the Regional Council have been appealed.

At balance date, there were renewal processes underway to take water for town water supply, to take water for water races, and to dispose of treated sewage. Subsequently, the details for the consents related to discharge of treated sewage have been agreed, and consents have been issued for the water race network.

Delays in finalising the consents and uncertainty about their conditions have meant that a number of significant capital works were not completed by year-end and have been carried forward to 2013/14. None of these delays are currently impacting on the ability of the Council to deliver its infrastructural services.

## Sewerage and the treatment and disposal of sewage

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

Late last year, the opportunity arose for the Council to purchase land adjacent to the treatment plant that would go a long way towards meet the needs of land disposal now and into the future, and this was seen as an important strategic move to take.

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

This land purchase and follow-up actions have resulted in a large increase in the sewerage rates for urban ratepayers.

The new consent, which is almost finalised, will be for four years and requires the Council to achieve a number of changes and improvements to the treatment plant and discharge arrangements. Planning for these changes is underway.

## Asset management

Asset management plans are in place for the roads, sewerage, water supply, and stormwater networks. The Council wishes to incorporate these plans and other issues into a broader asset management strategy for all its assets, infrastructure, and property holding.

Work on an overarching strategy has not started, but there has been a lot of work on improving the accuracy of the asset information, and improving the GIS systems. The Council is also investigating the implementation of dedicated asset management software.

Work has started on whether Council should continue to hold 'business' assets. The Council held a workshop on rental housing for the elderly, and decided to consult with the public. It also decided that, given its significance to the community, it was best to defer to the incoming Council.

## CBD re-vitalisation

Stage III of the CBD revitalisation was undertaken in 2012/13, focusing on the 'civic' precinct in Holloway Street and Nelson Crescent. Utility services were undergrounded, a new open area—Library Square—replaced the old toilet block and bus stop, traffic flow was altered, and parking improved.

At balance date, the sewerage work and the roadworks were complete. Work on the landscaping elements had yet to be finished.

## Old Courthouse

The Old Courthouse in Holloway Street, also known as the St John Building, was gifted to the Council in July 2012 by the Order of St John. Council owns the land on which the courthouse sits. The feedback to the Proposed LTP did not indicate a strong community desire to retain the building and there was concern about the high cost of doing so.

During the year, the Council has considered how it might best use the courthouse, and it has decided that unfortunately the restoration and development of the building by the Council is not affordable, nor is there a demonstrable community need that would be best met from its retention.

No budgets for income or expenditure were included in the Proposed Annual Plan for 2013/14. During consultation on the Proposed Annual Plan, the Council sought feedback on four options identified for the courthouse. There were only 24 submissions, of which about half favoured removal or sale for commercial development, and half favoured retention. The Council decided to retain the building in the meantime to allow interested individuals and community groups time to prepare a business case for its development without ratepayer contribution.

## Opportunities for Māori to contribute

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

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

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

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

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

Some activities during the last year have included:

- leadership by the Marae in the Council's ceremonies for new citizens
- Marae submissions to the planning processes
- regular presentations by the Marae at ordinary Council meetings
- initial dialogue on a more formal relationship between the Council and the Marae
- engagement with the Marae on cultural aspects of Council resource consent applications
- consultation with the Marae as part of the Wairarapa governance review
- working with the Marae on a number of community development activities.

## Statement of compliance and responsibility

### Compliance

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

### Responsibility

2. The Council and management of the Carterton District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
3. The Council and management of the Carterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and service performance report.
4. In the opinion of the Council and management of the Carterton District Council, the annual Financial Statements for the year ended 30 June 2013 fairly reflect the financial position and operations of Carterton District Council.



Ron Mark  
**Mayor**



Colin Wright  
**Chief Executive**

## Independent Auditor's Report

### To the readers of Carterton District Council's annual report for the year ended 30 June 2013

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

- the financial statements of the District Council that comprise:
  - the statement of financial position as at 30 June 2013 on page 25;
  - the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 24 to 26
  - the funding impact statement of the District Council on page 26
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 50 to 78;
  - statement of accounting policies on pages 11 to 23; and
  - the notes to the financial statements and other explanatory information about the financial statements on pages 27 to 49;
- the statement of service provision (referred to as Groups of Activities) of the District Council on pages 50 to 78 and the funding impact statements in relation to each group of activities of the District Council on pages 50 to 78.

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

- information about:
  - reserve funds on pages 46 to 48;

- each group of activities carried out by the District Council on pages 50 to 78;
- remuneration paid to the elected members and certain employees of the District Council on page 36;
- employee staffing levels and remuneration on page 36; and
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 6; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's Chief Executive on page 7.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council on pages 11 to 49:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 26, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 52, 56, 60, 64, 67, 70, 73, 77 and 78, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or Annual Plan.
- the Groups of Activities of the District Council on pages 50 to 78:
  - complies with generally accepted accounting practice in New Zealand; and

- fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
  - the levels of service as measured against the intended levels of service adopted in the long term plan; and
  - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 50 to 78, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan.

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

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

Our audit was completed on 9 October 2013. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the

financial statements and Groups of Activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

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

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

When reporting on whether the Annual Report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the Annual Report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited

Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

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

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and Groups of Activities that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Annual Plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or Annual Plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

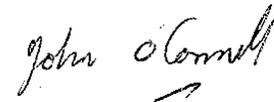
The Council's responsibilities arise under the Local Government Act 2002.

## Responsibilities of the Auditor

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

## Independence

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



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

## Statement of Accounting Policies

### Reporting Entity

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

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

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

The financial statements of the Council are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on 9 October 2013.

### Basis of Preparation

#### Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally, accepted accounting practice (NZ GAAP).

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

### Measurement base

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

### Functional and presentation currency

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

### Changes in accounting policies

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

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

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

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

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

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

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

## Significant Accounting Policies

### Revenue

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

#### *Rates revenue*

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

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

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

#### *Government grants*

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

#### *Provision of services*

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

#### *Vested assets*

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

#### *Sale of goods*

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

#### *Agency arrangements*

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

#### *Interest and dividends*

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Dividends are recorded net of imputation credits.

### *Development contributions*

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

Development contributions are classified as part of “contributions”.

### **Borrowing costs**

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

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

### **Grant expenditure**

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

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

### **Foreign currency transactions**

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

### **Income tax**

Income tax expense includes current tax and deferred tax.

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

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

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

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

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

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

## Leases

### *Finance leases*

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

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

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

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

### *Operating leases*

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

## Cash and cash equivalents

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

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

## Debtors and other receivables

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

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

## Derivative financial instruments and hedge accounting

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

## Other financial assets

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

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

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

- Fair value through surplus or deficit
- Loans and receivables

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

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

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

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

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

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

Council does not hold any financial assets in this category.

#### *Loans and receivables*

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

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

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

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

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

#### *Held to maturity investments*

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

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

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

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

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

Council includes in this category:

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

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

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

### **Impairment of financial assets**

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

#### *Loans and other receivables*

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

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

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

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

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

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

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

### **Inventory**

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

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

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

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

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

## Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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

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

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

## Property, plant and equipment

Property, plant and equipment consists of:

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

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

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

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

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

### Revaluation

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

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

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

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

### Additions

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

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

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

### *Disposals*

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

### *Depreciation*

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

Motor vehicles	10 years	10.00%
Plant and equipment	10 to 50 years	2.00–10.00%
Roads, bridges & footpaths*	9 to 63 years	1.58–11.42%
Water systems*	7 to 30 years	3.29–13.66%
Stormwater systems*	45 to 67 years	1.50–2.26%
Sewerage systems*	9 to 26 years	3.88–11.40%
Buildings	5 to 92 years	1.09–20.00%
Library collections	6 years	16.67%
Office equipment	5 to 10 years	10.00–20.00%
Fixtures and fittings	10 to 50 years	2.00–10.00%
Heritage assets	20 to 50 years	2.00–5.00%
Intangible assets	5 years	20.00%

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

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

### **Intangible assets**

#### *Software acquisition and development*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognized as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

#### *Easements*

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

#### *Amortisation*

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when an asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Computer software	5 years	20%
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### **Impairment of property, plant and equipment and intangible assets**

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite

useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

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

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

### **Forestry assets**

Standing forestry assets are independently revalued annually at fair value less estimated cost to sell for one growth cycle. Fair value is determined based on the present value of

expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

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

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

### **Investment property**

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

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

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

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

### **Creditors and other payables**

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

### **Borrowings**

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

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

## **Employee entitlements**

### *Short-term employee entitlements*

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, long service leave entitlements expected to be settled within twelve months, and sick leave.

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

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

### *Long-term employee entitlements*

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

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

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

### *Presentation of employee entitlements*

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

## **Superannuation schemes**

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

## **Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

## **Financial guarantee contracts**

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

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

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

## Equity

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

- Public equity – accumulated funds
- Restricted reserves
- Other reserves – trust funds
- Asset revaluation reserves
- Fair value through other comprehensive income reserves

### *Restricted reserves*

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

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's objectives, policies and processes for managing capital are described in note 33.

### *Asset revaluation reserves*

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

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

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

## Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

## Budget figures

The budget figures are those approved by the Council in its 2012 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

## Cost allocation

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

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

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

## Statement of cash flows

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

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

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

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

### Cost of service statements

The cost of service statements, as provided in the Statements of Service Performance, report the net cost of services for significant activities of the Council, and are represented

by the costs of providing the service less all revenue that can be allocated to these activities.

## Critical accounting estimates and assumptions

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

### *Landfill aftercare provision*

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

### *Infrastructural assets*

Note 34 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

## Critical judgments in applying Council's accounting policies

Management has exercised the following critical judgments in applying accounting policies for the year ended 30 June 2013:

### Classification of property

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

# Financial statements

## CARTERTON DISTRICT COUNCIL

### Statement of Financial Performance for the year ended 30 June 2013

Actual 30 June 2012		Note	Actual 30 June 2013	LTP 30 June 2013
\$			\$	\$
<b>Income</b>				
6,890,834	Rates excluding targeted water supply rates	22	7,674,191	7,579,288
94,241	Rates penalties	22	69,463	60,000
111,287	Finance income	1	114,034	97,082
2,289,625	Fees, charges, and targeted rates for water supply	22	2,343,573	2,305,449
1,738,084	NZTA subsidy		1,755,690	1,576,238
56,386	Petrol tax		64,543	56,000
966,531	Grants and subsidies	2	60,665	50,298
232,982	Rental income		291,871	246,682
114,515	Miscellaneous income	4	135,768	24,506
451,146	Development and financial contributions		322,601	310,000
46,120	Commissions		47,009	44,000
139,465	Recoveries		154,901	103,928
-	Assets vesting in council		-	50,000
939,142	Forestry harvest		-	-
-	Bad debts recovered		30,719	-
-	Profit on sale of assets		-	-
(40,313)	Internal charges	1	-	(64,000)
14,030,045	<b>Total income</b>		13,065,028	12,439,471
<b>Expenditure</b>				
672,082	Governance		748,908	732,466
3,374,926	Roads and footpaths		3,627,655	3,220,567
1,467,511	Water supply		1,576,338	1,528,139
907,428	Sewerage		1,029,795	1,034,196
174,101	Stormwater		165,938	172,240
724,679	Waste management		673,301	719,276
3,784,677	Community support		3,099,656	3,625,839
1,414,654	Regulatory and planning		1,217,985	1,183,106
72,806	Bad debts		-	15,000
82,635	Loss on sale of assets		28,883	-
(40,313)	Internal charges	1	-	(64,000)
12,635,186	<b>Total expenditure</b>		12,168,459	12,166,829
1,394,859	<b>Operating surplus/(deficit)</b>		896,569	272,642
(133,003)	Fair value gains/(losses)	7	1,257,234	468
1,261,856	<b>Total surplus/(deficit) before tax</b>		2,153,803	273,110
-	Income tax expense	12	-	-
1,261,856	<b>Total surplus/(deficit) after tax</b>	5	2,153,803	273,110
Note: Operating costs include the following expenses				
2,761,673	Depreciation and amortisation	6	2,942,633	3,271,686
194,402	Finance costs	1	386,733	519,815

## CARTERTON DISTRICT COUNCIL

### Statement of Comprehensive Income for the year ended 30 June 2013

Actual 30 June 2012		Note	Actual 30 June 2013	LTP 30 June 2013
\$			\$	\$
1,261,856	<b>Total surplus/(deficit) after tax</b>		2,153,803	273,119
-	Increase/(decrease) in restricted reserves		-	-
(363,426)	Increase/(decrease) in revaluation reserves	21	4,866,323	1,938,804
-	Financial assets at fair value through other comprehensive income	21	-	2,000
(363,426)	<b>Total other comprehensive income</b>		4,866,323	1,940,804
898,430	<b>Total comprehensive income</b>		7,020,126	2,213,923



