



**CARTERTON**  
DISTRICT COUNCIL

**Annual Report  
for the year ended 30 June 2017**

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## Directory

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## Mayor and councillors

<b>His Worship the Mayor</b>	Mayor John Booth	
<b>Deputy Mayor</b>	Cr Russell Keys	
<b>Councillors</b>	Cr Mike Ashby	Cr Greg Lang
	Cr Ruth Carter	Cr Tracey O'Callaghan
	Cr Brian Deller	Cr Rebecca Vergunst
	Cr Jill Greathead	

## Senior executives

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

## Hurunui o Rangi Marae

<b>Kaumātua</b>	Mrs Lou Cook
	Mr PJ Devonshire

## Introduction from the Mayor



*Mai i te pae maunga, raro ki te tai  
Mai i te awa tonga, raro ki te awa raki  
Tēnei te hāpori awhi ai e Taratahi.  
Whano whano, haramai te toki  
Haumi ē, hui ē, tāiki ē!*

*From the peaks of our mountains, down to the coast  
From Waiohine to the South, down to Waingawa to the North  
This is our community; embraced by Taratahi.  
It binds us, strengthens us, and we move forward together.*

I am very pleased to present the Carterton District Council's 2016/17 Annual Report. The past year has seen another strong financial performance by the Council. There was an operating surplus of \$1.5 million reflecting significant building and development activity, capital expenditure was well within budget, and our reserves increased by a healthy \$0.7 million.

Carterton District's population, building activity, and other economic indicators all continue to show significant growth. So we are making sure our services and infrastructure are able to accommodate growth well into the future.

One of the most significant projects for us is our wastewater treatment plant upgrade. During the year we have further developed our plans in preparation for the lodging of our resource consent applications. We have incorporated into our plans a batch reservoir innovation that will allow us to maximise our land discharge and further improve the highly treated wastewater. Engaging with affected and interested people has been an important part of this project, and this has continued as we finalise our plans.

The Kaikōura earthquake was an important reminder about how vulnerable we all are to natural disasters. There were many messages coming from the experience of the Kaikōura and North Canterbury communities that we should heed. We have a very motivated and well organised group of volunteers working under the banner “Resilient Carterton” who are leading work to prepare our people for a major emergency event. Our Neighbourhood Support groups are an important part of this work and the resilience of Carterton.

One of the reasons Carterton is doing so well is the strength of our groups and volunteers. As an example we have a very strong arts community with both WaiArt and Heart of Arts providing opportunities for artists to present and sell their works.

As a Council we are very keen to take up opportunities to support both our rural and town communities. Much of this support flies under the radar, like our Parks and Reserves supplying plants to the Gladstone Complex to assist the beautification of the reserve. We have a very strong on-going relationship with Keep Carterton Beautiful Group who assists us to keep the town and our cemetery looking beautiful. And we work alongside many other volunteer groups, like the Carterton Foodbank.

Because we are a small Council we often have to be innovative in the way we deliver services. During the year we completed an upgrade of the road out to Flat Point. While we could not afford to seal the road, we have sealed the rises in the road where the slopes have resulted in corrugations from trucks. I’ve received a lot of positive feedback on this approach.

When our main water supply intake at the Kaipaitangata Stream got washed away in the floods this year, we diverted a number of our staff and equipment to fix the damage. This saved the ratepayers money, and gave our people some really interesting work that they did well and could feel very proud about.

During the year the Local Government Commission has been working on its proposal for amalgamating the three Wairarapa district councils. In July it confirmed a final amalgamation proposal. This will now be put to the community through a poll.

I would like to acknowledge the staff at the Council who—despite the uncertainty caused by the possibility of amalgamation—have continued to work hard for the Carterton community. We are lucky to have such a dedicated and professional team at the Council.

Please enjoy reading this report. There is much to be proud of.



John Booth  
**Mayor**

## Chief Executive's report



It has been a particularly busy year for the Council. Our high building and resource consent application numbers reflect the growth happening in the District. Carterton continues to attract new residents and businesses. As an organisation we strive to be welcoming and user-friendly. I get a lot of feedback that people find us easy to work with, which is a wonderful praise for our committed teams.

This year we have continued to deliver quality infrastructure services to Carterton. At times this has been a challenge for us, with major storm events during the year resulting in surface flooding and, more significantly, damage to our town drinking water intake at the Kaipaitangata Stream. Our operations team worked exceptionally hard to get the damage repaired, and to minimise the length of time we were dependent on our bores to supply the town with water.

A particular strength of Carterton, and something that makes us attractive to those looking to settle in Wairarapa, is the strong community spirit and the commitment of our many volunteers. The work over the past year of Resilient Carterton in leading the District's communities to prepare for a major event is an excellent example. As we know from earthquakes affecting other parts of New Zealand in recent times, well-connected and prepared communities are better able to cope with a major disaster.

While the Council will be focussing efforts on getting our services back up and running following a major earthquake, people will need to look after each other. Through our very


active Neighbourhood Support networks and the work of Resilient Carterton, our communities will be well placed to cope with a major emergency event, should one happen.

Over the last year we have worked with many volunteer and community groups. We have been developing our newest park – Bird's Park—as a collaborative project with the adjacent neighbourhood. We've continued our very strong partnership with the Lions Club of Carterton to complete two more projects: the installation of seats at the top of Holloway Street and the placement of a barbeque in Carrington Park.

Our annual Daffodil Festival continues to grow in popularity, but is only successful because of the time and effort of all the volunteers that help. And of course our gardens, parks, and cemetery all benefit from our team of dedicated staff working alongside the Keep Carterton Beautiful Group.

We are also very fortunate to have the committed Carterton people running Carterton's Foodbank out of our Events Centre and a thriving arts sector, with Heart of Arts and WaiArt making a huge contribution to that success. We are also very pleased to be able to work with the many other groups and individuals whose work often goes under the radar.

This Annual Report shows we're doing very well against most of our key performance indicators. Our success is due to our very dedicated staff and managers, and the partnerships we've formed with our many community groups.



Jane Davis  
**Chief Executive**

## 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 mana whenua status of Hurunui o Rangi Marae with Carterton District Council has been acknowledged since the inception of the Council. The Council acknowledges Hurunui o Rangi Marae as a mana whenua entity within its district and values the role of the Marae and associated hapū and whānau in the social and cultural fabric of our community.

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

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

Some activities during the last year have included:

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

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

## Statement of compliance and responsibility

### Compliance

1. The Council and management of the Carterton District Council certify that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, 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 2017 fairly reflect the financial position and operations of Carterton District Council.



John Booth  
**Mayor**  
31 October 2017



Jane Davis  
**Chief Executive**  
31 October 2017

# AUDIT NEW ZEALAND

Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Carterton District Council's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, Mari-Anne Williamson, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2017. This is the date on which we give our report.

## Opinion on the audited information

### Unmodified opinion on the audited information, excluding the statement of service performance

In our opinion:

- the financial statements on pages 36 to 38, pages 44 to 62 and pages 68 to 79:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2017;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime;
- the funding impact statement on page 38, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 39 to 43, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 39 to 43, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

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

In our opinion, except for the matters described in the *Basis for our opinion on the audited information* section of our report, the groups of activities including the statement of service performance on pages 9 to 33:

- presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

## Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 63 to 67, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

## Basis for our opinion on the audited information

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

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

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## Proposal for an amalgamated Wairarapa District Council

Without modifying our opinion, we draw attention to note 30 on page 62 which explains the proposal to amalgamate Carterton, Masterton and South Wairarapa District Councils into a single Wairarapa District Council. As a valid petition was submitted to the Local Government Commission, a poll will be held to determine the outcome. The poll will close on 12 December 2017. As the outcome of the amalgamation proposal will not be determined until poll results are known, there is uncertainty about the future of the Carterton District Council arising from the amalgamation proposal.

We consider the disclosures on this matter to be adequate.

### **Responsibilities of the Council for the audited information**

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

### **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan and long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 6, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council.



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



## Groups of activities

### Governance

#### This group of activities...

includes the following services and programmes:

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

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

##### *Strong and positive leadership*

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

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

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

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

- conduct its business in an open, transparent, and democratically accountable manner
- make it aware of and have regard to the views of the community.