## CARTERTON DISTRICT COUNCIL

### Statement of Cashflows for the year ended 30 June 2013

Actual 30 June 2012 \$	Note	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Cash flows from operating activities</b>			
<b>Cash was received from:</b>			
8,246,317		7,617,792	8,513,838
915,184		1,018,690	988,544
1,738,297		1,753,594	1,626,536
36,584		63,239	56,000
2,995,695		3,102,460	3,225,413
70,969		95,267	97,082
14,003,046		13,651,042	14,507,413
<b>Cash was applied to:</b>			
10,185,623		8,580,019	9,022,939
915,048		1,018,398	988,544
190,253		377,167	519,815
11,290,924		9,975,584	10,531,298
2,712,122	23	3,675,458	3,976,115
<b>Cash flows from investing activities</b>			
<b>Cash was received from:</b>			
400		370	-
-		-	-
939,142		-	-
939,542		370	-
<b>Cash was applied to:</b>			
6,700,124		7,101,483	6,952,833
10,639		-	-
6,710,763		7,101,483	6,952,833
(5,771,221)		(7,101,113)	(6,952,833)
<b>Cash flows from financing activities</b>			
<b>Cash was received from:</b>			
2,769,667		5,070,000	3,484,018
2,769,667		5,070,000	3,484,018
<b>Cash was applied to:</b>			
147,780		503,476	333,126
147,780		503,476	333,126
2,621,887		4,566,524	3,150,892
(437,212)		1,140,869	174,174
2,979,494		2,542,282	1,946,210
2,542,282		3,683,151	2,120,384
<b>Represented by:</b>			
2,542,282		3,683,151	2,120,384
2,542,282		3,683,151	2,120,384

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement for the year ended 30 June 2013

Annual Plan 30 June 2012 \$	Actual 30 June 2012 \$	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Sources of operating funding</b>			
5,529,746	5,581,992	6,077,284	6,000,371
2,338,857	1,403,083	1,666,370	1,638,918
836,368	808,003	987,762	707,816
1,456,788	2,289,625	2,343,573	2,305,449
70,564	111,287	114,034	97,632
743,420	1,355,294	724,811	461,033
10,975,743	11,549,284	11,913,834	11,211,219
<b>Applications of operating funding</b>			
7,906,831	9,679,111	8,839,093	8,375,319
420,310	194,402	386,733	519,815
-	-	-	-
8,327,141	9,873,513	9,225,826	8,895,134
2,648,602	1,675,771	2,688,008	2,316,085
<b>Sources of capital funding</b>			
1,908,463	1,896,612	828,593	918,720
280,000	451,146	322,601	310,000
4,117,416	2,621,887	4,566,524	3,150,893
250,000	-	370	-
-	-	-	-
6,555,879	4,969,645	5,718,088	4,379,613
<b>Applications of capital funding</b>			
8,502,500	1,165,493	30,923	1,124,589
253,713	8,862,196	3,267,743	1,530,728
3,253,592	1,627,244	2,856,559	4,297,516
(2,805,324)	(5,009,517)	2,250,871	(257,135)
-	-	-	-
9,204,481	6,645,416	8,406,096	6,695,698
(2,648,602)	(1,675,771)	(2,688,008)	(2,316,085)
-	-	-	-
<b>Funding balance</b>			

## Notes to the accounts

### Note 1: Finance income and finance costs

	30 June 2013 \$	30 June 2012 \$
<b>Finance income</b>		
Interest income:		
- term deposits	114,034	111,287
- internal interest	-	(40,313)
<b>Total finance income</b>	<u>114,034</u>	<u>70,974</u>

### Finance costs

Interest expense:		
- interest on bank borrowings	386,733	234,715
- internal interest	-	(40,313)
<b>Total finance costs</b>	<u>386,733</u>	<u>194,402</u>

### Note 2: Grants and subsidies

	30 June 2013 \$	30 June 2012 \$
Creative New Zealand	10,923	10,756
Sport New Zealand rural travel fund	9,500	9,500
Internal Affairs	1,093	1,093
Summer reading grant	1,902	1,839
World War II memorial trust	1,500	1,000
Events Centre fundraising	35,747	931,995
Employment subsidy	-	10,348
<b>Total grants and subsidies</b>	<u>60,665</u>	<u>966,531</u>

### Note 3: Personnel costs

	30 June 2013 \$	30 June 2012 \$
Salaries and wages	2,889,486	2,678,252
Defined contribution plan employer contributions	81,365	80,094
Increase/(decrease) in employee entitlements/liabilities	(54,718)	39,976
<b>Total personnel costs</b>	<u>2,916,133</u>	<u>2,798,322</u>

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

### Note 4: Miscellaneous income

	30 June 2013 \$	30 June 2012 \$
Dividends	932	543
Sundry sales	1,350	1,446
Daffodil carnival	4,206	4,565
Keep Carterton Beautiful	4,313	500
Donations	300	2,000
Plant sales	11,200	-
Grazing	277	130
Vehicle crossings	1,465	-
Other	107,982	96,092
Library income	3,743	2,144
Ticket sales	-	7,095
<b>Total miscellaneous income</b>	<u>135,768</u>	<u>114,515</u>

### Note 5: Summary cost of services

	30 June 2013 \$	30 June 2012 \$
<b>Income</b>		
Governance	8,140	14,437
Roads and footpaths	1,946,517	1,866,528
Water supply	980,534	1,054,392
Sewerage	328,043	278,678
Stormwater	-	-
Waste management	311,782	296,461
Community support	549,146	2,369,381
Regulatory and planning	685,323	599,323
<b>Total activity income</b>	<u>4,809,485</u>	<u>6,479,200</u>
Rates excluding targeted water supply rates	7,674,191	6,890,834
Rates penalties	69,463	94,241
Commission	41,318	41,318
Finance income	114,034	111,287
Fees and charges	41	250
Miscellaneous income	3,176	2,082
Assets vested in council	-	-
Bad debts recovered	30,719	-
Profit on sale of assets	-	-
Development and financial contributions	322,601	451,146

Other gains	1,260,071	-
Less internal charges	-	(40,313)
<b>Total income</b>	<b>14,325,099</b>	<b>14,030,045</b>
<b>Expenditure</b>		
Governance	748,908	672,082
Roads and footpaths	3,627,655	3,374,926
Water supply	1,576,338	1,467,511
Sewerage	1,029,795	907,428
Stormwater	165,938	174,101
Waste management	673,301	724,679
Community support	3,099,656	3,784,677
Regulatory and planning	1,217,985	1,414,654
<b>Total activity expenditure</b>	<b>12,139,576</b>	<b>12,520,058</b>
Loss on sale of assets	28,883	82,635
Bad debts	-	72,806
Other losses	2,837	133,003
Less internal expenditure	-	(40,313)
<b>Total expenditure</b>	<b>12,171,296</b>	<b>12,768,189</b>
<b>Net surplus/(deficit) before tax</b>	<b>2,153,803</b>	<b>1,261,856</b>

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

### Note 6: Other revenue and expenses

	30 June 2013	30 June 2012
<b>Income</b>	<b>\$</b>	<b>\$</b>
Change in provision for doubtful debts	29,745	(64,844)
<b>Expenditure</b>		
Fees to principal auditor		
- Audit fees for financial statement audit	78,485	77,376
- 2012–2022 Long Term Plan	-	59,300
	<b>78,485</b>	<b>136,676</b>
Depreciation		
- Motor vehicles	59,837	65,271
- Plant and equipment	168,665	163,377
- Roads and footpaths	1,272,569	1,229,700
- Water systems	384,322	380,712

- Stormwater systems	57,170	57,024
- Sewerage systems	251,599	203,265
- Buildings	464,327	399,924
- Library collections	72,978	90,550
- Office equipment	90,883	84,621
- Fixtures and fittings	115,177	80,401
- Heritage assets	404	2,557
	<b>2,937,931</b>	<b>2,757,402</b>
Amortisation – GIS system	4,702	4,271
Councillors' remuneration	183,731	176,950
Interest expense	386,733	194,402
Debtors written off	-	7,962
Rental expense of leased assets	870	4,701
Superannuation contributions	81,365	80,094
Fixed assets written off	34,176	78,826
Donations	-	-
Impairment of receivables	-	-
Impairment of property, plant and equipment	-	-

### Note 7: Other gains and losses

	30 June 2013	30 June 2012
	<b>\$</b>	<b>\$</b>
Gain/(loss) in fair value of forestry assets (note 15)	174,886	(97,227)
Gain/(loss) on changes in fair value of shares (note 13)	(2,837)	(7,776)
Gain/(loss) in fair value of property, plant and equipment	1,085,185	(28,000)
Gain/(loss) in fair value of assets held for sale	-	-
Gain/(loss) in fair value of investment property (note 14)	-	-
Gain/(loss) on changes in fair value of investments	-	-
Gain/(loss) on foreign exchange transactions	-	-
<b>Total gains/(losses)</b>	<b>1,257,234</b>	<b>(133,003)</b>

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

	30 June 2013	30 June 2012
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	180,250	389,560
Short term deposits with maturities less than 3 months	1,506,164	1,306,984
Special fund term deposits with maturities less than 3 months	1,996,737	845,738
<b>Total cash and cash equivalents</b>	<b>3,683,151</b>	<b>2,542,282</b>

The carrying value of cash at bank, short term deposits and special fund term deposits with maturities less than three months approximates their fair value. The total value of cash and cash equivalents that can only be used for a specific purpose, as outlined in a trust deed or Council resolution, is \$1,996,737 (2012 \$845,738).

#### Fair value

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

	30 June 2013	30 June 2012
	\$	\$
Cash at bank and on hand	180,250	389,560
Short term bank deposits with maturities less than 3 months	1,506,164	1,306,984
Special fund bank deposits with maturities less than 3 months	1,996,737	845,738
<b>Total cash and cash equivalents</b>	<b>3,683,151</b>	<b>2,542,282</b>

#### Maturity analysis and effective interest rates

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

##### 2013

Cash at bank and in hand	180,250
Short term bank deposit maturing within three months	1,506,164
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	1,996,737
<i>Weighted average effective interest rate</i>	3.77%

##### 2012

Cash at bank and in hand	389,560
Short term bank deposit maturing within three months	1,306,984
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	845,738
<i>Weighted average effective interest rate</i>	3.87%

#### Note 9: Debtors and other receivables

	30 June 2013	30 June 2012
	\$	\$
Rates receivables	509,619	480,086
Other receivables	1,082,413	725,942
Goods and services tax	116,613	17,111
Related party receivables	-	-
Amounts due from customers for contract work	-	-
Sundry debtors	263,642	354,308

Prepayments	35,827	27,792
Loans to related parties	-	-
	<u>2,008,114</u>	<u>1,605,239</u>
Less provision for impairment	(44,683)	(74,429)
<b>Total debtors and other receivables</b>	<b>1,963,431</b>	<b>1,530,810</b>

#### Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore the carrying value of debtors and other receivables approximates their fair value. The Council has no community loans at 30 June 2013 (2012 \$nil). The Council has no loans to related parties at 30 June 2013 (2012 \$nil).

#### Impairment

The Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. There are no repayment plans in place as at 30 June 2013 (2012 \$nil). Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments if the impact of discounting is material. The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2012 \$nil).

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

	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$	\$	\$	\$	\$	\$
Not past due	1,828,620	(3,961)	1,824,659	1,393,285	-	1,393,285
Past due						
1-60 days	20,572	-	20,572	20,601	(4,594)	16,007
Past due						
61-120 days	8,027	-	8,027	2,036	(68)	1,968
Past due						
> 120 days	150,895	(40,722)	110,173	189,317	(69,767)	119,550
<b>Total</b>	<b>2,008,114</b>	<b>(44,683)</b>	<b>1,963,431</b>	<b>1,605,239</b>	<b>(74,429)</b>	<b>1,530,810</b>

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

	30 June 2013	30 June 2012
	\$	\$
Collective impairment	44,683	74,429
<b>Total provision for impairment</b>	<u>44,683</u>	<u>74,429</u>

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

	30 June 2013	30 June 2012
	\$	\$
At 1 July	74,429	9,585
Additional provisions made during the year	(29,746)	64,844
Receivables written off during the period	-	-
<b>At 30 June</b>	<u>44,683</u>	<u>74,429</u>

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

#### Note 10: Inventory

	30 June 2013	30 June 2012
	\$	\$
Works inventory	2,430	2,535
<b>Total inventory</b>	<u>2,430</u>	<u>2,535</u>

The carrying amount of inventory held for distribution that are measured at cost (adjusted where applicable for any loss of service potential) as at 30 June 2013 amounted to \$2,430 (2012 \$2,535).

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

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

#### Note 12: Income tax

	30 June 2013	30 June 2012
	\$	\$
Total surplus/(deficit) before tax	2,153,803	1,261,856
Income tax @ 28%	603,065	353,320
Add/(less) tax effect of non-taxable income/expenditure	<u>(603,065)</u>	<u>(353,320)</u>
<b>Income tax expense</b>	<u>-</u>	<u>-</u>

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

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

#### Note 13: Shares in companies

	Fair value 30 June 2013	Fair value 30 June 2012
	\$	\$
New Zealand Local Government Insurance Corporation Ltd (23,642 shares)	27,661	30,498
Airtel Ltd (8,100 shares)	11,988	11,988
Farmlands Trading Society Ltd (1,003 shares : 2012 603)	<u>1,003</u>	<u>603</u>
<b>Total shares in companies</b>	<u>40,652</u>	<u>43,089</u>

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

#### Fair value

##### Unlisted shares – valuation

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

##### Listed shares – valuation

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

#### Impairment

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

### Note 14: Investment property

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

There are no capital commitments as at 30 June 2013 on investment properties (2012 \$nil).

### Note 15: Forestry assets

	30 June 2013	30 June 2012
	\$	\$
Balance at 1 July	146,401	294,213
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	174,886	(97,228)
Decreases due to sales	-	-
Decreases due to harvest	-	(50,584)
<b>Balance at 30 June</b>	<b>321,287</b>	<b>146,401</b>

Through its investment in Kaipaitangata Forest, the Council owns 263 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2013–2042.

The Council received no income from harvesting during the year (2012 \$939,142). In October 2012, 11.3 hectares of forest was damaged by fire. This land was subsequently replanted early in the 2014 financial year.