When making decisions, the Council must:

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

The Council must also:

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

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

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

- Regular meetings of the Council, its committees and working groups were held to address governance and strategic policy issues. The conduct of these meetings observed standing orders and reflected best practice.
- Engaged with constituents in a range of ways: consultation meetings, service groups, business forums and individually.
- Leadership and participation in the response to future Wairarapa governance options promoted by the Local Government Commission.
- Participation at the Wellington Region Mayoral Forums.
- Attendance at the Zone 4 Local Government New Zealand meetings.
- Councillors' membership on a number of outside committees and groups, such as the Waiohine and Te Kauru Floodplain Committees, Wellington Region Waste Forum, Arts and Cultural Strategy Governance Group, Greater Wellington Regional Council's Ruamāhanga Whaitua Committee

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

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

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2017	Result
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Not achieved. Governance cost \$909,471 during 2016/17, up from \$808,863 in 2015/16. The Annual Plan 2016/17 (Annual Plan) anticipated expenditure of \$899,597. The increase reflects the cost of the election in 2016. [2016: Achieved]
Open and transparent conduct of Council business	Agenda items within 'public excluded'	≤5%	Not achieved. 5.6% of agenda items were considered as 'public excluded' items. Matters considered as 'public excluded' were personal or commercially sensitive in terms of the Local Government Official Information and Meetings Act. [2016: 8.8%]
Representation of residents by elected members	Residents rate the performance of the Mayor and councillors as 'very good' or 'fairly good'	≥75%	Not measured this year. The survey undertaken in 2014 stated that 77% of residents surveyed <sup>1</sup> rated performance as 'very good' or 'fairly good'. This survey is taken every three years, the next survey to be taken in November 2017. [2011: 62%]
Effective monitoring of the financial and non-financial performance of the Council	The annual report is adopted within statutory timeframes, with an unqualified audit opinion	100%	Achieved. The Annual Report was adopted within the statutory deadline (31 October 2017) with a modified opinion; this modification relates to the completeness of data in the Customer Request Management (CRM) system for reporting on numbers of complaints received and response times for attendance and resolution of complaints or faults. [2016: Not achieved. Modified report adopted in February 2017]

<sup>1</sup> NRB Communitrak™ Survey: National Research Bureau, August 2014.

## Community support

### This group of activities...

includes the following services and programmes:

#### Community development

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

#### Parks and reserves

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

#### Community amenities

- Carterton Events Centre
- Clareville Cemetery
- Outdoor Swimming Complex

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

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that encourages lifelong learning*

*A district that enjoys creativity and recreation*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

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

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

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 Hurunui o Rangi Marae Partnership, Rangatahi ki Rangatira, Destination Wairarapa, the Wairarapa Arts Festival, Enviro-schools and the Youth in Education Training and Employment (REAP).
- Other funding assistance including Toi Wairarapa, GO Carterton, Carterton Community Patrol, Masterton Multi-sports Stadium and the "Bring it to Colombo" netball facility.
- Annual scholarships to UCOL and the Taratahi Agricultural Training Farm.
- Community network meetings to encourage information sharing and collaboration to ensure comprehensive delivery of social services within Carterton.
- Worked with other councils to review and re-establish the Wairarapa Councils youth development strategy.
- Supported two Carterton youth to attend the Matariki mentoring programme.
- Free school holiday programmes for youth and young adults.
- Running through the Library a coding club, book clubs for both teens and adults to encourage wider reading and education and a service to assist seniors to engage in the digital world.
- 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**

- Developed new park facilities at Bird's Park in South Carterton.
- With the Lions Club of Carterton established new seating at the corner of Holloway and High Streets to commemorate the contribution given to Carterton by volunteers.
- Established a new BBQ and shelter facility in Carrington Park.
- Initiated community input for revitalisation of Broadway as the link between shopping centre and the railway station, preliminary to redevelopment in 2017/18.
- Provided for natural burials at Clareville cemetery.
- Extended roading within the cemetery to provide for future expansion.
- Redeveloped the Council website
- Established a marketing and communication plan for Council facilities and services
- Established mobile shelving for the library
- Became more self-sufficient to cater for events at the Events Centre.
- Established Neighbourhood Support as a council service working within the community.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2017	Result
Community support is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Not achieved. Community Support cost \$3,653,274 during 2016/17, up from \$3,394,976 in 2015/16. The Annual Plan anticipated expenditure of \$3,469,478. The expenditure over budget reflected a Council decision to bring contracted services, including neighbourhood support, in-house and to improve support for community services. [2016: Not achieved]
A range of amenities of a standard satisfactory to residents	Residents satisfied with public swimming baths	≥75%	Not measured. The survey undertaken in 2014 stated that 63% of residents surveyed <sup>2</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 34% 'didn't know'. Of those who had used or visited the public swimming baths in the previous 12 months, 90% rated their satisfaction as 'very satisfied' or 'fairly satisfied'. The next survey will be in November 2017. [2011: 57%]
	Residents satisfied with public toilets	>75%	Not measured. The survey undertaken in 2014 stated that 74% of residents surveyed <sup>3</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 26% 'didn't know'. Of those who had used the public toilets in the previous 12 months, 95% rated their satisfaction as 'very satisfied' or 'fairly satisfied'. The next survey will be in November 2017. [2011: 49%]
	Percentage of Carterton residents who are members of the Library	>75%	Not achieved. At 30 June 2017, there were 3,114 members being 38% of 8,235 <sup>4</sup> residents in the district. Of these 1,406 were active members having issued 58,426 items, a 3.6% increase over the 56,388 issues in 2015/16. The current target will be assessed in 2017/18 to be reset to more attainable levels. [2016: Not achieved – 4,408 members being 54% of residents]

<sup>2</sup> NRB Communitrak™ Survey: National Research Bureau, August 2014.

<sup>3</sup> NRB Communitrak™ Survey: National Research Bureau, August 2014.

<sup>4</sup> 2013 Census, NZ Statistics

The service broken down into measurable components	Performance measure	Target 2017	Result
Effective use of grant monies	Community grants budget is distributed in accordance with the Council policy	100%	Achieved. The community grants budget was distributed in accordance with the Council policy. [2016: Achieved]
High quality sports fields, parks, and reserves	Residents (who have used or visited a park or reserves) satisfied	≥90%	Not measured. The survey undertaken in 2014 stated that 96% of residents surveyed <sup>5</sup> , who had visited a park or reserve in the previous 12 months, rated their satisfaction as 'very satisfied' or 'fairly satisfied'. The next survey will be in November 2017. [2011: 95%]
	High profile or offensive graffiti is removed within 4 hours of the Council being aware of it	100%	Achieved. Graffiti found in public parks and reserves was removed within 4 hours in every instance during 2016/17. There were three instances of graffiti. [2016: 100%]
Prompt response to all health and safety incidents	Calls with a potential public health or safety risk are responded to within 30 minutes	100%	There were no calls received during 2016/17 identifying a potential public health or safety risk. [2016: 100%]

<sup>5</sup> *NRB Communitrak™ Survey*: National Research Bureau, August 2014.

## Regulatory and planning

### This group of activities...

includes the following services:

- Administration of the responsibilities imposed on the Council under Section 31 of the Resource Management Act 1991, the primary focus being the management of the effects of activities on the environment according to the rules set out in the District Plan
- Oversight of the building control functions of both the Territorial Authority's (TA) and Building Consent Authority's (BCA) regulatory responsibilities within the Council. Both BCA and TA requirements are set out under the Building Act 2004 with specific requirements for the BCA in the Building (Accreditation of Building Consent Authorities) Regulations 2006.
- Maintenance and development of the Council's Geographic Information System (GIS), which provides a cadastral mapping database that graphically depicts property and road boundaries, and holds valuable data about each property in the district, e.g. location of sewer and water connections, fault lines, and resource consents
- Environmental health
- Licensing the sale and supply of alcohol
- Civil defence and emergency management
- Animal management.

### ...contributes to the community outcomes

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

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

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

*A vibrant and prosperous economy*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos, e.g. the making of bylaws
- 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
- Building Act 2004 and regulations, which sets out the roles and responsibilities of the BCA, TA, owner, builder designer, and product manufacturer
- Health Act 1956 and amendments, which require the Council to improve, promote and protect public health
- Sale and Supply of Alcohol Act 2012, which requires the Council to enforce safe and responsible sale, supply, and consumption of alcohol in the Carterton district

- Civil Defence Emergency Management Act 2002, which requires the Council to plan adequately for emergencies and for response and recovery in the event of an emergency
- Dog Control Act 1996 and amendments, which require the Council to put measures in place to control dogs in public places, through registration, prevent nuisances and ensure public safety.

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

On 30 June the activities of the Wairarapa Rural Fire Board were disestablished, with their equipment and responsibilities being assumed by Fire Emergency New Zealand on 1 July 2017. For the Council this means there will be no continuing financial support from 1 July 2017 for the former Wairarapa Rural Fire Board. All equipment previously held by Carterton District Council for rural fire response had been transferred in prior years to the Board.

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

- Membership and funding support to the Wairarapa Rural Fire Board until 30 June 2017
- Membership of the regional BCA group
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand

### Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2017	Result
The regulatory and planning service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Regulatory and Planning cost \$1,610,284 during 2016/17, up from \$1,602,011 in 2015/16. The Annual Plan anticipated expenditure of \$1,429,208. The increase in cost arose through the processing of resource consents, building consents and health inspection. [2016: Not achieved]

- Membership and funding support to the Wellington Region Emergency Management Group
- Regular inspection of food and alcohol outlets
- All dog owners are visited at least once every year.

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

Investment was made in a personal security camera for animal control and improved portable devices for building control management.