#### Valuation assumptions

Independent registered valuers, Forest Enterprises Limited, have valued forestry assets as at 30 June 2013. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The forestry assets have been valued using the actual cost valuation method for the year ended 30 June 2013. A discount rate of 10% was used to discount the present value of expected cash flows to value the forestry assets for the year ended 30 June 2012.
- The forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis.
- No allowance for inflation has been provided.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.
- Log prices are based on the average for the lower North Island for the previous 12 months.

#### Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future.

Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

### Note 16: Intangible assets

GIS software is the only intangible asset owned by the Council.

Balance at 1 July 2012	\$
Cost	181,555
Accumulated amortisation and impairment	(174,366)
Opening carrying amount	<u>7,189</u>
Year ended 30 June 2013	\$
Additions	10,289
Amortisation charge	(4,702)
Closing carrying amount	<u>12,776</u>
<b>Balance 30 June 2013</b>	\$
Cost	191,845
Accumulated amortisation and impairment	(179,069)
Closing carrying amount	<u>12,776</u>
Balance at 1 July 2011	\$
Cost	181,555
Accumulated amortisation and impairment	(170,094)
Opening carrying amount	<u>11,461</u>
Year ended 30 June 2012	\$
Additions	-
Amortisation charge	(4,272)
Closing carrying amount	<u>7,189</u>
<b>Balance 30 June 2012</b>	\$
Cost	181,555
Accumulated amortisation and impairment	(174,366)
Closing carrying amount	<u>7,189</u>

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

#### Easements

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

### Note 17: Creditors and other payables

	30 June 2013	30 June 2012
	\$	\$
Trade payables	1,147,633	713,406
Deposits and bonds	135,890	132,165
Accrued expenses	294,249	406,436
Income in advance	132,013	128,091
Rates in advance	129,244	125,596
<b>Total creditors and other payables</b>	<b>1,839,029</b>	<b>1,505,694</b>

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

### Note 18: Employee entitlements

	30 June 2013	30 June 2012
	\$	\$
Accrued pay	38,402	109,451
Annual leave	274,469	244,630
Long service leave	84,807	90,771
Retirement gratuities	-	-
Time off in lieu	6,420	13,964
Sick leave	-	-
<b>Total employee entitlements</b>	<b>404,098</b>	<b>458,816</b>
Comprising:		
Current	325,156	392,825
Non-current	78,942	65,991
<b>Total employee entitlements</b>	<b>404,098</b>	<b>458,816</b>

### Note 19: Provisions

	30 June 2013	30 June 2012
	\$	\$
Opening balance	56,730	63,829
Provision additions for the year	-	-
Provision expensed for the year	(39,889)	(10,000)
Adjustment to NPV	1,561	2,901
<b>Total provisions</b>	<b>18,402</b>	<b>56,730</b>
Comprising:		
Current	10,000	39,889

Non-current	8,402	16,841
<b>Total provisions</b>	<b>18,402</b>	<b>56,730</b>

### NZ Mutual Liability Risk Pool provision

The New Zealand Mutual Liability RiskPool (NZMLRP) board has indicated that calls will be made on members for further contributions in regards to the weather tightness claims against Council. NZMLRP have not indicated when the Council's next call will be payable (July 2012 \$29,889).

### Provision for landfill aftercare costs

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

The cash outflows for landfill post-closure are expected to occur between 2009 and 2016. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 5.73% (2012 5.78%).

### Note 20: Borrowings

	30 June 2013	30 June 2012
	\$	\$
<b>Current</b>		
Bank overdraft	-	-
Secured loans	282,110	2,091,464
Debentures	-	-
Lease liabilities	18,194	16,401
<b>Total current borrowings</b>	<b>300,304</b>	<b>2,107,865</b>
<b>Non-Current</b>		
Secured loans	8,487,881	2,095,602
Debentures	-	-
Lease liabilities	36,476	54,670
<b>Total non-current borrowings</b>	<b>8,524,357</b>	<b>2,150,272</b>

The range of interest rates applying to the above loans is 3.50% to 8.31% with a weighted average of 5.73% (2012 5.78%). Loans are secured by way of rates.

### Fixed-rate debt

The Council's secured debt of \$8,769,991 (2012 \$4,187,066) is issued at fixed rates of interest.

### Security

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

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

<b>2012</b>	
Less than one year	2,107,865
<i>weighted average effective interest rate</i>	5.78%
Later than one year but not more than five years	2,150,272
<i>weighted average effective interest rate</i>	5.78%
Later than five years	-
<i>weighted average effective interest rate</i>	-

#### Fair values of non-current borrowing

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

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

<b>2013</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	\$	\$
Secured loans	8,769,991	8,769,991
Finance leases	54,670	54,670
<b>Total</b>	<u>8,824,661</u>	<u>8,824,661</u>
<b>2012</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	\$	\$
Secured loans	4,187,066	4,187,066
Finance leases	71,071	71,071
<b>Total</b>	<u>4,258,137</u>	<u>4,258,137</u>

#### Note 21: Equity

	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Public equity</b>		
As at 1 July	110,766,693	108,080,271
Transfers to:		
- Special reserves	(8,741,825)	(8,781,105)
Transfers from:		
- Special reserves	6,779,711	10,188,316
- Asset revaluation reserve on disposal of property, plant and equipment	(662)	17,355
Surplus / (deficit) for the year	2,153,803	1,261,856
<b>As at 30 June</b>	<u>110,957,720</u>	<u>110,766,693</u>
<b>Restricted reserves</b>		
As at 1 July	1,944,636	2,005,116
Transfers to:		
- Public equity	(480,691)	(3,450,956)
Transfers from:		
- Public equity	512,200	3,390,476
<b>As at 30 June</b>	<u>1,976,145</u>	<u>1,944,636</u>
Restricted reserves consist of :		
Restricted reserves	1,866,765	1,844,586
Hall Board reserves	30,805	24,850
Trusts	70,686	69,830
Other trusts	7,889	5,370
<b>Total restricted reserves</b>	<u>1,976,145</u>	<u>1,944,636</u>
<b>Other reserves</b>		
As at 1 July	1,839,528	3,186,259
Transfers to:		
Public equity	8,229,624	5,390,629
Transfers from:		
Public equity	(6,299,020)	(6,737,360)
<b>As at 30 June</b>	<u>3,770,132</u>	<u>1,839,528</u>
<b>Asset revaluation reserves</b>		
As at 1 July	32,023,466	32,404,247
Revaluation gains / (losses)	4,866,323	(363,426)
Transfer to public equity - disposal of property, plant and equipment	662	(17,355)
<b>As at 30 June</b>	<u>36,890,451</u>	<u>32,023,466</u>

Asset revaluation reserves consist of:

*Infrastructure assets*

Roads, streets and footpaths	27,315,663	27,315,663
Water systems	4,918,518	2,190,864
Sewerage systems	684,595	-
Stormwater systems	1,959,841	505,767

*Operational assets*

Land	1,274,421	1,274,221
Buildings	540,522	540,060
Library collections	173,628	173,628
Landfill	-	-

*Restricted assets*

Heritage assets	23,263	23,263
<b>Total asset revaluation reserves</b>	<b>36,890,451</b>	<b>32,023,466</b>

**Fair value through other comprehensive income reserve**

As at 1 July	-	-
Net revaluation gains / (losses)	-	-
<b>As at 30 June</b>	<b>-</b>	<b>-</b>

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

**Note 22: Rates revenue**

	30 June 2013 \$	30 June 2012 \$
<b>General rates</b>	6,007,821	5,487,751
<b>Targeted rates attributable to activities</b>		
Water, excluding water supply rates	275,465	259,091
Sewerage	760,213	585,328
Stormwater	156,464	134,344
Waste management	139,566	136,436
Regulatory and planning	334,662	287,884
<b>Total targeted rates</b>	<b>1,666,370</b>	<b>1,403,083</b>
<b>Total rates excluding targeted water supply rates</b>	<b>7,674,191</b>	<b>6,890,834</b>

Rates penalties	69,463	94,241
Targeted water supply rates	875,635	943,471
<b>Total revenue from rates and penalties</b>	<b>8,619,289</b>	<b>7,928,546</b>

**Reclassification**

The Council has changed the presentation of rates income to comply with the new presentation requirements of the Local Government (Financial Reporting ) Regulations 2011. This has affected the actual income for the year ended 30 June 2012 as follows:

	Before reclassification	Reclassification	After reclassification
Rates	7,834,305	(7,834,305)	-
Rates excluding targeted water supply rates	-	6,890,834	6,890,834
Fees and charges	1,346,154	(1,346,154)	-
Fees, charges, and targeted rates for water supply	-	2,289,625	2,289,625
<b>Total</b>	<b>9,180,459</b>	<b>-</b>	<b>9,180,459</b>

**Rates remission**

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

	30 June 2013 \$	30 June 2012 \$
Rates revenue before remissions	8,632,743	7,941,733
Council policy remissions:		
Sports bodies	3,164	3,107
Other	10,290	10,080
<b>Total remissions</b>	<b>13,454</b>	<b>13,187</b>
<b>Rates revenue after remissions</b>	<b>8,619,289</b>	<b>7,928,546</b>

**Non-rateable land**

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

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

	30 June 2013 \$	30 June 2012 \$
<b>Surplus/(deficit) after tax</b>	2,153,803	1,261,856
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	2,942,633	2,761,673
Bad debts	(29,746)	7,962
Assets vesting in council	-	-
(Gains)/losses in fair value of forestry assets	(174,886)	97,228
(Gains)/losses in fair value of investment property	-	-
(Gains)/losses in fair value of non-current assets held for sale	-	-
(Gains)/losses in fair value of property, plant and equipment	(1,085,185)	28,000
(Gains)/losses in fair value of shares	2,437	7,776
	<u>1,655,253</u>	<u>2,902,639</u>
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	28,883	82,635
(Gains)/losses on disposal of forestry assets	-	(888,558)
	<u>28,883</u>	<u>(805,923)</u>
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	(402,875)	50,440
Inventories	105	270
Creditors and other payables	333,335	(794,881)
Provisions	(38,328)	57,745
Employee entitlements	(54,718)	39,976
	<u>(162,481)</u>	<u>(646,450)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>3,675,458</u>	<u>2,712,122</u>

**Note 24: Statement of commitments**

	Not more than one year	Later than one year and not later than five years	Later than 5 years
<b>2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Professional services roads	245,500	-	-
Road maintenance	1,554,800	-	-
Office cleaning	60,000	-	-
NCS – software support	46,908	70,362	-

Quotable Value NZ	67,000	201,000	-
Town clock – maintenance	4,765	-	-
Cleaning – weekend services	60,000	-	-
Green Fingers – refuse collection	36,312	36,312	-
Green Fingers – recycles collection	66,000	66,000	-
Green Fingers – operation/ management transfer station	217,875	217,875	-
<b>Total</b>	<u>2,359,160</u>	<u>591,549</u>	<u>-</u>
<b>2012</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Professional services roads	399,253	-	-
Road maintenance	1,541,800	1,554,800	-
Office cleaning	60,000	-	-
Eftpos – 3 terminals	875	-	-
Compass Communications – air time	5,940	-	-
NCS – software support	45,708	-	-
Quotable Value NZ	67,000	268,000	-
Town clock – maintenance	4,650	-	-
Cleaning – weekend services	60,000	-	-
Green Fingers - refuse collection	36,312	72,624	-
Green Fingers - recycles collection	66,000	132,000	-
Green Fingers – operation/ management transfer station	217,875	435,750	-
<b>Total</b>	<u>2,505,413</u>	<u>2,463,174</u>	<u>-</u>

**Capital Commitments**

For the year ended 30 June 2013 the Council had no capital commitments (2012: \$nil).

**Note 25: Contingencies**

	30 June 2013 \$	30 June 2012 \$
<b>Contingent liabilities</b>		
Financial guarantees	-	-
Total contingent liabilities	<u>-</u>	<u>-</u>

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

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

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

### Note 26: Related party transactions

#### Key management personnel

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

In addition, the Council purchased 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 \$9,198 (2012 \$9,499). The Council also purchased a replacement battery from ENZED PC Services. Miss J Greathead, a Councillor, is the owner of the business. These services were made on commercial terms and amounted to \$116 (2012 \$nil).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2012 \$nil).

	30 June 2013	30 June 2012
	\$	\$
Salaries and other short-term employee benefits	366,159	357,153
Post-employment benefits	-	-
Other long-term benefits	10,946	10,812
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>377,105</b>	<b>367,965</b>

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

### Note 27: Remuneration

#### Chief executive

The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$166,313 (2012 \$164,603), performance bonus of \$16,115 (2012 \$15,600) and superannuation contributions of \$10,946 (2012 \$10,812) to 30 June 2013.

For the year ended 30 June 2013, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$193,374 (2012 \$191,015)

	30 June 2013	30 June 2012
	\$	\$
<i>Elected representatives</i>		
R Mark	58,700	56,900
R Carter	15,064	14,463
E Brazendale	19,583	18,809
W Knowles	15,064	14,463
B Durbin	15,064	14,463
J Greathead	15,064	14,463
B Poulsen	15,064	14,463
G Smith	15,064	14,463
J Booth	15,064	14,463
<b>Total elected members remuneration</b>	<b>183,731</b>	<b>176,950</b>
	30 June 2013	30 June 2012
	\$	\$
<i>Council employees' remuneration by band</i>		
< \$60,000	38	31
\$60,000 - \$79,999	8	8
\$80,000 - \$199,999	6	6
<b>Total employees</b>	<b>52</b>	<b>45</b>

At balance date, the Council employed 40 (2012: 35) full-time employees, with the balance of staff representing 6 (2012: 5) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

### Note 28: Severance payments

For the year ended 30 June 2013 the Council did not make any severance payments (2012 \$nil).

### Note 29: Events after balance date

There have been no events subsequent to 30 June 2013 which require disclosure or adjustment to the financial statements.

### 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 2013 \$</b>	<b>30 June 2012 \$</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	180,250	389,560
Short-term funds	1,506,164	1,306,984
Special funds	1,996,737	845,738
Investments	-	-
Debtors and other receivables	1,963,431	1,530,810
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<i>Total loans and receivables</i>	<u>5,646,582</u>	<u>4,073,092</u>
<b>Fair value through equity</b>		
Other financial assets:		
- local authority stock	-	-
- unlisted shares	40,652	43,089
- listed shares	-	-
<i>Total fair value through equity</i>	<u>40,652</u>	<u>43,089</u>
<b>FINANCIAL LIABILITIES</b>	<b>30 June 2013 \$</b>	<b>30 June 2012 \$</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	1,839,029	1,505,694
Borrowings:		
- finance leases	54,670	71,071
- secured loans	8,769,991	4,187,066
- debentures	-	-
<i>Total financial liabilities at amortised cost</i>	<u>10,663,690</u>	<u>5,763,831</u>

### Note 31: Financial instrument fair value hierarchy disclosures

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

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable

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

	Total	Valuation technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
	\$	\$	\$	\$
<b>2013</b>				
<b>Financial assets</b>				
Shares	40,652	-	-	40,652
<b>2012</b>				
<b>Financial assets</b>				
Shares	43,089	-	-	43,089

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

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

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

	<b>30 June 2013 \$</b>	<b>30 June 2012 \$</b>
Balance at 1 July	43,089	40,226
Gains and losses recognised in the surplus or deficit	(2,837)	(7,776)
Gains and losses recognised in other comprehensive income	-	-
Purchases	400	10,639
Sales	-	-

Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June</b>	<b>40,652</b>	<b>43,089</b>

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

### Note 32: Financial instrument risks

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

#### Market risk

##### Price risk

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

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

##### Currency risk

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

The Council has no exposure to currency risk.

##### Interest rate risk

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

##### Fair value interest rate risk

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

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

##### Cash flow interest rate risk

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

#### Credit risk

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

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

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

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

##### Maximum exposure to credit risk

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

	30 June 2013	30 June 2012
	\$	\$
Cash at bank and term deposits	3,683,151	2,542,282
Debtors and other receivables	1,963,431	1,530,810
Community and related party loans	-	-
Local authority and government stock	-	-
Derivative financial instrument assets	-	-
Financial guarantees	-	-
<b>Total credit risk</b>	<b>5,646,582</b>	<b>4,073,092</b>

##### Credit quality of financial assets

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

	30 June 2013	30 June 2012
	\$	\$
<b>COUNTERPARTS WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA	3,676,279	2,535,835
<i>Total cash at bank and term deposits</i>	<u>3,676,279</u>	<u>2,535,835</u>

	30 June 2013	30 June 2012
	\$	\$
<b>COUNTERPARTS WITHOUT CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
Wairarapa Building Society	6,872	6,447
<i>Total cash at bank and term deposits</i>	<u>6,872</u>	<u>6,447</u>

	30 June 2013	30 June 2012
	\$	\$
<b>COUNTERPARTS WITHOUT CREDIT RATINGS</b>		
<b>Community and related party loans</b>		
Existing counterparty with no defaults in the past	-	-
Existing counterparty with defaults in the past	-	-
<i>Total community and related party loans</i>	<u>-</u>	<u>-</u>

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

#### Liquidity risk

##### Management of liquidity risk

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

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

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

	Carrying amount	Less than 1 year	1-2 years	2-5 years	>5 years
	\$	\$	\$	\$	\$
<b>2013</b>					
Creditors and other payables	1,839,029	1,839,029	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Finance leases	54,670	18,194	35,610	866	-
Secured loans	8,769,991	282,110	6,862,911	1,624,970	-
Financial guarantees	-	-	-	-	-
<b>Total</b>	<u>10,663,690</u>	<u>2,139,333</u>	<u>6,898,521</u>	<u>1,625,836</u>	<u>-</u>
<b>2012</b>					
Creditors and other payables	1,505,694	1,505,694	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Finance leases	71,071	16,401	16,604	38,066	-
Secured loans	4,187,066	2,091,464	714,294	1,381,308	-
Financial guarantees	-	-	-	-	-
<b>Total</b>	<u>5,763,831</u>	<u>3,613,559</u>	<u>730,898</u>	<u>1,419,374</u>	<u>-</u>

##### Contractual maturity analysis of derivative financial liabilities

The Council does not hold any derivative financial instrument liabilities.

##### Contractual maturity analysis of financial assets

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

	Carrying amount	Less than 1 year	1-2 years	2-5 years	>5 years
	\$	\$	\$	\$	\$
<b>2013</b>					
Cash and cash equivalents	1,686,414	1,686,414	-	-	-
Debtors and other receivables	1,963,431	1,963,431	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	1,996,737	1,996,737	-	-	-
- community and related party loans	-	-	-	-	-

- local authority and government stock	-	-	-	-	-
<b>Total</b>	<b>5,646,582</b>	<b>5,646,582</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2012</b>					
Cash and cash equivalents	1,696,544	1,696,544	-	-	-
Debtors and other receivables	1,530,810	1,530,810	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	845,738	845,738	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
<b>Total</b>	<b>4,073,092</b>	<b>4,073,092</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Sensitivity analysis

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

	2013			
	-1% Profit	Other Equity	Profit	+1% Other Equity
<b>INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(16,864)	-	16,864	-
Special funds term deposits	(19,967)	-	19,967	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:				
- local authority and government stock	-	-	-	-
<b>Financial liabilities</b>				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-

- term loans	-	-	-	-
<b>Total sensitivity to interest rate risk</b>	<b>-36,831</b>	<b>-</b>	<b>36,831</b>	<b>-</b>

#### EQUITY PRICE RISK

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

	2012			
	-1% Profit	Other Equity	Profit	+1% Other Equity

#### INTEREST RATE RISK

<b>Financial assets</b>				
Cash and cash equivalents	(16,965)	-	16,965	-
Special funds term deposits	(8,457)	-	8,457	-
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>(25,422)</b>	<b>-</b>	<b>25,422</b>	<b>-</b>

#### EQUITY PRICE RISK

Financial assets				
Other financial assets:				
- unlisted share investments	-	(431)	-	431
<b>Total sensitivity to equity price risk</b>	<b>-</b>	<b>(431)</b>	<b>-</b>	<b>431</b>

## Explanation of sensitivity analysis

### 1. Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$1,686,414 (2012 \$1,696,544) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$16,864 (2012 \$16,965).

### 2. Special funds

Special funds totalling \$1,996,737 (2012 \$845,738) 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 \$19,967 (2012 \$8,457).

Derivative financial assets held for trading include interest rate swaps with a fair value total \$nil (2012 \$nil).

### 3. Secured loans

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

### 4. Listed shares

The Council does not hold any listed shares.

## Note 33: Capital management

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

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

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

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

The Council has the following Council created reserves:

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

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

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

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

## Note 34: Property, plant and equipment—valuation

### Valuation - general

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

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

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

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

statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

### Valuation - specific

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

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

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

#### *Buildings (operational and restricted)*

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

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

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

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

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

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

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

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

The most recent valuation for roads, streets and footpaths was performed by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) of Opus International Consultants, and the valuation is effective as at 30 June 2011. All roads, streets and bridge assets were valued. Additions are recorded at cost.

The most recent valuation for sewerage, water and stormwater 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 2013. All sewerage, water and stormwater assets 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 Council has elected to use the fair value of land under roads as at 30 June 2002 as deemed cost. Land under roads is no longer revalued.

### Library collections

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

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

	<b>30 June</b>
	<b>2013</b>
	<b>\$</b>
John Vessey of Opus International Consultants Limited – roads, streets and footpaths (30/6/11)	110,528,000
John Vessey of Opus International Consultants Limited - sewerage, water and stormwater (30/6/13)	17,530,796
Kerry Stewart of Darroch Valuations - land, buildings and heritage assets (30/6/12)	16,500,600
Colin Gerrard of AECOM Limited - library collections (30/6/12)	430,449

### Impairment

There were no impairment losses in 2013 (2012 \$nil).

### Work in progress

The total amount of property, plant and equipment in the course of construction is \$1,275,198 (2012 \$328,939).

Work in progress is disclosed in note 35.

### Leasing

The net carrying amount of plant and equipment held under finance leases is \$42,399 (2012 \$57,943).

**Note 35: Property, plant and equipment**

	Cost/ revaluation 1 July 2012 \$	Accumulated depreciation 1 July 2012 \$	Carrying amount 1 July 2012 \$	Current year additions \$	Current year disposals \$	Accumulated depreciation on disposals \$	Current year gain/(loss) on sale \$	Current year depreciation \$	Revaluation \$	Cost/ revaluation 30 June 2013 \$	Accumulated depreciation 30 June 2013 \$	Carrying amount 30 June 2013 \$
<b>30 June 2013</b>												
<i>Infrastructural assets</i>												
Roads, streets and footpaths – land	5,664,894	-	5,664,894	-	-	-	-	-	-	5,664,894	-	5,664,894
Roads, streets and footpaths	112,326,136	(1,229,700)	111,096,436	2,480,090	-	-	-	(1,272,569)	-	114,806,226	(2,502,269)	112,303,957
Water systems	6,445,461	(739,178)	5,706,283	-	-	-	-	(384,322)	2,727,654	8,049,615	-	8,049,615
Sewerage systems	3,799,906	(399,022)	3,400,884	607,023	-	-	-	(251,599)	1,769,780	5,526,088	-	5,526,088
Stormwater systems	2,650,727	(96,675)	2,554,052	4,139	-	-	-	(57,170)	1,454,074	3,955,096	-	3,955,096
	<b>130,887,124</b>	<b>(2,464,575)</b>	<b>128,422,549</b>	<b>3,091,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,965,660)</b>	<b>5,951,508</b>	<b>138,001,919</b>	<b>(2,502,269)</b>	<b>135,499,650</b>
<i>Operational assets</i>												
Land	4,650,900	-	4,650,900	2,513,566	(2,747)	-	(2,052)	-	-	7,159,667	-	7,159,667
Buildings	11,588,200	-	11,588,200	109,108	-	-	-	(464,327)	-	11,697,308	(464,327)	11,232,981
Fixtures and fittings	1,250,092	(312,519)	937,573	117,139	-	-	(801)	(115,177)	-	1,366,430	(427,696)	938,734
Office equipment	555,597	(312,994)	242,603	114,097	(370)	(89,171)	(25,388)	(90,883)	-	554,765	(314,706)	240,059
Library collections	430,449	-	430,449	68,118	-	-	-	(72,978)	-	498,567	(72,978)	425,589
Motor vehicles	859,289	(526,481)	332,808	56,923	(282)	(1,785)	-	(59,837)	-	914,145	(584,533)	329,612
Plant and equipment	2,115,921	(826,049)	1,289,872	79,725	(5,032)	-	(642)	(168,665)	-	2,189,972	(994,714)	1,195,258
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	96,001	-	96,001	3,067	-	-	-	-	-	99,068	-	99,068
	<b>21,760,449</b>	<b>(1,978,043)</b>	<b>19,782,406</b>	<b>3,061,743</b>	<b>(8,431)</b>	<b>(90,956)</b>	<b>(28,883)</b>	<b>(971,866)</b>	<b>-</b>	<b>24,693,922</b>	<b>(2,858,953)</b>	<b>21,834,968</b>
Heritage assets	47,500	-	47,500	-	-	-	-	(404)	-	47,500	(404)	47,096
Work in progress	328,939	-	328,939	1,151,188	(204,929)	-	-	-	-	1,275,198	-	1,275,198
<b>Total assets</b>	<b>153,024,012</b>	<b>(4,442,618)</b>	<b>148,581,394</b>	<b>7,304,183</b>	<b>(213,360)</b>	<b>(90,956)</b>	<b>(28,883)</b>	<b>(2,937,930)</b>	<b>5,951,508</b>	<b>164,018,508</b>	<b>(5,361,627)</b>	<b>158,656,912</b>