The service broken down into measurable components	Performance measure	Target 2017	Result
Timely processing of applications	LIMs <sup>6</sup> processed within 10 working days	100%	Achieved. 189 LIMs processed all completed under the 10 day statutory time frame. Average process time was 6 days. [2016: 204 LIMs, Average processing time 5 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	Achieved. 45 resource consents were processed during the year, all completed within statutory timeframes. [2016: 47 resource consents, 100% within statutory timeframes]
	PIMs and building consents processed within statutory timeframes	100%	Not achieved. 354 Building consents were processed during the year, with an approximate value of \$34.5 million. 348 were processed within the statutory time frame (98.31%). Technical difficulties prevented the timely completion of two consents. Average processing time 11 days. [2016: 280 Building consents and PIMS, 100% within statutory timeframes – approximate value \$23.4 m]
Prompt responses to enquiries and complaints (animal and noise)	Complaints and service requests are responded to within 4 working hours, to advise the complainant what action will be taken and in what timeframe	100%	Not achieved. A total of 439 complaints and service requests were responded to of which 3 were noise complaints and 436 complaints/service requests relating to animal control. 62% were responded to within 4 working hours. The median response time was 40 minutes. [2016: Not achieved. 586 complaints and service requests, 76% responded to within the prescribed time period]]
Safe and healthy food premises and liquor outlets	Known food premises and liquor outlets in the district are registered or licensed	100%	Achieved. 3 on-licences, 4 off-licences, 3 club licences, 49 special licences and 40 manager's certificates were issued covering 70 organisations/premises involved in the sale of liquor. 31 food premises/organisations have been monitored, ensuring current licensing and registration under health legislation. [2016: A total of 59 registered or licensed]

<sup>6</sup> Land Information Memorandums

## Roads and footpaths

### **This group of activities...**

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

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

*A vibrant and prosperous economy*

*A safe district*

*A district that enjoys creativity and recreation*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

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

The district roading network is managed under the *Roading Activity Management Plan 2014* that sets out the targets for asset condition, performance, and levels of service.

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

- community expectations and the Council's response the customer feedback
- legislative requirements, eg Land Transport NZ Act 1989
- sustainable economic and safety matters embodied in the community outcomes
- community affordability.

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

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

- 2016/17 was noted for mixed weather conditions with some extreme temperatures and prolonged inclement periods but no adverse weather events that impacted on districts roading network. Despite this situation, contractor availability ensured completion of work uncomplicated by any emergency expenditure.
- Provision of funding for the Wairarapa Road Safety Co-ordinator.
- Completion of the approved subsidised roading programme, being the second year in the 2015/18 3 year programme.
- 15.7 km of resealing on rural roads completed.
- 0.36 km of sealed rural road rehabilitated. A further 0.9km of unsealed rural road that was deferred from the 2015/16, was completed.
- 1,828 m<sup>2</sup> of footpath surfacing renewed (112m<sup>2</sup> of concrete paths and 1,716m<sup>2</sup> of asphaltic concrete paths).

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

The bulk of the roading work was 'business as usual'. The Ponatahi Culvert Extension and Road Realignment works has been completed. Sight benching to a sharp corner on Te Kopi Road has also been completed.

## Levels of service and performance measures

The proposed river protection work at Dakins Road was deferred again to 2017/18 to enable the Regional Council to meet their share of the costs. Temporary works in the river carried out by Greater Wellington Regional Council to help stabilise the river flow have continued to be effective. Land purchase to enable a realignment of the road has been negotiated.

The service broken down into measurable components	Performance measure	Target 2017	Result
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Roads and Footpaths cost \$3,357,647 during 2016/17, up from \$3,156,942 in 2015/16. The Annual Plan anticipated expenditure of \$3,392,791. Savings arose from there being no emergency expenditure. Although the weather conditions were mixed over the period, there were no adverse weather events that impacted on the roading system during the year. [2016: Achieved—operating under budget]
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network <sup>7</sup>	<1 fatal <3 serious injury	Achieved. There has been no change from the previous year in the number of crashes between years on the local roading network. During 2016/17 there was one fatal crash (1 in 2016) and four serious injury crashes (4 in 2016). [2016: Not achieved]
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	Achieved. Of the 226 requests, 210 or 93% were responded to within the contract response time. [2016: Not achieved 89%]
	Average quality of ride on the sealed local road network	≥90%	Achieved. The ride quality of the sealed local road network was considered to be 100% VKT (Vehicle Kilometres Travelled). [2016: Achieved 98%]
	An average road roughness index on sealed roads	80 or less	Achieved. Road roughness was 64.3 NAASRA <sup>8</sup> counts per lane kilometre. [2016: 64.3 NAASRA counts per lane km]
	Percentage of sealed road network that is resurfaced	≥6%	Not achieved. 15.7km or 5.4% of the 292.5km of sealed roads. [2016: Achieved. 19.4km or 7%.]

<sup>7</sup> Source: NZTA's Crash Analysis System

<sup>8</sup> National Association of Australia State Road Authorities

The service broken down into measurable components	Performance measure	Target 2017	Result
	Percentage of footpaths compliant with condition standards	≥95%	99.6% of footpaths have scored a condition grading of 1-3, with 0.4% having a condition score of 4-5. [2016: Not measured]
	Residents satisfied with the district's footpaths	≥60%	Not measured. The survey undertaken in 2014 stated that 69% of residents surveyed <sup>9</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 8% 'didn't know'. The next survey will be in November 2017. [2011: 58%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	Not achieved. A response rate of 0%; the one regulatory sign repaired or replaced was outside the response time. [2016: Not achieved. Response rate of 20%.]
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥90%	Not achieved. A response rate of 79%; of the 47 non-regulatory signs, 37 were repaired within the required response time. [2016: Not achieved. A response rate of 44%]
	Road signs and markings found missing or not visible	≤5%	Achieved. A rate of 1%; of the 2,300 road signs or markings within the district, 19 road signs or markings were found to be missing or not visible in the six-monthly inspections. All were remedied. [2016: Achieved]
Safe footpaths	Fault reports and public complaints are acknowledged within 2 days	≥90%	Not achieved. Of 34 complaints related to footpaths, 8 were responded to within 2 working days (24%). [2016: Not achieved 17%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	Not achieved. Of the 50 streetlight faults identified, 41 or 82% were repaired within 2 weeks. [2016: Not achieved 93%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥90%	Not achieved. Of 261 service requests, 182 responded to within 10 days (70%). [2016: Not achieved. A response rate of 68%]

<sup>9</sup> *NRB Communitrak™ Survey*: National Research Bureau, August 2014.

## Sewerage and the treatment and disposal of sewage

### This group of activities...

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

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

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

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

The urban reticulated sewerage network is managed under the *Asset Management Plan—Municipal Wastewater Treatment and Disposal: March 2015*, which sets out the targets for asset condition, performance, and levels of service.

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

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

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

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

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

- Reporting to Greater Wellington Regional Council (GWRC) on resource consent conditions, including two unconsented events involving mains blockages that were discovered by Council staff and appropriately resolved.
- The continued upgrade and renewal of the sewer reticulation network.
- Consultation with key stakeholders continued during the year as part of the sewage treatment plant resource consent renewal process.
- Provision of reticulated sewerage services to the Waingawa Industrial Zone by agreement with Masterton District Council.

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

The significant activity this year involved continued investigation work preparatory to making application for renewal of the resource consent. This application was made to Greater Wellington Regional Council in April 2017.

Work on planned mains replacement focussed on High Street north. This activity involved CCTV review that indicated patch lining of the main was sufficient to maintain services. Significant capital savings was obtained. Other work involved the extension of the Waingawa mains to cater for future demands.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2017	Result
The sewerage service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Sewerage cost \$1,600,437 during 2016/17, down from \$1,841,568 in 2015/2016. The Annual Plan anticipated expenditure of \$1,685,113. The expenditure includes the continued re-development of the sewage treatment plant and its capability to meet current and future resource consents. This reflected professional advice and technical analysis services. Activity continued on the associated capital works. [2016: Not achieved]
System and adequacy	Number of dry weather sewerage overflows per 1000 connections	≤5	Achieved. There were no dry weather sewer overflows during the year. [2016: Achieved a rate of 0.84 per 1000 connections]
Management of environmental impacts	Number of abatement notices	≤1	Achieved. No abatement notices were issued by GWRC. [2016: Achieved]
	Number of infringement notices	0	Achieved. No infringement notices were issued by GWRC. Two unconsented events involving mains blockages were reported to GWRC. These had been discovered by Council staff and were appropriately resolved. [2016: Achieved]
	Number of enforcement orders	0	Achieved. No enforcement notices were issued by GWRC. [2016: Achieved]
	Number of successful prosecutions	0	Achieved. No prosecution of the Carterton District Council was undertaken by GWRC during 2016/17 [2016: Achieved]

The service broken down into measurable components	Performance measure	Target 2017	Result
Response to sewerage system faults	Median attendance time	≤1 hour	Not measured. There were 17 incidents recorded as service requests in 2016/17. When they were first attended was not recorded, hence a median time is not able to be calculated. [2016: Not achieved the median was 1.68 hours]
	Median resolution time	≤4 hours	Achieved. The median to resolve an incident is 0.8 hours; a rate less than 4 hours. 17 incidents occurred and most took less than 4 hours to resolve. Three took at least a day to resolve and one was not resolved until after the year-end. In addition two incidents involving mains blockages were discovered by Council staff and appropriately resolved. These incidents were not recorded as service requests. [2016: Achieved The median was 0.9 hours]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤20	Achieved. The rate is 6.39 per 1000 connections: there were 17 service requests/complaints during 2016/17. [2016: Achieved a rate of 3.78 per 1000 connections]
Sewerage system of a satisfactory standard	Urban residents satisfied with the sewerage system	≥87%	Not measured. The survey undertaken in 2014 stated that 97% of urban residents surveyed <sup>10</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. The next survey will be in November 2017. [2011: 87%]

<sup>10</sup> NRB Communitrak™ Survey: National Research Bureau, August 2014.

## Stormwater drainage

### This group of activities...

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

### ...contributes to the community outcomes

#### *A safe district*

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

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

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

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

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

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

Development is managed to ensure appropriate provision for stormwater drainage.

The urban reticulated stormwater network is managed under the *Asset Management Plan—Municipal Stormwater System: March 2015*, which sets out the asset condition, performance, and levels of service.

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

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

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

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

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

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

The planned significant capital works item, the diversion of Waikākāriki Stream, was further deferred until 2017/18. Work will only commence once discussions with all landowners are concluded.

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



## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2017	Result
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Stormwater management cost \$185,585 during 2016/17, up from \$165,699 in 2015/16. The Annual Plan anticipated expenditure of \$219,402. [2016: Achieved]
System and adequacy	Number of flooding events	≤1	No flooding events recorded. A flooding event is where a residential or commercial floor-space is flooded. [2016: None]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	None. [2016: None]
Management of environmental impacts	Number of abatement notices	0	Achieved. No abatement notices were issued by GWRC. [2016: Achieved]
	Number of infringement notices	0	Achieved. No infringement notices were issued by GWRC. [2016: Achieved]
	Number of enforcement orders	0	Achieved. No enforcement notices were issued by GWRC. [2016: Achieved]
	Number of successful prosecutions	0	Achieved. No prosecution of the Carterton District Council was undertaken by GWRC during 2016/17. [2016: Achieved]
Response to stormwater system issues	The median response time to attend a flooding event	≤3 hours	Achieved. There was no flooding event in 2016/17. 9 blockages or overflows (ie service faults) were reported and resolved. [2016: Achieved]

The service broken down into measurable components	Performance measure	Target 2017	Result
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	Achieved. The rate per 1000 properties was 4.95 complaints. 9 complaints or service faults relating to the stormwater system were reported during 2016/17. 3 other complaints or service requests were received about impacts upon water courses/streams within or near the urban zone. {2016: Achieved, the rate is 1.29 per 1000 properties}
Stormwater system of a standard satisfactory to residents	Urban residents satisfied with the stormwater system	≥79%	Not measured. The survey undertaken in 2014 stated that 73% of urban residents surveyed <sup>11</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. The next survey will be in November 2017. [2011: 77%]

<sup>11</sup> NRB Communitrak™ Survey: National Research Bureau, August 2014.

## Waste management

### This group of activities...

includes the following services:

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

### ...contributes to the community outcomes

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

- encourage efficient and effective waste management services

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

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

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

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

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

The Wellington Region Waste Management and Minimisation Plan 2017-2023 was put to public consultation and adopted by joint Councils by year-end.

## Examples of Council activities that contributed to achieving outcomes

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

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

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

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2017	Result
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Waste management cost \$764,364 during 2016/17, up from \$733,431 in 2015/16. The Annual Plan anticipated expenditure of \$849,394. [2016: Achieved]
Refuse and recycling services of a satisfactory standard	Urban residents are satisfied with refuse collection and with kerbside recycling	≥85%	Not measured. The survey undertaken in 2014 stated that 90% of urban residents surveyed <sup>12</sup> rated their satisfaction with refuse collection as 'very satisfied' or 'fairly satisfied', and 89% with kerbside recycling. The next survey will be in November 2017. [2011: refuse collection 84% and kerbside recycling 89%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	Not achieved. Ground water sampling from the landfill has been found to exceed guideline parameters. These reflect past use of the landfill environs where unlined dumping occurred. More recent landfill activity at the site involved lining the dumped material. Steps are taken to capture and treat leachate from these lined landfill deposits. Similar steps are not possible with the unlined deposits due to the nature of that dumping. [2016: Not achieved]

<sup>12</sup> NRB *Communitrak™* Survey: National Research Bureau, August 2014.

## Water supply

### This group of activities...

includes the following services:

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

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

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

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

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

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

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

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

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

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

The urban reticulated water network is managed under the *Asset Management Plan—Municipal Water Supply: March 2015*, which sets out the targets for asset condition, performance, and levels of service.

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

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

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

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

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

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

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

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

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

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

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

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

Work on water mains replacement continued in 2016/17. The water supply main at Waingawa was extended to provide capacity for future demands. The High Street South water supply main was supplemented by a rider main on the western side of High Street. The two mains will allow for more secure supply and reduce the incidence of laterals crossing SH2.

The major unplanned activity involved restoration of the dam and water supply intake structures on the Kaipaitangata Stream. These were extensively damaged by severe flooding caused by significant weather events in February and April 2017. Restoration of the damaged structures was completed by June 2017. Steps have been introduced to ensure that alluvial material is removed during low flow periods, and upstream conditions are monitored for any potentiality for similar events in future. Much of the damage was caused by ancient logs being uncovered and swept downstream by the high water flows.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2017	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. Water supply cost \$2,055,560, up from \$1,773,632 in 2015/16. The Annual Plan anticipated expenditure of \$1,835,669. The need to restore the Kaipaitangata Stream dam and facilities due to extensive storm damage, and to maintain the urban water supply by drawing water from the artesian resource, incurred expenditures that were much greater than planned. [2016: Achieved]
Safety of drinking water	Compliance with part 4 of DW Standards (bacteriological requirements)	Full compliance	Not Achieved. Kaipaitangata Treatment Plant – non compliant - Arising from issues related to the continuous monitoring of turbidity Frederick Street Treatment Plant – non compliant - Arising from issues related to the continuous monitoring of turbidity and FACE Distribution zone – compliant Issues with compliance at both plants are being addressed through improved equipment and telemetry. [2016: Not achieved]
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Not achieved. Both the Kaipaitangata and Frederick Street treatment plants are non-compliant for the lack of adequate monitoring of existing UV treatment. Continuous monitoring is being established through improved equipment and telemetry to ensure compliance with the agreed Water Safety Plan. This plan was approved in 2017 by Regional Public Health. [2016: Not achieved]
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤15%	Not achieved. The real water loss is 42%, representing 310 litres per service connection per day. Flushing to maintain service levels is currently not measured. Improvement of the reticulation system through replacement and refurbishment is expected to reduce real water losses over time. Monitoring of the network condition will identify where that work will occur. [2016: Not achieved 38% or 290 litres per service connection per day]

The service broken down into measurable components	Performance measure	Target 2017	Result
Fault response times	Median time to attend urgent call-outs	≤2 hours	Achieved. There were no urgent callouts in 2016/17. An urgent call-out is where there is a complete loss of water supply. [2016: Achieved The median was 1 hour]
	Median time to resolve urgent call-outs	≤4 hours	Achieved. There were no urgent callouts in 2016/17. [2016: Achieved The median was 1 hour]
	Median time to attend non-urgent call-outs	≤12 hours	Not achieved. There were 130 non-urgent call-outs during 2016/17. When they were first attended was not recorded. [2016: Not achieved The median was 65.1 hours]
	Median time to resolve non-urgent call-outs	≤24 hours	Achieved. The median was 21 hours. 127 call-outs during 2016/17 were resolved once onsite within 24 hours. 3 remained unresolved at year-end. [2016: Achieved. The median was 1 hour]
Customer satisfaction	Number of complaints received per 1000 connections	≤15	Not achieved. There were 2,658 water supply connections and the effective complaint/service request rate is 49 per 1000 connections. 1 complaint was received during the year about water quality and 129 other service requests to correct issues that may or may not be directly related to continuity of water supply. The cause for the increase in complaint/service requests between 2015/16 and 2016/17 is not known. Potential drivers for increase include heightened social media after the release of Council “pages” and increased awareness about water usage/loss. [2016: Not Achieved Effective complaint/service request rate is 22 per 1000 connections]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	Achieved. 396.37 litres per resident serviced by urban water supply, inclusive of water losses; 207 litres per resident excluding water losses. [2016: Achieved 227 litres per resident]
Urban water system of a satisfactory standard	Urban residents are satisfied with the urban water service	≥90%	Not measured. The survey undertaken in 2014 stated that 95% of urban residents surveyed rated their satisfaction with the town water supply as ‘very satisfied’ or ‘fairly satisfied’. The next survey will be in November 2017. [2011: 91%]



The service broken down into measurable components	Performance measure	Target 2017	Result
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 1.56% <b>less</b> than the previous year. [2016: Achieved 2.7% less than the previous year]
	Compliance with water resource consent conditions	100%	Not achieved. Water usage demand in 2016/17 has yet to be reported to GWRC. This report is currently being prepared. [2016: Not achieved]