**Note 35: Property, plant and equipment**

	Cost/ revaluation 1 July 2011 \$	Accumulated depreciation 1 July 2011 \$	Carrying amount 1 July 2011 \$	Current year additions \$	Current year disposals \$	Accumulated depreciation on disposals \$	Current year gain/(loss) on sale \$	Current year depreciation \$	Revaluation \$	Cost/ revaluation 30 June 2012 \$	Accumulated depreciation 30 June 2012 \$	Carrying amount 30 June 2012 \$
<b>30 June 2012</b>												
<i>Infrastructural assets</i>												
Roads, streets and footpaths – land	5,664,894	-	5,664,894	-	-	-	-	-	-	5,664,894	-	5,664,894
Roads, streets and footpaths	110,528,000	-	110,528,000	1,798,136	-	-	-	(1,229,700)	-	112,326,136	(1,229,700)	111,096,436
Water systems	6,262,000	(358,466)	5,903,534	183,461	-	-	-	(380,712)	-	6,445,461	(739,178)	5,706,283
Sewerage systems	3,255,000	(195,757)	3,059,243	544,906	-	-	-	(203,265)	-	3,799,906	(399,022)	3,400,884
Stormwater systems	2,646,318	(39,651)	2,606,667	4,409	-	-	-	(57,024)	-	2,650,727	(96,675)	2,554,052
	<b>128,356,212</b>	<b>(593,874)</b>	<b>127,762,338</b>	<b>2,530,912</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,870,701)</b>	<b>-</b>		<b>(2,464,575)</b>	<b>128,422,549</b>
<i>Operational assets</i>												
Land	4,818,537	-	4,818,537	111,400	(11,443)	-	(42,000)	-	(225,594)	4,650,900	-	4,650,900
Buildings	4,622,390	(548,711)	4,073,679	8,151,023	-	-	(24,458)	(399,924)	(212,121)	11,588,200	-	11,588,200
Fixtures and fittings	438,384	(238,223)	200,161	829,921	(11,065)	(6,105)	(1,043)	(80,401)	-	1,250,092	(312,519)	937,573
Office equipment	509,388	(251,832)	257,556	76,150	(400)	(23,459)	(6,082)	(84,621)	-	555,597	(312,994)	242,603
Library collections	521,115	(145,442)	375,673	74,953	-	-	-	(90,550)	70,372	430,449	-	430,449
Motor vehicles	851,731	(463,479)	388,252	34,783	(24,956)	(2,269)	-	(65,271)	-	859,289	(526,481)	332,808
Plant and equipment	1,947,850	(679,788)	1,268,062	194,239	-	(17,116)	(9,052)	(163,377)	-	2,115,921	(826,049)	1,289,872
Landfill	242,000	-	242,000	-	-	-	-	-	(28,000)	214,000	-	214,000
Water races	93,958	-	93,958	2,043	-	-	-	-	-	96,001	-	96,001
	<b>14,045,353</b>	<b>(2,327,475)</b>	<b>11,717,878</b>	<b>9,474,514</b>	<b>(47,864)</b>	<b>(48,949)</b>	<b>(82,635)</b>	<b>(884,144)</b>	<b>(395,343)</b>	<b>21,760,449</b>	<b>(1,978,043)</b>	<b>19,782,406</b>
Heritage assets	307,334	(13,121)	294,213	-	(248,072)	-	-	(2,557)	3,916	47,500	-	47,500
Work in progress	5,110,743	-	5,110,743	328,939	(5,110,743)	-	-	-	-	328,939	-	328,939
<b>Total assets</b>	<b>147,819,642</b>	<b>(2,934,470)</b>	<b>144,885,172</b>	<b>12,334,365</b>	<b>(5,406,679)</b>	<b>(48,949)</b>	<b>(82,635)</b>	<b>(2,757,402)</b>	<b>(391,427)</b>	<b>153,024,012</b>	<b>(4,442,618)</b>	<b>148,581,394</b>

Note: For the year ended 30 June 2012, disposals for Heritage assets recorded the reclassification of Heritage assets to Buildings. Land and Buildings included the reclassification of assets from Heritage assets, from Non-current assets held for sale (see note 11) and from Investment properties (see note 14).

### Note 36: Depreciation and amortisation by group of activity

	LTP		
	30 June 2013	30 June 2013	30 June 2012
	\$	\$	\$
Governance	1,138	1,406	1,138
Roads and footpaths	1,272,866	1,260,752	1,229,998
Water supply	459,206	465,045	455,054
Sewerage	282,436	292,573	231,261
Stormwater	57,170	58,415	57,134
Waste management	25,751	26,474	24,545
Community support	639,405	938,984	564,566
Regulatory and planning	18,714	18,425	16,221
Administration and support services	185,947	209,612	181,756
<b>Total depreciation</b>	<b>2,942,633</b>	<b>3,271,686</b>	<b>2,761,673</b>

### Note 37: Statement of special funds reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	30 June 2013	LTP 30 June 2013
<b>Equipment purchase and renewal fund</b>	\$	\$
Opening balance	33,664	28,376
Deposits	1,015	1,277
Withdrawals	-	-
<b>Closing balance</b>	<b>34,679</b>	<b>29,653</b>
<b>Recreation and reserve account</b>		
Opening balance	417,251	309,981
Deposits	45,799	113,949
Withdrawals	-	-
<b>Closing balance</b>	<b>463,050</b>	<b>423,930</b>
<b>Roading emergency fund</b>		
Opening balance	103,134	74,114
Deposits	36,052	35,985
Withdrawals	-	-
<b>Closing balance</b>	<b>139,186</b>	<b>110,099</b>
<b>Water race intake reserve</b>		
Opening balance	26,943	21,642
Deposits	5,594	5,974
Withdrawals	-	-
<b>Closing balance</b>	<b>32,537</b>	<b>27,616</b>
<b>Waste disposal fund</b>		
Opening balance	28,935	7,801
Deposits	22,032	18,351
Withdrawals	(43,359)	-
<b>Closing balance</b>	<b>7,608</b>	<b>26,152</b>

**Creative New Zealand fund**

Opening balance	2,710	1,687
Deposits	86	76
Withdrawals	(552)	-
<b>Closing balance</b>	<b>2,244</b>	<b>1,763</b>

**Sport New Zealand rural travel fund**

Opening balance	459	7,180
Deposits	9,604	323
Withdrawals	(10,063)	-
<b>Closing balance</b>	<b>-</b>	<b>7,503</b>

**Keep Carterton Beautiful fund**

Opening balance	5,370	6,111
Deposits	4,522	275
Withdrawals	(2,003)	(542)
<b>Closing balance</b>	<b>7,889</b>	<b>5,844</b>

**Water race resource consent fund**

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

**Clareville grave maintenance trust**

Opening balance	2,225	2,215
Deposits	37	100
Withdrawals	-	-
<b>Closing balance</b>	<b>2,262</b>	<b>2,315</b>

**Memorial Square fund**

Opening balance	6,282	6,219
Deposits	201	280
Withdrawals	-	-
<b>Closing balance</b>	<b>6,483</b>	<b>6,499</b>

**WWII Memorial trust**

Opening balance	61,323	61,580
Deposits	2,977	4,371
Withdrawals	(2,359)	(2,600)
<b>Closing balance</b>	<b>61,941</b>	<b>63,351</b>

<b>Longbush Domain fund</b>		
Opening balance	2,241	1,998
Deposits	321	-
Withdrawals	-	-
<b>Closing balance</b>	<b>2,562</b>	<b>1,998</b>

<b>West Taratahi Hall fund</b>		
Opening balance	19,642	14,348
Deposits	6,077	-
Withdrawals	-	-
<b>Closing balance</b>	<b>25,719</b>	<b>14,348</b>

<b>Election contingency fund</b>		
Opening balance	17,892	880
Deposits	8,923	8,540
Withdrawals	-	-
<b>Closing balance</b>	<b>26,815</b>	<b>9,420</b>

<b>Workshop depot upgrade fund</b>		
Opening balance	19,131	43,688
Deposits	934	1,966
Withdrawals	-	-
<b>Closing balance</b>	<b>20,065</b>	<b>45,654</b>

<b>Combined district plan reserve</b>		
Opening balance	(610,582)	(636,992)
Deposits	18,559	51,835
Withdrawals	(21,912)	-
<b>Closing balance</b>	<b>(613,935)</b>	<b>(585,157)</b>

<b>Roading contributions fund</b>		
Opening balance	826,255	716,436
Deposits	74,076	132,240
Withdrawals	(300,000)	(200,000)
<b>Closing balance</b>	<b>600,331</b>	<b>648,676</b>

<b>Infrastructure contributions fund</b>		
Opening balance	855,789	637,340
Deposits	265,743	128,680
Withdrawals	(100,000)	(220,000)
<b>Closing balance</b>	<b>1,021,532</b>	<b>546,020</b>

<b>Waingawa infrastructure contributions fund</b>		
Opening balance	103,170	101,756
Deposits	3,788	14,579
Withdrawals	-	-
<b>Closing balance</b>	<b>106,958</b>	<b>116,335</b>

<b>Belvedere Hall fund</b>		
Opening balance	2,967	3,285
Deposits	-	-
Withdrawals	(443)	-
<b>Closing balance</b>	<b>2,524</b>	<b>3,285</b>

<b>Waingawa industrial zone services deficit fund</b>		
Opening balance	19,833	11,376
Deposits	5,862	512
Withdrawals	-	-
<b>Closing balance</b>	<b>25,695</b>	<b>11,888</b>

<b>Special funds reserves—summary</b>		
Opening balance	1,944,634	1,421,021
Deposits	512,202	531,313
Withdrawals	(480,691)	(423,142)
<b>Closing balance</b>	<b>1,976,145</b>	<b>1,529,192</b>

### Note 38: Explanation of major variances against budget

Explanations for major variations from the Council's estimated figures in the 2012/2013 year in the Annual Plan are as follows:

#### Statement of Financial Performance

- Recoveries for the year are above budget due to higher recoveries in unsubsidised roading and insurance recoveries relating to the forestry fire.
- NZTA subsidies received exceeded budget estimates due to increased capital spending in subsidised roading.
- Miscellaneous income is above budget due to income being received for unsubsidised roading, sewerage reticulation, water reticulation, Waingawa sewerage, sewerage pumping stations and rural fire planning where no miscellaneous income was budgeted for.
- Roads and footpath expenditure was greater than budget as a result of unbudgeted emergency works during 2013.

- Community amenities expenditure was less than budget due to lower than expected expenditure on the Events Centre property maintenance.

#### **Statement of Comprehensive Income**

- The total surplus for the year is significantly more than budgeted due to the explanations mentioned for the statement of financial performance.
- The movement in revaluation reserves is more than budgeted due to the revaluation of water, sewerage and stormwater exceeding the estimated levels in the LTP.

#### **Statement of Changes in Equity**

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

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

- Cash and cash equivalents are higher than budget due to increased funds on hand at 30 June 2013 than budgeted.
- Debtors and other receivables are higher than budget due to an increase in the level of trade receivables outstanding at year end. This includes items such as trade waste charges, consents and NZTA subsidy.
- Creditors and other payables are higher than budget due to an increase in aged payables and invoices to be paid at year end. These include the final costs associated with the upgrade of Holloway Street.

- Borrowings are lower than budget due to the Council's decision to use internal funds during the 2011 year. This has delayed projected drawdown of loan funds in the 2012 and 2013 years.
- Asset revaluation reserves are higher than budgeted due to the revaluation of water, sewerage and stormwater exceeding the estimated levels in the LTP.

#### **Statement of Cashflows**

- Other income was less than budgeted as a result of increased levels of receivables at year end due to explanations mentioned for the statement of financial position.
- Payments to suppliers and employees are lower than budget as a result of increased levels of payables at year end due to explanations mentioned for the statement of financial position.
- Finance costs are less than forecast due to the delay in drawing down further loans resulting from projects not being completed by 30 June 2013.
- The drawdown of public debt is more than budgeted due to the timing of loans between prior, current and future years.

## Groups of activities

### Governance

#### This group of activities...

includes the following services and programmes:

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

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

##### *Strong and positive leadership*

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

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

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

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

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

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

When making decisions, the Council should:

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

The Council should also:

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

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

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

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

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

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

The Annual Plan did not include the significant time and expense of councillors and staff on reorganisation of local government in Wairarapa.

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

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Not achieved. Operating expenditure exceeded the budget set in the Long Term Plan, reflecting the unbudgeted expenditure on local government reorganisation. Capital expenditure was within the budget set in the Long Term Plan. [2012: Operating expenditure exceeded budget, no capital expenditure]
Open and transparent conduct of Council business	Agenda items within 'public excluded'	≤5%	Not achieved. 9.6% of agenda items were considered as 'public excluded' items. [2012: 5.9%]
Representation of residents by elected members	Residents rate the performance of the Mayor and councillors as 'very good' or 'fairly good'	≥75%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 62%]
Effective monitoring of the financial and non-financial performance of the Council	The annual report is adopted within statutory timeframes, with an unqualified audit opinion	100%	Achieved. The Annual Report was adopted within the statutory deadline (31 October 2013) on 9 October 2013 with an unqualified audit opinion. [2012: adopted on 24 October 2012]

**CARTERTON DISTRICT COUNCIL**  
Statement of Service Performance—Governance  
For the year ended 30 June 2013

Actual 30 June 2012 \$	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Income</b>		
-	-	-
14,437	8,140	100
14,437	8,140	100
<b>Expenditure</b>		
671,789	740,875	728,951
293	8,033	3,515
672,082	748,908	732,466
(657,645)	(740,768)	(732,366)
<b>Capital Expenditure</b>		
-	-	536,037
-	-	536,037

**CARTERTON DISTRICT COUNCIL**  
Funding Impact Statement—Governance  
For the year ended 30 June 2013

LTP 30 June 2012 \$	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Sources of operating funding</b>		
663,856	752,442	741,289
-	-	-
-	-	-
-	-	-
-	-	-
100	8,140	100
663,956	760,582	741,389
<b>Applications of operating funding</b>		
442,814	476,306	419,230
-	-	27,815
205,102	271,464	284,015
-	-	-
647,916	747,770	731,060
16,040	12,812	10,329
<b>Sources of capital funding</b>		
-	-	-
-	-	-
(10,560)	-	511,060
-	-	-
-	-	-
(10,560)	-	511,060
<b>Applications of capital funding</b>		
-	-	-
-	-	-
-	-	536,037
5,480	12,812	(14,648)
-	-	-
5,480	12,812	521,389
(16,040)	(12,812)	(10,329)
-	-	-
-	-	-

## Community support

### This group of activities...

includes the following services and programmes:

#### Community development

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

#### Parks and reserves

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

#### Community amenities

- Carterton Events Centre
- Clareville Cemetery
- Outdoor Swimming Complex

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

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that encourages lifelong learning*

*A district that enjoys creativity and recreation*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

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

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

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

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

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

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

- Implementation of the new Kōtui library management system, linking Carterton to the National Library and other public libraries nationwide.
- Installation of a sound system in the auditorium at the Events Centre, as part of the theatre services capital programme, to enable community groups to stage professional events and activities.
- Walking/cycling paths between Victoria and Pembroke Streets.
- Walking path around Carrington Park, with fitness equipment, lighting, seating, and rubbish bins.