# Financial statements

## CARTERTON DISTRICT COUNCIL

### Statement Of Financial Performance For The Period Ended 30 June 2017

Actual 30 June 2016 \$	Note	Actual 30 June 2017 \$	Annual Plan 30 June 2017 \$
<b>Revenue</b>			
10,399,093		10,903,516	10,595,655
74,303	16	67,909	25,000
175,860		177,581	128,484
1,585,212		1,861,214	1,486,100
1,499,039		1,412,366	1,680,900
66,128		84,548	62,500
129,091		24,466	25,900
186,328		154,798	141,999
61,827	2	159,311	77,500
428,805		664,449	317,200
47,304		44,535	48,000
24,574		32,343	97,000
-		54,000	-
27,591		-	-
13,000		4,954	-
-		-	(64,000)
14,718,155		15,645,989	14,622,238
<b>Expenditure</b>			
808,863		909,471	899,597
3,156,942		3,357,647	3,392,791
1,773,632		2,055,560	1,835,669
1,841,568		1,600,437	1,685,113
165,699		185,585	219,402
733,431		764,364	849,394
3,394,976		3,653,274	3,469,478
1,602,011		1,610,284	1,429,208
-	7	19,905	40,000
2,197,938		-	-
19,046		1,663	-
-		-	(64,000)
15,694,106		14,158,190	13,756,652
(975,951)		1,487,799	865,586
		(226,124)	-
77,802	5	31,317	-
(898,149)		1,292,993	865,586
-	9	-	-
(898,149)	5	1,292,993	865,586
Note: Operating costs include the following expenses			
3,448,373	25	3,297,226	3,548,783
445,723	4	403,931	499,549
3,210,217	3	3,754,658	

## CARTERTON DISTRICT COUNCIL

### Statement Of Other Comprehensive Revenue And Expense For The Year Ended 30 June 2017

Actual 30 June 2016 \$	Note	Actual 30 June 2017 \$	Annual Plan 30 June 2017 \$
(898,149)		1,292,993	865,586
-		-	-
2,985,041		23,822,458	3,731,332
6,147		1,810	1,000
2,991,188	15	23,824,269	3,732,332
2,093,039		25,117,262	4,597,918

## CARTERTON DISTRICT COUNCIL

### Statement Of Changes In Equity For The Year Ended 30 June 2017

Actual 30 June 2016 \$	Note	Actual 30 June 2017 \$	Annual Plan 30 June 2017 \$
163,779,584		165,872,623	162,066,602
2,093,039	Total comprehensive revenue and expense	25,117,262	4,597,918
<b>165,872,623</b>	<b>Equity at end of year</b>	<b>190,989,885</b>	<b>166,664,520</b>
<b>Components of equity</b>			
114,916,539	Retained earnings at start of year	112,421,319	114,273,693
(898,149)	Surplus/(deficit) after tax	1,292,993	865,586
(3,032,890)	Transfers (to)/from restricted/council created reserves	(692,736)	(909,769)
1,435,819	Transfers (to)/from revaluation reserves	-	-
<b>112,421,319</b>	<b>Retained earnings at end of year</b>	<b>113,021,576</b>	<b>114,229,510</b>
44,284,100	Revaluation reserves at start of year	45,839,469	43,188,743
2,985,041	Revaluation gains (losses)	23,822,458	3,731,332
6,147	Financial asset revaluation gains	1,810	1,000
(1,435,819)	Transfers to/(from) equity	-	-
<b>45,839,469</b>	<b>Revaluation reserves at end of year</b>	<b>69,663,738</b>	<b>46,921,075</b>
4,578,945	Restricted/council created reserves at start of year	7,611,835	4,604,166
3,032,890	Transfers (to)/from reserves	692,736	909,769
<b>7,611,835</b>	<b>Restricted/council created reserves at end of year</b>	<b>8,304,571</b>	<b>5,513,935</b>
<b>165,872,623</b>	<b>Equity at end of year</b>	<b>190,989,885</b>	<b>166,664,520</b>

## CARTERTON DISTRICT COUNCIL

### Statement Of Financial Position As at 30 June 2017

Actual 30 June 2016 \$	Note	Actual 30 June 2017 \$	Annual Plan 30 June 2017 \$
<b>Assets</b>			
<b>Current assets</b>			
4,394,885	Cash and cash equivalents	2,728,536	6,505,928
1,332,481	Debtors and other receivables	1,268,440	1,609,451
1,826,901	Investments	4,333,039	-
<b>7,554,267</b>	<b>Total current assets</b>	<b>8,330,015</b>	<b>8,115,379</b>
<b>Non-current assets</b>			
167,461,795	Property, plant & equipment	191,694,421	169,963,436
490,855	Forestry assets	536,852	413,053
421,626	Intangible assets	276,571	447,087
34,517	Investment in CCOs and section 6(4) entities	36,409	29,370
13,882	Investment in other entities	13,799	13,882
<b>168,422,675</b>	<b>Total non-current assets</b>	<b>192,558,052</b>	<b>170,866,828</b>
<b>175,976,942</b>	<b>Total assets</b>	<b>200,888,067</b>	<b>178,982,207</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
1,470,235	Creditors and other payables	1,375,291	1,703,916
308,860	Employee entitlements	382,102	257,373
5,747,711	Borrowings	1,929,866	535,411
<b>7,526,806</b>	<b>Total current liabilities</b>	<b>3,687,259</b>	<b>2,496,700</b>
<b>Non-current liabilities</b>			
84,277	Employee entitlements	64,243	-
2,493,236	Borrowings	6,146,680	9,820,987
<b>2,577,513</b>	<b>Total non-current liabilities</b>	<b>6,210,923</b>	<b>9,820,987</b>
<b>Equity</b>			
112,421,319	Public equity	113,021,576	114,229,510
2,300,737	Restricted reserves	2,370,472	5,513,935
45,839,469	Revaluation reserves	69,663,738	46,921,075
5,311,098	Other reserves	5,934,099	-
<b>165,872,623</b>	<b>Total equity</b>	<b>190,989,885</b>	<b>166,664,520</b>
<b>175,976,942</b>	<b>Total liabilities and equity</b>	<b>200,888,067</b>	<b>178,982,207</b>

## CARTERTON DISTRICT COUNCIL

### Statement Of Cashflows For The Year to 30 June 2017

Actual 30 June 2016 \$	Note	Actual 30 June 2017 \$	Annual Plan 30 June 2017 \$
<b><u>Cash flows from operating activities</u></b>			
<b>Cash was received from:</b>			
10,392,257		11,049,438	10,620,655
1,321,358		1,436,832	1,706,800
65,272		84,548	62,500
3,335,190		2,939,861	1,433,454
<u>175,881</u>		<u>151,908</u>	<u>128,484</u>
15,289,958		15,662,587	13,951,893
<b>Cash was applied to:</b>			
9,725,494		10,498,300	8,535,855
<u>446,433</u>		<u>391,033</u>	<u>499,549</u>
10,171,927		10,889,333	9,035,404
5,118,031	17	4,773,254	4,916,489
<b><u>Cash flows from investing activities</u></b>			
<b>Cash was received from:</b>			
67,655		3,291	-
-		1,826,901	-
-		-	-
<u>67,655</u>		<u>1,830,192</u>	<u>-</u>
<b>Cash was applied to:</b>			
3,550,811		3,778,649	6,110,139
1,813,384		4,326,745	-
-		-	-
<u>5,364,195</u>		<u>8,105,393</u>	<u>6,110,139</u>
(5,296,540)		(6,275,201)	(6,110,139)
<b><u>Cash flows from financing activities</u></b>			
<b>Cash was received from:</b>			
443,625		5,487,970	2,998,550
<u>443,625</u>		<u>5,487,970</u>	<u>2,998,550</u>
<b>Cash was applied to:</b>			
460,135		5,652,371	515,980
<u>460,135</u>		<u>5,652,371</u>	<u>515,980</u>
(16,510)		(164,401)	2,482,570
(195,019)		(1,666,349)	1,288,920
<u>4,589,904</u>		<u>4,394,885</u>	<u>5,217,008</u>
<u>4,394,885</u>		<u>2,728,536</u>	<u>6,505,928</u>
<b><u>Represented by:</u></b>			
4,394,885		2,728,536	6,505,928
<u>4,394,885</u>		<u>2,728,536</u>	<u>6,505,928</u>

## CARTERTON DISTRICT COUNCIL

### Whole of Council Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$	Actual 30 June 2016 \$		Actual 30 June 2017 \$	Annual Plan 30 June 2017 \$
<b><u>Sources of operating funding</u></b>				
6,932,816	6,880,507	General rates, UAGC, rates penalties	7,176,631	7,062,401
3,454,509	3,592,889	Targeted rates	3,794,793	3,558,254
779,173	665,082	Subsidies and grants - operating	666,905	752,049
1,314,549	1,881,533	Fees and charges	2,234,226	1,486,100
350,749	117,431	Local Authorities fuel tax, fines, infringement fees and other	133,569	361,499
<u>203,856</u>	<u>175,860</u>	Interest and dividends from investments	<u>177,852</u>	<u>128,984</u>
13,035,651	13,313,302	<b>Total operating funding</b>	14,183,977	13,349,287
<b><u>Applications of operating funding</u></b>				
9,324,643	9,313,374	Payments to staff and suppliers	10,135,463	9,707,320
553,094	445,723	Finance costs	403,931	499,549
-	269,652	Other operating funding applications	319,907	-
9,877,737	10,028,749	<b>Total applications of operating funding</b>	10,859,301	10,206,869
3,157,914	3,284,553	<b>Surplus / (deficit) of operating funding</b>	3,324,676	3,142,418
<b><u>Sources of capital funding</u></b>				
996,608	963,048	Subsidies and grants - capital	769,927	954,751
310,000	428,805	Development and financial contributions	664,449	317,200
2,493,058	(16,510)	Increase / (decrease) in debt	(149,170)	2,463,139
-	67,655	Gross proceeds from sale of assets	3,291	-
-	-	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	-
<u>3,799,666</u>	<u>1,442,998</u>	<b>Total sources of capital funding</b>	1,288,497	3,735,090
<b><u>Applications of capital funding</u></b>				
216,600	-	Capital expenditure - meet additional demand	316,378	440,050
1,210,000	601,197	Capital expenditure - improve level of service	522,236	2,008,364
2,951,600	2,680,952	Capital expenditure - replace existing assets	2,944,822	3,661,725
2,579,380	1,445,402	Increase / (decrease) in reserves	829,737	766,369
-	-	Increase / (decrease) of investments	-	1,000
6,957,580	4,727,551	<b>Total application of capital funding</b>	4,613,173	6,877,508
(3,157,914)	(3,284,553)	<b>Surplus / (deficit) of capital funding</b>	(3,324,676)	(3,142,418)
-	-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Governance Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$	Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b><u>Sources of operating funding</u></b>		
834,846	840,456	785,346
-	-	-
-	-	-
-	50,375	-
-	-	-
2,000	-	-
-	-	-
836,846	890,831	833,521
<b><u>Applications of operating funding</u></b>		
516,668	521,405	551,063
8,210	-	6,369
294,863	386,681	302,275
-	-	-
819,741	908,086	859,707
17,105	(17,254)	(26,186)
<b><u>Sources of capital funding</u></b>		
-	-	-
-	-	-
(22,148)	-	(23,990)
-	-	-
-	-	-
-	-	-
(22,148)	-	(23,990)
<b><u>Applications of capital funding</u></b>		
-	-	-
-	-	-
2,000	-	-
(7,043)	(17,254)	(50,176)
-	-	-
(5,043)	(17,254)	(50,176)
(17,105)	17,254	26,186
-	-	-

## CARTERTON DISTRICT COUNCIL

### Community Support Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$	Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b><u>Sources of operating funding</u></b>		
2,970,523	3,232,943	3,036,836
-	-	-
16,281	24,466	16,645
199,424	379,671	204,210
-	978	-
91,999	5,519	94,211
3,278,227	3,643,577	3,351,902
<b><u>Applications of operating funding</u></b>		
2,115,662	1,860,916	2,101,062
187,003	158,614	219,150
426,523	646,443	441,637
-	319,907	-
2,729,188	2,985,880	2,761,849
549,038	657,697	590,053
<b><u>Sources of capital funding</u></b>		
-	-	-
100,000	143,766	102,400
306,753	132,900	(16,375)
-	-	-
-	-	-
-	-	-
406,753	276,666	86,025
<b><u>Applications of capital funding</u></b>		
-	277,801	66,560
692,000	4,103	184,320
222,500	327,061	205,312
41,291	325,398	219,886
-	-	-
955,791	934,363	676,078
(549,038)	(657,697)	(590,053)
-	-	-

## CARTERTON DISTRICT COUNCIL

### Regulatory and Planning Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$		Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b>Sources of operating funding</b>			
402,307	General rates, UAGC, rates penalties	474,034	416,272
379,839	Targeted rates	423,519	441,797
-	Subsidies and grants - operating	-	-
596,100	Fees and charges	956,843	611,003
-	Internal charges and overheads recovered	-	-
11,500	Local Authorities fuel tax, fines, infringement fees and other	3,078	11,788
1,389,746	<b>Total operating funding</b>	1,857,474	1,480,860
<b>Applications of operating funding</b>			
1,089,307	Payments to staff and suppliers	1,240,349	1,174,349
2,234	Finance costs	-	4,216
210,364	Internal charges and overheads applied	342,380	217,259
-	Other operating funding applications	-	-
1,301,906	<b>Total applications of operating funding</b>	1,582,728	1,395,824
87,840	<b>Surplus / (deficit) of operating funding</b>	274,745	85,036
<b>Sources of capital funding</b>			
160,000	Subsidies and grants - capital	-	-
-	Development and financial contributions	(5,487)	-
67,494	Increase / (decrease) in debt	-	(5,264)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
227,494	<b>Total sources of capital funding</b>	(5,487)	(5,264)
<b>Applications of capital funding</b>			
150,000	Capital expenditure - meet additional demand	-	-
10,000	Capital expenditure - improve level of service	-	-
200,000	Capital expenditure - replace existing assets	-	-
(44,666)	Increase / (decrease) in reserves	269,258	79,772
-	Increase / (decrease) of investments	-	-
315,334	<b>Total application of capital funding</b>	269,258	79,772
(87,840)	<b>Surplus / (deficit) of capital funding</b>	(274,745)	(85,036)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Roads and Footpaths Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$		Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b>Sources of operating funding</b>			
1,988,044	General rates, UAGC, rates penalties	1,867,046	2,037,630
-	Targeted rates	-	-
762,892	Subsidies and grants - operating	642,439	812,969
-	Fees and charges	33,639	-
-	Internal charges and overheads recovered	-	-
150,200	Local Authorities fuel tax, fines, infringement fees and other	84,548	89,840
2,901,136	<b>Total operating funding</b>	2,627,672	2,940,439
<b>Applications of operating funding</b>			
1,633,467	Payments to staff and suppliers	1,506,320	1,671,637
93,187	Finance costs	46,456	93,705
362,832	Internal charges and overheads applied	453,355	380,281
-	Other operating funding applications	-	-
2,089,487	<b>Total applications of operating funding</b>	2,006,131	2,145,623
811,649	<b>Surplus / (deficit) of operating funding</b>	621,540	794,816
<b>Sources of capital funding</b>			
836,608	Subsidies and grants - capital	769,927	771,305
100,000	Development and financial contributions	176,517	101,400
(81,413)	Increase / (decrease) in debt	(67,798)	(75,245)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
855,195	<b>Total sources of capital funding</b>	878,647	797,460
<b>Applications of capital funding</b>			
61,600	Capital expenditure - meet additional demand	-	91,260
-	Capital expenditure - improve level of service	-	-
1,545,200	Capital expenditure - replace existing assets	1,572,402	1,546,553
60,044	Increase / (decrease) in reserves	(72,215)	(45,537)
-	Increase / (decrease) of investments	-	-
1,666,844	<b>Total application of capital funding</b>	1,500,187	1,592,276
(811,649)	<b>Surplus / (deficit) of capital funding</b>	(621,540)	(794,816)
-	<b>Funding balance</b>	-	-