The Memorial Square toilets were replaced. In the Annual Plan, these were to be the existing toilets relocated from Holloway Street at a cost of \$30,000. Instead, the Council decided to relocate the Holloway Street toilets and bus stop to Sparks Park and build new toilets in Memorial Square, at a cost of \$88,300.

The Council decided that the restoration and development of the Old Courthouse by the Council was not affordable, but has invited interested parties to prepare a business case for its development without ratepayer contribution.

Some significant works were not completed by year-end, mainly because of adverse weather. These were:

- new town signs at both ends of the urban area
- landscaping in the revitalised Holloway Street 'civic precinct', as part of stage III of the CBD revitalisation
- the GPS recording of plots at the cemetery.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	Result
Community support is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Achieved. Operating and capital expenditure was within the budget set in the Long Term Plan. [2012: Operating and capital expenditure exceeded budgets]
A range of amenities of a standard satisfactory to residents	Residents satisfied with public swimming baths	≥75%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 57%]
	Residents satisfied with public toilets	>75%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 49%]
	Percentage increase in the number of library users over the previous year	≥2%	Achieved. There was a 4 percent increase in the number of library users. [2012: this is a new measure, for which data was not collected in 2011/12, although there was a 9% increase in items issued over 2010/11]
	Increase in number of people who use the Outdoor Swimming Complex	≥50	This is a new measure, for which data was not collected in 2011/12 to provide the base against which the change would be measured. In 2012/13, there were an estimated 15,836 entrants to the pool, an average of 139 per day. [2012: this is a new measure, for which data was not collected in 2010/11 or 2011/12]
Effective use of grant monies	Community grants budget is distributed in accordance with the Council policy	100%	Achieved. The community grants budget was distributed in accordance with the Council policy. [2012: Achieved]
High quality sports fields, parks, and reserves	Residents (who have used or visit a park or reserves) satisfied	≥90%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 95%]
	High profile or offensive graffiti is removed within 4 hours of the Council being aware of it	100%	Achieved. There were no high profile or offensive graffiti reported. [2012: 100%]
Prompt response to all health and safety incidents	Calls with a potential public health or safety risk are responded to within 30 minutes	100%	Achieved. There were no calls with a potential public health or safety risk. [2012: 100%]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Community Support For the year ended 30 June 2013

Actual 30 June 2012 \$	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Income</b>		
198,915	150,084	210,564
8,243	4,311	11,902
1,287	3,009	4,000
966,531	60,665	50,298
232,982	270,045	246,682
939,142	-	-
22,281	61,032	18,580
2,369,381	549,146	542,026
<b>Expenditure</b>		
411,837	253,418	274,554
476,350	66,098	78,944
212,670	196,726	209,562
297,538	294,565	286,513
47,962	48,231	61,931
93,605	89,073	95,774
1,064,407	133,901	157,123
103,978	86,790	92,294
153,854	140,503	151,377
34,590	32,566	37,401
369,864	546,411	877,965
236,709	263,630	269,726
216,873	189,020	213,592
64,440	38,644	59,845
-	720,080	759,234
3,784,677	3,099,656	3,625,835
(1,415,296)	(2,550,510)	(3,083,809)

Note 1—some of the LTP 2013 comparative figures in this statement do not match the LTP. The incorrect comparative figures published in the LTP were expenditure on community grants (2013 \$383,756) and community advocacy (2013 \$51,465). These have been corrected above.

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Community Support For the year ended 30 June 2013

Actual 30 June 2012 \$	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Capital Expenditure</b>		
-	33,336	38,532
-	16,750	16,425
-	50,521	67,624
-	-	202,783
10,395	6,435	7,895
19,665	-	-
7,762	-	-
-	-	50,928
-	43,300	50,000
13,721	-	-
2,057	-	5,000
-	-	407,928
-	6,547	12,320
-	-	20,000
-	-	18,928
-	88,233	30,000
1,166	-	-
-	-	14,928
-	5,733	8,927
5,874	-	-
-	20,875	20,000
-	3,000	3,000
-	2,801	3,000
1,278	-	-
1,780	-	-
-	-	10,928
-	1,950	5,000
2,130	-	-
-	-	10,000
-	-	50,000
-	4,270	2,800
-	48,198	50,000
-	34,188	100,000
74,953	68,118	60,000
-	230	-
-	250	-
7,124	-	-
7,937,261	13,423	-
924,935	-	-
7,288	16,068	11,200
1,044	-	-
9,018,433	464,226	1,278,146

**CARTERTON DISTRICT COUNCIL**  
**Funding Impact Statement—Community Support**  
**For the year ended 30 June 2013**

LTP 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Sources of operating funding</b>			
2,157,055	General rates, UAGC, rates penalties	2,621,884	2,595,155
-	Targeted rates (other than water supply)	-	-
39,668	Subsidies and grants - operating	60,665	25,298
213,854	Fees, charges and targeted rates for water supply	150,084	210,564
-	Internal charges and overheads recovered	-	-
<u>275,411</u>	Local Authorities fuel tax, fines, infringement fees and other	<u>338,396</u>	<u>281,164</u>
2,685,988	<b>Total operating funding</b>	3,171,029	3,112,181
<b>Applications of operating funding</b>			
1,600,455	Payments to staff and suppliers	1,780,388	1,982,350
243,014	Finance costs	173,609	285,435
364,319	Internal charges and overheads applied	506,256	419,065
-	Other operating funding applications	-	-
<u>2,207,788</u>	<b>Total applications of operating funding</b>	<u>2,460,253</u>	<u>2,686,850</u>
478,200	<b>Surplus / (deficit) of operating funding</b>	710,776	425,331
<b>Sources of capital funding</b>			
1,100,000	Subsidies and grants - capital	-	25,000
100,000	Development and financial contributions	40,283	100,000
3,365,021	Increase / (decrease) in debt	1,291,138	393,838
250,000	Gross proceeds from sale of assets	100	-
-	Lump sum contributions	-	-
<u>4,815,021</u>	<b>Total sources of capital funding</b>	<u>1,331,521</u>	<u>518,838</u>
<b>Applications of capital funding</b>			
8,207,500	Capital expenditure - meet additional demand	10,003	31,728
38,500	Capital expenditure - improve level of service	108,266	584,728
101,900	Capital expenditure - replace existing assets	345,957	611,690
(3,054,679)	Increase / (decrease) in reserves	1,578,071	(283,976)
-	Increase / (decrease) of investments	-	-
<u>5,293,221</u>	<b>Total application of capital funding</b>	<u>2,042,297</u>	<u>944,169</u>
(478,200)	<b>Surplus / (deficit) of capital funding</b>	(710,776)	(425,331)
-	<b>Funding balance</b>	-	-

## Regulatory and planning

### This group of activities...

includes the following services:

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

### ...contributes to the community outcomes

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

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

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

### *A vibrant and prosperous economy*

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

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

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

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

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

- Resource Management Act 1991 and subsequent amendments, which require the Council to sustain the potential of natural and physical resources to meet the reasonable and foreseeable needs of the next generation
- Health Act 1956 and amendments, which require the Council to improve, promote and protect public health
- Sale and Supply of Alcohol Act 2012 (superseded the Sale of Liquor Act 1989) which requires the Council to encourage sensible and safe drinking in the Carterton district
- Civil Defence Emergency Management Act 2002, which requires the Council to plan adequately for emergencies and for response and recovery in the event of an emergency
- Dog Control Act 1996 and amendments, which require the Council to put measures in place to control dogs in public places, through registration, prevent nuisances and ensure public safety
- Animal Welfare Act 1999, which requires the Council to ensure owners of animals, and persons in charge of animals, attend properly to the welfare of those animals.
- Building Act 2004 and amendments, which require the Council to ensure that there is strong decision-making at every stage of the building or renovating process
- Fencing of Swimming Pools Act 1987, which requires the Council to promote the safety of young children by requiring the fencing of swimming pools

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

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

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

- Membership and funding support to the Wairarapa Rural Fire Board.
- Membership and funding support to the Wellington Region Emergency Management Group.
- Regular inspection of food and liquor outlets.
- All dog owners are visited at least once every year.
- Members of the Wairarapa Planning Committee appointed for the development of the Wairarapa Combined District Plan.
- The Wairarapa Liquor Working Group formed to establish a District Licensing Committee and formulate a Wairarapa Local Alcohol Policy in compliance with the new Sale and Supply of Alcohol Act 2012.
- Successful assessment by IANZ<sup>1</sup> as an accredited Building Control Authority.

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

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

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

<sup>1</sup> International Accreditation New Zealand

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	Result
The regulatory and planning service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Operating expenditure exceeded the budget in the Long Term Plan. Building consents were significantly higher than forecast, mainly for new dwellings, and fees collected from applicants are paid to BRANZ <sup>2</sup> and DBH <sup>3</sup> . There was no capital expenditure. [2012: Operating expenditure exceeded budget, capital expenditure within budget]
Timely processing of applications	LIMs <sup>4</sup> processed within 10 working days	100%	Achieved. 162 LIMs were processed during the year, all completed within 10 working days. Average process time of 4 working days. [2012: 142 LIMs, 100% within 10 working days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	Achieved. 39 resource consents were processed during the year, all completed within statutory timeframes. [2012: 50 resource consents, 100% within statutory timeframes]
	PIMs <sup>5</sup> and building consents processed within statutory timeframes	100%	Achieved. 318 PIMs and building consents were processed during the year, all completed within the 20-day statutory timeframe. Average process time of 4 days. [2012: 267 PIMs and building consents, 100% within statutory timeframes]
Prompt responses to enquiries and complaints	Complaints are responded to within 4 working hours, to advise the complainant what action will be taken and in what timeframe	100%	Not achieved. 247 complaints and service requests were received during the year. 214 (or 87%) were responded to within the prescribed time period. [2012: this is a new measure, for which data was not collected in 2011/12]
Safe and healthy food premises and liquor outlets	Known food premises and liquor outlets in the district are registered or licensed	100%	Achieved. All 86 known food premises and liquor outlets in the district have been registered or licensed during the year. [2012: all 98 registered or licensed]

<sup>2</sup> Building Research Association of New Zealand

<sup>3</sup> Department of Building and Housing

<sup>4</sup> Land Information Memorandums

<sup>5</sup> Project Information Memorandums

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Regulatory and Planning For the year ended 30 June 2013

Actual 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
	<b>Income</b>		
568,220	Fees, charges and targeted rates for water supply	680,617	517,500
3,515	Commissions	2,682	-
27,588	Miscellaneous income	2,024	2,200
599,323	<b>Total income</b>	685,323	519,700
	<b>Expenditure</b>		
428,963	Resource management administration	223,673	237,350
136,814	District plan	100,887	80,999
69,156	Civil defence	68,232	70,490
320,946	Building inspection	384,470	390,849
90,233	Health inspection	92,305	55,966
30,389	Liquor licensing	35,968	44,591
69,593	Agency fees	79,190	44,449
121,142	Rural fire	81,983	102,940
147,418	Animal and dog control	151,277	155,471
1,414,654	<b>Total expenditure</b>	1,217,985	1,183,105
(815,331)	<b>Net cost of service</b>	(532,662)	(663,405)
	<b>Capital Expenditure</b>		
-	Miscellaneous	-	-
-	<b>Total capital expenditure</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Regulatory and Planning For the year ended 30 June 2013

LTP 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
	<b>Sources of operating funding</b>		
285,507	General rates, UAGC, rates penalties	407,632	403,056
286,941	Targeted rates (other than water supply)	334,663	330,906
-	Subsidies and grants - operating	-	-
518,000	Fees, charges and targeted rates for water supply	680,618	517,500
-	Internal charges and overheads recovered	-	-
13,803	Local Authorities fuel tax, fines, infringement fees and other	4,706	2,200
1,104,251	<b>Total operating funding</b>	1,427,619	1,253,662
	<b>Applications of operating funding</b>		
936,660	Payments to staff and suppliers	925,513	961,258
6,369	Finance costs	-	-
215,833	Internal charges and overheads applied	273,758	203,422
-	Other operating funding applications	-	-
1,158,862	<b>Total applications of operating funding</b>	1,199,271	1,164,680
(54,611)	<b>Surplus / (deficit) of operating funding</b>	228,348	88,982
	<b>Sources of capital funding</b>		
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
(7,647)	Increase / (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
(7,647)	<b>Total sources of capital funding</b>	-	-
	<b>Applications of capital funding</b>		
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
3,500	Capital expenditure - replace existing assets	-	-
(65,758)	Increase / (decrease) in reserves	228,348	88,982
-	Increase / (decrease) of investments	-	-
(62,258)	<b>Total application of capital funding</b>	228,348	88,982
54,611	<b>Surplus / (deficit) of capital funding</b>	(228,348)	(88,982)
-	<b>Funding balance</b>	-	-

## Roads and footpaths

### This group of activities...

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

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A district that enjoys creativity and recreation*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

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

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

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

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

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

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

- Mayor Ron Mark is a member of the Regional Land Transport Committee.
- Provision of funding to the Wairarapa Road Safety Council, which is chaired by our Deputy Mayor, Cr Elaine Brazendale.
- Completion of the approved subsidised roading programme.
- 16.8km of resealing on rural roads were completed, 0.8 km of rural road was rehabilitated, and 1.2 km of rural road had the seal widened.
- The planned redecking and structural repairs on the Admiral Station Road Bridge was completed.

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

The bulk of the roading work was ‘business as usual’, but there were a couple of significant projects that were additional.

Heavy rain events in July and August 2012 caused about \$400,000 damage on rural roads—Admiral, Clifton Grove, Glenburn, Kaiwhata, and Te Wharau Roads—which has taken most of the year to repair, and most of which was not budgeted for in the Annual Plan.

The other major project was the revitalisation of the ‘civic precinct’, which took over nine months to complete and a cost of around \$750,000. The roads and footpaths in Holloway Street and Nelson Crescent were replaced, complementing the new Events Centre. The design took into account landscaping, traffic flow and movement in relation to High Street, and connections with other open spaces. Library Square open area replaced the toilet block and bus stop, the parking area was extended, and utility services were undergrounded.

The carpark at the Carterton Railway Station was extended by Wellington Regional Council, the owners of the station. Carterton District Council contributed \$29,000—half the cost—which was not budgeted for in the Long Term Plan.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	Result
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Operating expenditure exceeded the budget in the Long Term Plan, a large proportion of which was unplanned emergency work early in 2012/13. Achieved. Capital expenditure was within the budget set in the Long Term Plan. [2012: Operating and capital expenditure were within budgets]
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	Not achieved. Of the 135 requests, 116 or 86% were responded to within the contract response time. [2012: 76%]
	An average road roughness index on sealed roads	80 or less	Achieved. Road roughness was 65.4 NAASRA <sup>6</sup> counts per lane kilometre. In July 2013, 563 lane km were surveyed, recorded in the RAMM <sup>7</sup> database, and reported to NZTA <sup>8</sup> . [July 2011: 57.3 NAASRA counts per lane km (from report to NZTA). A different measure was used in 2011/12 Annual Report with similar results, 58.4 average NAASRA counts measured]
	Residents satisfied with the district's footpaths	≥60%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 58%]
Easy-to-see and understood traffic signs and markings	Signs repaired or replaced within 3 days of advice of a fault	≥95%	Not achieved. Of the 67 signs replaced, 55 or 82% were within the response time. [2012: 86%]
	Road signs and markings found missing or not visible	≤5%	Achieved. None of the 2,300 road signs or markings were found missing or not visible in the six-monthly inspections. [2012: 0.8%]
Safe footpaths	Fault reports and public complaints are acknowledged within 2 days	≥90%	Not achieved. 67% of complaints related to footpaths were responded to within 2 working days, and the remainder within 5 working days. [2012: 88%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	Not achieved. Of the 40 streetlight faults identified, 39 or 98% were repaired within 2 weeks. [2012: 100%]

<sup>6</sup> National Association of Australia State Road Authorities

<sup>7</sup> Road Assets Maintenance and Management

<sup>8</sup> New Zealand Transport Agency

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Roads and Footpaths For the year ended 30 June 2013

Actual 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
	<b>Income</b>		
1,738,084	NZTA subsidy	1,755,690	1,576,238
56,386	Petrol tax	64,543	56,000
65,102	Recoveries	65,671	28,026
6,956	Miscellaneous income	60,613	2,076
<b>1,866,528</b>	<b>Total income</b>	<b>1,946,517</b>	<b>1,662,340</b>
	<b>Expenditure</b>		
3,062,417	Subsidised roading	3,330,696	2,833,278
312,509	Unsubsidised roading	296,959	387,288
<b>3,374,926</b>	<b>Total expenditure</b>	<b>3,627,655</b>	<b>3,220,566</b>
<b>(1,508,398)</b>	<b>Net cost of service</b>	<b>(1,681,138)</b>	<b>(1,558,226)</b>
	<b>Capital Expenditure</b>		
116,225	Drainage renewals - kerb and channel replacement	124,744	114,756
6,756	Associated improvements	22,263	19,124
154,391	Components structures replacements	71,722	125,276
36,002	Footpath resurfacing	145,949	88,022
-	Holloway/Nelson upgrade - additional to existing programme	751,178	822,000
330,328	Minor improvements	242,110	240,000
289,414	Pavement rehabilitation	198,411	286,891
392,373	Reseals	473,809	430,336
112,456	Traffic services	83,745	76,504
348,748	Unsealed road metalling	300,898	348,094
-	Carpark - railway station	29,006	-
-	Admiral Road - land purchase	6,852	-
-	Legalisation Gladstone Road	29,709	-
<b>1,786,693</b>	<b>Total capital expenditure</b>	<b>2,480,396</b>	<b>2,551,003</b>

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Roads and Footpaths For the year ended 30 June 2013

LTP 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
	<b>Sources of operating funding</b>		
1,940,820	General rates, UAGC, rates penalties	1,721,709	1,702,376
-	Targeted rates (other than water supply)	-	-
796,700	Subsidies and grants - operating	927,097	682,518
-	Fees, charges and targeted rates for water supply	-	-
-	Internal charges and overheads recovered	-	-
<b>85,000</b>	Local Authorities fuel tax, fines, infringement fees and other	<b>190,827</b>	<b>86,102</b>
<b>2,822,520</b>	<b>Total operating funding</b>	<b>2,839,633</b>	<b>2,470,996</b>
	<b>Applications of operating funding</b>		
1,705,411	Payments to staff and suppliers	2,001,239	1,515,164
57,442	Finance costs	41,339	73,658
341,853	Internal charges and overheads applied	312,211	370,992
-	Other operating funding applications	-	-
<b>2,104,706</b>	<b>Total applications of operating funding</b>	<b>2,354,789</b>	<b>1,959,814</b>
<b>717,814</b>	<b>Surplus / (deficit) of operating funding</b>	<b>484,844</b>	<b>511,182</b>
	<b>Sources of capital funding</b>		
808,463	Subsidies and grants - capital	828,593	893,720
70,000	Development and financial contributions	45,111	100,000
376,142	Increase / (decrease) in debt	710,804	776,033
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
<b>1,254,605</b>	<b>Total sources of capital funding</b>	<b>1,584,508</b>	<b>1,769,753</b>
	<b>Applications of capital funding</b>		
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	751,178	822,000
1,997,772	Capital expenditure - replace existing assets	1,726,471	1,729,003
(25,353)	Increase / (decrease) in reserves	(408,297)	(270,068)
-	Increase / (decrease) of investments	-	-
<b>1,972,419</b>	<b>Total application of capital funding</b>	<b>2,069,352</b>	<b>2,280,935</b>
<b>(717,814)</b>	<b>Surplus / (deficit) of capital funding</b>	<b>(484,844)</b>	<b>(511,182)</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>

## Sewerage and the treatment and disposal of sewage

### This group of activities...

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

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

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

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

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

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

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

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

The Annual Plan did not include the purchase of land adjacent to the sewage treatment plant for \$2.4 million, fully funded by loans. The Council saw this as providing significant opportunities for further treatment and discharge to land, reducing the need to discharge treated effluent to the Mangatāre Stream.

Renewal of the resource consents for discharge into the Mangatāre Stream was not

finalised during the year. This therefore delayed the start to most of the \$1.2 million capital works programme at the treatment plant that was planned in line with expected consent conditions, including an additional oxidation pond, UV treatment, and wetlands.

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

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	Result
The sewerage service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Operating expenditure was within the budget set in the Long Term Plan. Not achieved. Capital expenditure exceeded the budget set in the Long Term Plan. This is due to the unplanned purchase of land next to the treatment plant. [2012: Operating and capital expenditure exceeded budgets]
Minimising adverse effects on the environment	Compliance with resource consent conditions	100%	Not achieved. Awaiting annual compliance certificate from the Regional Council (WRC), but compliance is not expected. The Council did not meet the sampling requirements, which were recognised as unachievable and reduced under the new resource consent. Further, there was an odour issue for which 6 complaints were received in 2 weeks. Subsequently, daily monitoring has allowed more refined adjustment of the treatment process, and no further complaints have been received. [2012: not achieved]
	Sewage overflows per storm event due to inflow / infiltration	≤15	Achieved. There were no overflows from storm events during the year. [2012: 0]
Response to sewerage system failures and service requests	Significant repairs and system failures resolved within 4 hours of notification	100%	Achieved. All 4 significant repairs and system failures were resolved within 4 hours of notification. [2012: 75%]
Sewerage system of a satisfactory standard	Urban residents satisfied with the sewerage system	≥87%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 87%]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Sewerage For the year ended 30 June 2013

Actual 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Income</b>			
237,786	Fees, charges and targeted rates for water supply	289,904	190,000
-	Rent	21,826	-
40,892	Miscellaneous income	16,313	-
278,678	<b>Total income</b>	328,043	190,000
<b>Expenditure</b>			
377,856	Reticulation	432,477	525,829
32,025	New sewerage connections	40,182	37,690
50,981	Pumping station	65,814	49,825
407,180	Sewerage plant	481,085	375,697
37,497	Waingawa sewerage	6,907	28,720
1,889	Waingawa pumping stations	3,330	16,436
907,428	<b>Total expenditure</b>	1,029,795	1,034,195
(628,750)	<b>Net cost of service</b>	(701,752)	(844,195)
<b>Capital Expenditure</b>			
11,175	Grout manholes	12,572	6,954
4,666	Road cones & signage upgrade	5,619	5,000
-	CCTV Camera	-	50,000
-	Mains repairs and replacement	323,465	502,371
-	Holloway/Nelson sewerage	283,558	160,000
42,674	Consents for treatment and disposal	-	-
-	Replanting wetlands	-	81,262
-	Additional oxidation pond	20,920	500,000
-	UV unit and associated plant	-	504,040
-	Automatic discharge gate from pond 2 and wetlands	-	88,822
-	Purchase land adjacent to treatment plant	2,404,160	-
-	Sludge pump	5,185	-
30,539	Flow monitoring installation on wetland outlet	-	-
6,653	Plant water reduction	-	-
5,944	Trial of membrane filtration land disposal	-	-
447,920	Sewage treatment improvements	-	-
549,571	<b>Total capital expenditure</b>	3,055,479	1,898,449

Note 1—some of the LTP 2013 comparative figures in this statement do not match the LTP. The incorrect comparative figures published in the LTP were income from fees etc (\$180,000), and expenditure on reticulation (\$525,609), pumping station (\$49,824), sewerage plant (\$375,686), and Waingawa pumping stations (\$16,435). These have been corrected above.

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Sewerage For the year ended 30 June 2013

LTP 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Sources of operating funding</b>			
64,836	General rates, UAGC, rates penalties	84,469	83,520
583,408	Targeted rates (other than water supply)	760,213	751,679
-	Subsidies and grants - operating	-	-
235,977	Fees, charges and targeted rates for water supply	289,904	190,000
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	38,139	-
884,221	<b>Total operating funding</b>	1,172,725	1,025,199
<b>Applications of operating funding</b>			
419,049	Payments to staff and suppliers	459,333	516,486
31,347	Finance costs	107,373	76,034
130,427	Internal charges and overheads applied	180,655	149,103
-	Other operating funding applications	-	-
580,823	<b>Total applications of operating funding</b>	747,361	741,622
303,398	<b>Surplus / (deficit) of operating funding</b>	425,364	283,577
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
50,000	Development and financial contributions	118,603	50,000
(47,008)	Increase / (decrease) in debt	2,609,750	1,498,622
-	Gross proceeds from sale of assets	100	-
-	Lump sum contributions	-	-
2,992	<b>Total sources of capital funding</b>	2,728,453	1,548,622
<b>Applications of capital funding</b>			
150,000	Capital expenditure - meet additional demand	20,920	1,092,862
-	Capital expenditure - improve level of service	2,404,160	-
348,500	Capital expenditure - replace existing assets	630,399	805,587
(192,110)	Increase / (decrease) in reserves	98,338	(66,250)
-	Increase / (decrease) of investments	-	-
306,390	<b>Total application of capital funding</b>	3,153,817	1,832,199
(303,398)	<b>Surplus / (deficit) of capital funding</b>	(425,364)	(283,577)
-	<b>Funding balance</b>	-	-

## Stormwater drainage

### This group of activities...

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

### ...contributes to the community outcomes

#### *A safe district*

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

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

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

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

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

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

Development is managed to ensure appropriate provision for stormwater drainage.