## CARTERTON DISTRICT COUNCIL

### Sewerage Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$		Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b>Sources of operating funding</b>			
125,522	General rates, UAGC, rates penalties	144,358	167,021
1,129,701	Targeted rates	1,299,222	1,503,193
-	Subsidies and grants - operating	-	-
239,000	Fees and charges	437,971	244,975
-	Internal charges and overheads recovered	-	-
48,800	Local Authorities fuel tax, fines, infringement fees and other	-	50,021
1,543,024	<b>Total operating funding</b>	1,881,551	1,965,210
<b>Applications of operating funding</b>			
672,490	Payments to staff and suppliers	829,247	943,936
221,726	Finance costs	155,895	300,626
151,812	Internal charges and overheads applied	281,800	157,277
-	Other operating funding applications	-	-
1,046,028	<b>Total applications of operating funding</b>	1,266,942	1,401,839
496,996	<b>Surplus / (deficit) of operating funding</b>	614,609	563,371
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
50,000	Development and financial contributions	139,861	51,250
2,068,446	Increase / (decrease) in debt	(143,935)	(151,395)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
2,118,446	<b>Total sources of capital funding</b>	(4,074)	(100,145)
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
250,000	Capital expenditure - improve level of service	382,817	307,500
592,000	Capital expenditure - replace existing assets	447,585	699,050
1,773,442	Increase / (decrease) in reserves	(219,867)	(543,324)
-	Increase / (decrease) of investments	-	-
2,615,442	<b>Total application of capital funding</b>	610,535	463,226
(496,996)	<b>Surplus / (deficit) of capital funding</b>	(614,609)	(563,371)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Stormwater Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$		Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b>Sources of operating funding</b>			
22,546	General rates, UAGC, rates penalties	22,753	21,365
202,912	Targeted rates	204,778	192,286
-	Subsidies and grants - operating	-	-
-	Fees and charges	-	-
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
225,458	<b>Total operating funding</b>	227,531	213,651
<b>Applications of operating funding</b>			
77,137	Payments to staff and suppliers	39,687	58,436
26,830	Finance costs	18,307	32,151
26,652	Internal charges and overheads applied	40,403	27,533
-	Other operating funding applications	-	-
130,619	<b>Total applications of operating funding</b>	98,398	118,120
94,839	<b>Surplus / (deficit) of operating funding</b>	129,133	95,531
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
10,000	Development and financial contributions	67,930	10,250
182,905	Increase / (decrease) in debt	(15,600)	(20,699)
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
192,905	<b>Total sources of capital funding</b>	52,330	(10,449)
<b>Applications of capital funding</b>			
5,000	Capital expenditure - meet additional demand	-	-
210,000	Capital expenditure - improve level of service	2,344	-
-	Capital expenditure - replace existing assets	-	-
72,744	Increase / (decrease) in reserves	179,119	85,082
-	Increase / (decrease) of investments	-	-
287,744	<b>Total application of capital funding</b>	181,464	85,082
(94,839)	<b>Surplus / (deficit) of capital funding</b>	(129,133)	(95,531)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Waste Management Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$		Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b>Sources of operating funding</b>			
383,887	General rates, UAGC, rates penalties	362,988	344,658
145,786	Targeted rates	189,503	149,457
-	Subsidies and grants - operating	-	-
240,000	Fees and charges	321,067	246,000
64,000	Internal charges and overheads recovered	65,000	65,600
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
833,673	<b>Total operating funding</b>	938,558	805,715
<b>Applications of operating funding</b>			
714,106	Payments to staff and suppliers	627,180	680,658
-	Finance costs	-	-
82,824	Internal charges and overheads applied	172,201	86,373
-	Other operating funding applications	-	-
796,930	<b>Total applications of operating funding</b>	799,382	767,031
36,743	<b>Surplus / (deficit) of operating funding</b>	139,176	38,684
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	<b>Total sources of capital funding</b>	-	-
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
50,000	Capital expenditure - replace existing assets	-	-
(13,257)	Increase / (decrease) in reserves	139,176	38,683
-	Increase / (decrease) of investments	-	-
36,743	<b>Total application of capital funding</b>	139,176	38,683
(36,743)	<b>Surplus / (deficit) of capital funding</b>	(139,176)	(38,683)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Water Supply Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$		Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b>Sources of operating funding</b>			
155,141	General rates, UAGC, rates penalties	167,088	152,987
1,596,270	Targeted rates	1,677,771	1,584,479
-	Subsidies and grants - operating	-	-
40,000	Fees and charges	11,577	41,520
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
1,791,411	<b>Total operating funding</b>	1,856,437	1,778,986
<b>Applications of operating funding</b>			
993,470	Payments to staff and suppliers	1,191,717	1,011,406
13,903	Finance costs	14,671	14,808
211,885	Internal charges and overheads applied	319,591	219,777
-	Other operating funding applications	-	-
1,219,258	<b>Total applications of operating funding</b>	1,525,979	1,245,991
572,153	<b>Surplus / (deficit) of operating funding</b>	330,458	532,995
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
50,000	Development and financial contributions	141,861	51,900
(28,978)	Increase / (decrease) in debt	(44,562)	18,527
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
21,022	<b>Total sources of capital funding</b>	97,299	70,427
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	7,377	-
18,000	Capital expenditure - improve level of service	132,971	33,216
141,500	Capital expenditure - replace existing assets	285,686	146,877
433,675	Increase / (decrease) in reserves	1,723	423,328
-	Increase / (decrease) of investments	-	-
593,175	<b>Total application of capital funding</b>	427,757	603,421
(572,153)	<b>Surplus / (deficit) of capital funding</b>	(330,458)	(532,994)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Administration and Support Funding Impact Statement For The Year Ended 30 June 2017

LTP 30 June 2016 \$		Actual 30 June 2017 \$	LTP 30 June 2017 \$
<b><u>Sources of operating funding</u></b>			
50,000	General rates, UAGC, rates penalties	64,965	51,250
-	Targeted rates	-	-
-	Subsidies and grants - operating	-	-
25	Fees and charges	43,082	26
1,767,754	Internal charges and overheads recovered	2,754,730	1,832,414
250,106	Local Authorities fuel tax, fines, infringement fees and other	40,425	313,916
2,067,885	<b>Total operating funding</b>	2,903,201	2,197,606
<b><u>Applications of operating funding</u></b>			
1,576,337	Payments to staff and suppliers	2,318,642	1,612,486
-	Finance costs	9,988	-
-	Internal charges and overheads applied	-	-
-	Other operating funding applications	-	-
1,576,337	<b>Total applications of operating funding</b>	2,328,630	1,612,486
491,549	<b>Surplus / (deficit) of operating funding</b>	574,571	585,120
<b><u>Sources of capital funding</u></b>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	(10,175)	-
-	Gross proceeds from sale of assets	3,291	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	<b>Total sources of capital funding</b>	(6,884)	-
<b><u>Applications of capital funding</u></b>			
-	Capital expenditure - meet additional demand	31,201	-
30,000	Capital expenditure - improve level of service	-	-
198,400	Capital expenditure - replace existing assets	312,088	158,260
263,149	Increase / (decrease) in reserves	224,399	426,860
491,549	<b>Total application of capital funding</b>	567,687	585,120
(491,549)	<b>Surplus / (deficit) of capital funding</b>	(574,571)	(585,120)
-	<b>Funding balance</b>	-	-

## Notes to the Accounts

### Note 1: Grants and subsidies

	30-Jun 2017	30-Jun 2016
	\$	\$
Lions Club of Carterton		104,723
Creative New Zealand	11,765	11,765
Sports NZ rural travel fund	9,500	9,500
War Graves - through NZDF and Internal Affairs	1,093	1,093
Summer reading grant	1,608	1,510
World War II memorial trust	500	500
<b>Total grants and subsidies</b>	<b>24,466</b>	<b>129,091</b>

### Note 2: Miscellaneous revenue

	30-Jun 2017	30-Jun 2016
	\$	\$
Dividends	271	271
Sundry sales	1,238	1,350
Vehicle crossings	1,296	1,510
Daffodil Festival	3,486	3,999
Manuka Apiary	16,637	8,666
Donations	-	100
Other	64,919	40,357
Election deposits	44,976	-
Library revenue	3,550	3,589
Fire recovery	22,938	
Ticket sales	-	1,985
<b>Total miscellaneous revenue</b>	<b>159,311</b>	<b>61,827</b>

### Note 3: Personnel costs

	30-Jun 2017	30-Jun 2016
	\$	\$
Salaries and wages	3,579,627	3,091,596
Defined contribution plan employer contributions	111,685	90,828
Increase/(decrease) in employee entitlements/liabilities	63,346	27,793
<b>Total personnel costs</b>	<b>3,754,658</b>	<b>3,210,217</b>

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

### Note 4: Other expenses

	30-Jun 2017	30-Jun 2016
	\$	\$
<b>Expenditure</b>		
Fees to principal auditor		
- Audit fees for financial statement audit	89,556	83,337
- Audit fees for 2015–2025 Long Term Plan		6,000
	<b>89,556</b>	<b>89,337</b>
Councillors' remuneration	212,081	207,688
Rental expense of leased assets	903	932

### Note 5: Other gains and losses

	30-Jun 2017	30-Jun 2016
	\$	\$
Loss on revaluation (note 26)	(226,124)	-
Gain/(loss) in fair value of forestry assets (note 10)	31,317	77,802
<b>Total gains/(losses)</b>	<b>(194,806)</b>	<b>77,802</b>

### Note 6: Cash and cash equivalents and special funds

	30-Jun 2017	30-Jun 2016
	\$	\$
Cash at bank and on hand	1,704,666	1,675,929
Short term deposits with maturities less than 3 months	1,000,000	1,500,000
Special fund bank accounts	23,870	1,218,956
<b>Total cash and cash equivalents</b>	<b>2,728,536</b>	<b>4,394,885</b>
<i>Weighted average effective interest rate</i>	<i>2.04%</i>	<i>3.20%</i>

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 \$23,870 (2016 \$1,218,956).