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

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

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

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

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

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

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

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

There were no variations from the Annual Plan.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	Result
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Operating and capital expenditure was within the budget set in the Long Term Plan. [2012: Operating expenditure exceeded budget, capital expenditure within budget]
Response to service requests	Significant reticulation blockages cleared within 4 hours during storm events	100%	Not achieved. One significant blockage took almost 5 hours to be cleared because specialised equipment was needed. [2012: there were no major reticulation blockages]
Stormwater system of a standard satisfactory to residents	Urban residents satisfied with the stormwater system	≥79%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 77%]
The urban stormwater service is managed in a sustainable manner	Compliance with resource consent conditions including discharge requirements	100%	Achieved. Full compliance with resource consent conditions. [2012: 100%]

**CARTERTON DISTRICT COUNCIL**  
Statement of Service Performance—Stormwater  
For the year ended 30 June 2013

Actual 30 June 2012 \$	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Income</b>		
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
174,101	165,938	172,240
174,101	165,938	172,240
(174,101)	(165,938)	(172,240)
<b>Capital Expenditure</b>		
4,409	4,139	4,000
-	-	120,000
4,409	4,139	124,000

**CARTERTON DISTRICT COUNCIL**  
Funding Impact Statement—Stormwater  
For the year ended 30 June 2013

LTP 30 June 2012 \$	Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Sources of operating funding</b>		
14,878	17,385	17,190
133,903	156,464	154,707
-	-	-
-	-	-
-	-	-
-	-	-
148,781	173,849	171,897
<b>Applications of operating funding</b>		
49,002	47,781	58,036
30,502	29,591	29,772
21,976	31,396	26,016
-	-	-
101,480	108,768	113,824
47,301	65,081	58,073
<b>Sources of capital funding</b>		
-	-	-
10,000	-	10,000
(9,338)	(10,068)	(10,068)
-	-	-
-	-	-
662	(10,068)	(68)
<b>Applications of capital funding</b>		
-	-	-
86,000	4,139	124,000
-	-	-
(38,037)	50,874	(65,996)
-	-	-
47,963	55,013	58,004
(47,301)	(65,081)	(58,073)
-	-	-
-	-	-

## Waste management

### This group of activities...

includes the following services:

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

### ...contributes to the community outcomes

#### *A healthy district*

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

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

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

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

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

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

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

- encourage efficient and effective waste management services

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

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

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

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

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

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

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of a transfer station and recycling depot. Residual waste is transferred to a landfill at Marton.
- A joint Wellington region Waste Management and Minimisation Plan is in operation.

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

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

There were no variations from the Annual Plan.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	Result
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Operating and capital expenditure was within the budget set in the Long Term Plan. [2012: Operating expenditure exceeded budget, there was no capital expenditure]
Refuse and recycling services of a satisfactory standard	Urban residents are satisfied with refuse collection and with kerbside recycling	≥85%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: refuse collection 84% and kerbside recycling 89%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	Not achieved. Awaiting annual compliance certificate from WRC, but compliance is not expected. Some monitoring samples of groundwater contained excessive levels of some contaminants. [2012: some monitoring samples rated significant non-compliance]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Waste Management For the year ended 30 June 2013

Actual 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Income</b>			
232,461	Fees, charges and targeted rates for water supply	247,782	258,000
64,000	Recoveries	64,000	64,000
296,461	<b>Total income</b>	311,782	322,000
<b>Expenditure</b>			
501,685	Refuse collection	252,853	251,217
222,994	Transfer station	420,448	468,057
724,679	<b>Total expenditure</b>	673,301	719,274
(428,218)	<b>Net cost of service</b>	(361,519)	(397,274)
<b>Capital Expenditure</b>			
-	Miscellaneous	-	-
-	<b>Total capital expenditure</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Waste Management For the year ended 30 June 2013

LTP 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Sources of operating funding</b>			
209,614	General rates, UAGC, rates penalties	274,400	271,320
135,988	Targeted rates (other than water supply)	139,566	137,999
-	Subsidies and grants - operating	-	-
283,000	Fees, charges and targeted rates for water supply	247,782	258,000
-	Internal charges and overheads recovered	-	-
64,000	Local Authorities fuel tax, fines, infringement fees and other	64,000	64,000
692,602	<b>Total operating funding</b>	725,748	731,319
<b>Applications of operating funding</b>			
579,725	Payments to staff and suppliers	566,208	609,337
-	Finance costs	-	-
73,674	Internal charges and overheads applied	81,342	83,462
-	Other operating funding applications	-	-
653,399	<b>Total applications of operating funding</b>	647,550	692,800
39,203	<b>Surplus / (deficit) of operating funding</b>	78,198	38,520
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	<b>Total sources of capital funding</b>	-	-
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	-	-
39,203	Increase / (decrease) in reserves	78,198	38,520
-	Increase / (decrease) of investments	-	-
39,203	<b>Total application of capital funding</b>	78,198	38,520
(39,203)	<b>Surplus / (deficit) of capital funding</b>	(78,198)	(38,520)
-	<b>Funding balance</b>	-	-

## Water supply

### This group of activities...

includes the following services:

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

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Examples of Council activities that contributed to achieving outcomes

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

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

Work on renewing the two resource consents has taken longer than expected, resulting in significant under-expenditure of the Annual Plan capital budget. The consent delays and unplanned additional maintenance on the reticulation network and the filtration plant led to some over-expenditure of the operating budgets.

Extra work was also required to better secure the lids of the chambers from contamination infiltration at the Kaipaitangata water intake.

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

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2013	Result
The urban water service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Operating expenditure exceeded the budget set in the Long Term Plan. Capital expenditure was within the budget set in the Long Term Plan. [2012: Operating and capital expenditure were within budget]
Water is safe to drink	Compliance with NZ Drinking Water Standards bacteriological requirements	100%	Not achieved. On 3 occasions, a sample did not comply, but samples taken immediately after did comply. [2012: one sample did not comply that was 'likely due to sampling or laboratory error']
Response to reticulated water system failures and service requests	Significant repairs and system failures resolved within 4 hours of notification	100%	Achieved. There was 1 significant repair, and it was resolved within 4 hours. [2012:100%]
Urban water system of a satisfactory standard	Urban residents are satisfied with the urban water service	≥90%	Not measured this year. The survey is taken every three years. The next is planned for 2014/15. [2012: 91%]
Water resources are used sustainably	Reduction in community water consumption	≥2.5% per annum	Not achieved. Water flow from the Kaipaitangata and Supplementary Bore reservoirs was 16% <b>more</b> than the previous year, which had an unusually wet summer. [2012: 18% <b>less</b> than the previous year]
	Compliance with water resource consent conditions	100%	Achieved. Awaiting annual compliance certificate from the Regional Council (WRC), but full compliance is expected with the resource consent conditions for the urban water supply and water races. [2012: full compliance for urban water supply, and 2 non-compliance notices for water race intake rates]

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Water Supply For the year ended 30 June 2013

Actual 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
	<b>Income</b>		
108,522	Fees, charges and targeted rates for water supply	975,144	1,129,185
2,120	Recoveries	-	-
279	Miscellaneous income	5,390	-
110,921	<b>Total income</b>	980,534	1,129,185
	<b>Expenditure</b>		
705,585	Reticulation	762,291	741,849
37,850	New water connections	30,672	54,635
100,432	Underground services	117,475	142,069
265,163	Filtration plant	292,158	235,277
229,553	Taratahi water race	207,453	209,136
60,988	Carrington water race	60,655	75,112
67,940	Waingawa water	105,634	70,059
1,467,511	<b>Total expenditure</b>	1,576,338	1,528,138
(1,356,590)	<b>Net cost of service</b>	(595,804)	(398,953)
	<b>Capital Expenditure</b>		
-	Hand held meter	2,066	5,000
-	Mains upgrade/replacement	-	191,834
5,450	Information systems data	4,999	6,000
40,356	Resource consent renewal - urban supply take	-	189,444
2,043	Water race weirs	3,067	10,000
-	Water meter reader photo gun	2,500	-
36,447	Chester Road boost pump station	-	-
7,483	Chlorine injection unit supplementary	-	-
80,064	Demand management strategy development	-	-
11,544	Fencing - Kaipaitangata reservoirs	-	-
9,600	Leak detection	-	-
192,987	<b>Total capital expenditure</b>	12,632	402,278

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Water Supply For the year ended 30 June 2013

LTP 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
	<b>Sources of operating funding</b>		
133,180	General rates, UAGC, rates penalties	127,900	126,464
260,236	Targeted rates (other than water supply)	275,465	263,627
-	Subsidies and grants - operating	-	-
1,144,139	Fees, charges and targeted rates for water supply	975,144	1,129,185
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	5,389	-
1,537,555	<b>Total operating funding</b>	1,383,898	1,519,276
	<b>Applications of operating funding</b>		
870,490	Payments to staff and suppliers	803,589	827,720
30,601	Finance costs	25,104	27,101
184,994	Internal charges and overheads applied	288,440	208,272
-	Other operating funding applications	-	-
1,086,085	<b>Total applications of operating funding</b>	1,117,133	1,063,094
451,470	<b>Surplus / (deficit) of operating funding</b>	266,765	456,182
	<b>Sources of capital funding</b>		
-	Subsidies and grants - capital	-	-
50,000	Development and financial contributions	118,604	50,000
(19,195)	Increase / (decrease) in debt	(12,819)	(18,594)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
30,805	<b>Total sources of capital funding</b>	105,785	31,406
	<b>Applications of capital funding</b>		
145,000	Capital expenditure - meet additional demand	-	-
129,213	Capital expenditure - improve level of service	-	-
202,800	Capital expenditure - replace existing assets	12,632	402,278
5,262	Increase / (decrease) in reserves	359,918	85,311
-	Increase / (decrease) of investments	-	-
482,275	<b>Total application of capital funding</b>	372,550	487,589
(451,470)	<b>Surplus / (deficit) of capital funding</b>	(266,765)	(456,183)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Statement of Service Performance—Administration and Support For the year ended 30 June 2013

Actual 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Income</b>			
1,959,956	Internal charges and overheads recovered	1,945,522	1,744,346
94,241	Rates penalties	69,463	60,000
111,287	Interest	114,034	97,082
451,146	Development and financial contributions	322,601	310,000
250	Fees, charges and targeted rates for water supply	41	200
41,318	Commissions	41,318	40,000
-	Revaluation gains	1,260,071	468
-	Rental income	-	-
2,082	Miscellaneous income	3,176	1,550
-	Assets vesting in council	-	50,000
-	Bad debts recovered	30,719	-
-	Profit on sale of assets	-	-
<b>2,660,280</b>	<b>Total income</b>	<b>3,786,945</b>	<b>2,303,646</b>
<b>Expenditure</b>			
1,315,070	Administration	1,294,672	1,416,504
520,535	Operations	512,781	293,800
108,831	Regulatory and planning	119,501	27,247
15,520	Garage	18,568	6,796
133,003	Revaluation losses	-	2,837
82,635	Loss on sale of assets	28,883	-
72,806	Bad debts	-	15,000
<b>2,248,400</b>	<b>Total expenditure</b>	<b>1,977,242</b>	<b>1,759,346</b>
<b>411,880</b>	<b>Net cost of service</b>	<b>1,809,703</b>	<b>544,300</b>
<b>Capital Expenditure</b>			
712	Administration - equipment contingency	9,500	5,000
5,000	Administration - software upgrade	-	5,000
-	Computer upgrade - building department	4,270	5,600
-	Computer upgrade - operations department	4,270	6,300
-	Computer upgrade - public protection	7,017	8,400
-	Computer upgrade - regulatory	3,143	2,800
-	Computer upgrade - parks and reserves	2,135	2,800
24,093	Computer upgrades - general	38,736	62,800
-	Motor vehicle - building inspector	29,071	38,220
-	Motor vehicle - refuse	27,852	35,000
34,783	Motor vehicles	-	-
-	Trailer	-	5,500
12,465	Mowers	-	-
-	Wackers and plate compactors	4,817	5,500
-	GIS - contingency	-	5,000
-	Aerial mapping	10,289	15,000
9,455	Regulatory - equipment contingency	-	5,000
-	Regulatory - software	-	5,000
-	Pipe thruster	282	-
4,887	Weedeater and chainsaw	-	-
<b>91,395</b>	<b>Total capital expenditure</b>	<b>141,382</b>	<b>212,920</b>

## CARTERTON DISTRICT COUNCIL

### Funding Impact Statement—Administration and Support For the year ended 30 June 2013

LTP 30 June 2012 \$		Actual 30 June 2013 \$	LTP 30 June 2013 \$
<b>Sources of operating funding</b>			
60,000	General rates, UAGC, rates penalties	69,463	60,000
-	Targeted rates (other than water supply)	-	-
-	Subsidies and grants - operating	-	-
200	Fees, charges and targeted rates for water supply	41	200
1,538,178	Internal charges and overheads recovered	1,945,522	1,744,346
375,670	Local Authorities fuel tax, fines, infringement fees and other	189,247	189,100
<b>1,974,048</b>	<b>Total operating funding</b>	<b>2,204,273</b>	<b>1,993,646</b>
<b>Applications of operating funding</b>			
1,303,225	Payments to staff and suppliers	1,778,736	1,549,736
21,035	Finance costs	9,717	-
-	Internal charges and overheads applied	-	-
-	Other operating funding applications	-	-
<b>1,324,260</b>	<b>Total applications of operating funding</b>	<b>1,788,453</b>	<b>1,549,736</b>
<b>649,788</b>	<b>Surplus / (deficit) of operating funding</b>	<b>415,820</b>	<b>443,910</b>
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
470,000	Increase / (decrease) in debt	(22,281)	-
-	Gross proceeds from sale of assets	170	-
-	Lump sum contributions	-	-
<b>470,000</b>	<b>Total sources of capital funding</b>	<b>(22,111)</b>	<b>-</b>
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
599,120	Capital expenditure - replace existing assets	141,100	212,920
520,668	Increase / (decrease) in reserves	252,609	230,991
-	Increase / (decrease) of investments	-	-
<b>1,119,788</b>	<b>Total application of capital funding</b>	<b>393,709</b>	<b>443,911</b>
<b>(649,788)</b>	<b>Surplus / (deficit) of capital funding</b>	<b>(415,820)</b>	<b>(443,911)</b>
<b>-</b>	<b>Funding balance</b>	<b>-</b>	<b>-</b>