**Note 7: Debtors and other receivables**

	30-Jun 2017	30-Jun 2016
	\$	\$
<i>Receivables under exchange transactions</i>		
Prepayments	55,756	29,891
	<u>55,756</u>	<u>29,891</u>
<i>Receivables under non-exchange transactions</i>		
Rates receivables	495,848	481,524
Other receivables	530,205	619,781
Goods and services tax	96,639	67,038
Sundry debtors	165,397	195,837
	<u>1,343,845</u>	<u>1,394,071</u>
Less provision for impairment	(75,405)	(61,590)
<b>Total debtors and other receivables</b>	<u>1,268,440</u>	<u>1,332,481</u>

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

	30-Jun 2017	30-Jun 2016
	\$	\$
At 1 July	61,590	89,181
Additional provisions made during the year	19,905	(27,591)
Receivables written off during the period	(6,090)	-
<b>At 30 June</b>	<u>75,405</u>	<u>61,590</u>

**Note 8: Investments**

	30-Jun 2017	30-Jun 2016
	\$	\$
Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months	2,000,000	1,819,154
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months	2,333,039	7,747
<b>Total investments</b>	<u>4,333,039</u>	<u>1,826,901</u>

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

**Note 9: Income tax**

	30-Jun 2017	30-Jun 2016
	\$	\$
Total surplus/(deficit) before tax	1,292,993	(898,149)
Income tax @ 28%	362,038	-
Add/(less) tax effect of non-taxable income/expenditure	(362,038)	-
<b>Income tax expense</b>	<u>-</u>	<u>-</u>

**Note 10: Forestry assets**

	30-Jun 2017	30-Jun 2016
	\$	\$
Balance at 1 July	490,855	413,053
Increases due to purchases	14,680	-
Gains/(losses) arising from changes in fair value less estimated point	31,317	77,802
<b>Balance at 30 June</b>	<u>536,852</u>	<u>490,855</u>

Through its investment in Kaipaitangata Forest, the Council owns 265 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2017-2042.

**Valuation assumptions**

Independent registered valuer, Forest Enterprises Limited, has valued forestry assets as at 30 June 2017. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The forestry assets have been valued using the historic cost method for young stands and the discounted cash flow method for stands older than five years for the year ended 30 June 2017. A discount rate of 6.9% was used to discount the present value of expected cash flows to value the forestry assets for the year ended 30 June 2017.
- 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 11: Intangible assets

	Carbon	GIS	Other	Resource	Total
	Credits	Software	Software	Consents	
<i>Balance at 1 July 2016</i>	\$	\$	\$	\$	\$
Cost	115,048	208,795	35,130	538,307	897,280
Accumulated amortisation and impairment	-	(198,383)	(586)	(276,685)	(475,654)
Closing carrying amount	115,048	10,412	34,544	261,622	421,626
<i>Year ended 30 June 2017</i>	\$	\$	\$	\$	\$
Additions	-	6,796	1,216	-	8,012
Amortisation charge	-	(9,060)	(7,168)	(136,840)	(153,067)
Closing carrying amount	115,048	8,148	28,592	124,782	276,571
<i>Balance 30 June 2017</i>	\$	\$	\$	\$	\$
Cost	115,048	215,591	36,346	538,307	905,292
Accumulated amortisation and impairment	-	(207,443)	(7,754)	(413,525)	(628,721)
Closing carrying amount	115,048	8,148	28,592	124,782	276,571

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

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

#### Easements

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

#### Carbon credits

The council received carbon credits for no consideration when these were allocated by the government under the Emissions Trading Scheme. The Council had accounted for these carbon credits at nil under NZ IFRS (PBE). Under the new PBE accounting standards, carbon credits received for no consideration are required to be accounted for at their fair value at initial recognition. The carbon credits were received during 2012 and 2013 and the Council elected to treat their fair value at 1 July 2014 as deemed cost. The Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations.

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

#### Note 12: Creditors and other payables

	30-Jun 2017	30-Jun 2016
	\$	\$
<i>Payables under exchange transactions</i>		
Trade payables	846,014	984,067
Deposits and bonds	41,036	35,121
Accrued expenses	232,808	189,081
	<u>1,119,857</u>	<u>1,208,269</u>
<i>Payables under non-exchange transactions</i>		
Revenue in advance	133,887	132,795
Rates in advance	121,547	129,171
	<u>255,434</u>	<u>261,966</u>
<b>Total creditors and other payables</b>	<u>1,375,291</u>	<u>1,470,235</u>

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 13: Employee entitlements

	30-Jun 2017	30-Jun 2016
	\$	\$
Accrued pay	73,013	60,459
Annual leave	282,474	227,584
Long service leave	82,993	97,860
Time off in lieu	7,866	7,234
<b>Total employee entitlements</b>	<u>446,345</u>	<u>393,137</u>
Comprising:		
Current	382,102	308,860
Non-current	64,243	84,277
<b>Total employee entitlements</b>	<u>446,345</u>	<u>393,137</u>

#### Note 14: Borrowings

	30-Jun 2017	30-Jun 2016
	\$	\$
<b>Current</b>		
Bank overdraft	-	-
Secured loans	1,912,881	5,732,481
Debentures	-	-
Lease liabilities	16,985	15,230
<b>Total current borrowings</b>	<u>1,929,866</u>	<u>5,747,711</u>
<b>Non-Current</b>		
Secured loans	6,088,829	2,418,400
Debentures	-	-
Lease liabilities	57,851	74,836
<b>Total non-current borrowings</b>	<u>6,146,680</u>	<u>2,493,236</u>

The range of interest rates applying to the above loans is 4.51% to 5.99% with a weighted average of 4.63% (2016 5.16%). Loans are secured by way of rates

#### Fixed-rate debt

The Council's secured debt of \$8,001,710 (2016 \$8,150,881) is issued at fixed rates of interest

#### Security

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

	2017	2016
	\$	\$
Less than one year	1,912,881	5,747,711
<i>weighted average effective interest rate</i>	4.54%	5.16%
Later than one year but not more than five years	6,088,829	1,994,559
<i>weighted average effective interest rate</i>	4.65%	5.16%
Later than five years	0	498,677
<i>weighted average effective interest rate</i>	0.00%	5.16%

#### Fair values of non-current borrowing

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

	2017	2016
	\$	\$
<b>Internal loans</b>		
As at 1 July	1,250,000	-
Loans advanced	-	1,250,000
Repayments	-	-
<b>As at 30 June</b>	<b>1,250,000</b>	<b>1,250,000</b>

The internal loan was raised in 2015/16 for sewerage and sewage treatment. The rate of interest charged on internal borrowing is the weighted average rate that the Council received on its investment portfolio when the loan was made. Interest was charged at 4.17%, which equates to \$52,125 for the 2017 year. (2016 \$52,125). There were no new loans made or loans repaid in 2016/17.

#### Note 15: Equity

	2017	2016
	\$	\$
<b>Public equity</b>		
As at 1 July	112,421,319	114,916,539
<i>Transfers to:</i>		
Restricted and other reserves	(692,736)	(6,643,338)
<i>Transfers from:</i>		
Restricted and other reserves		3,610,448
Transfers from asset revaluation reserve on disposal of property, plant, and equipment	-	1,435,819
Surplus / (deficit) for the year	1,292,993	(898,149)
<b>As at 30 June</b>	<b>113,021,576</b>	<b>112,421,319</b>

#### Restricted reserves

As at 1 July	2,300,737	1,187,016
<i>Transfers to:</i>		
Public equity		(328,299)
<i>Transfers from:</i>		
Public equity	69,735	1,442,020
<b>As at 30 June</b>	<b>2,370,472</b>	<b>2,300,737</b>

Restricted reserves consist of:

Restricted reserves	2,231,069	2,194,129
Hall Board reserves	57,359	29,673
Trusts	74,036	71,859
Other trusts	8,008	5,076
<b>Total restricted reserves</b>	<b>2,370,472</b>	<b>2,300,737</b>

#### Other reserves

As at 1 July	5,311,098	3,391,929
<i>Transfers to:</i>		
Public equity		5,201,318
<i>Transfers from:</i>		
Public equity	623,001	(3,282,149)
<b>As at 30 June</b>	<b>5,934,099</b>	<b>5,311,098</b>

#### Revaluation reserves

As at 1 July	45,839,469	44,284,100
Revaluation gains / (losses)	23,824,269	2,991,188
Transfer to public equity on disposal of property, plant, and equipment	-	(1,435,819)
<b>As at 30 June</b>	<b>69,663,738</b>	<b>45,839,469</b>

Asset revaluation reserves consist of:

#### Infrastructure assets

Roads, streets and footpaths	57,595,454	32,694,358
Water systems	5,857,692	6,091,315
Sewerage systems	-	950,937
Stormwater systems	3,505,742	3,505,742

#### Operational assets

Land	1,135,732	1,135,732
Buildings	1,273,256	1,273,256
Library collections	261,973	156,050

#### Restricted assets

Heritage assets	23,474	23,474
<b>Total asset revaluation reserves</b>	<b>69,653,322</b>	<b>45,830,864</b>

Fair value revaluation reserves consist of:

As at 1 July	8,605	2,458
Net revaluation gains / (losses) in Hall Board Fund Accounts	-	
Net revaluation gains / (losses) in shares held (note 12)	1,811	6,147
<b>Total fair value revaluation reserve</b>	<b>10,416</b>	<b>8,605</b>

#### Total revaluation reserves

<b>Total revaluation reserves</b>	<b>69,663,738</b>	<b>45,839,469</b>
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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 16: Rates revenue**

	30-Jun 2017	30-Jun 2016
	\$	\$
<b>General rates</b>	7,108,722	6,806,204
<b>Targeted rates attributable to activities</b>		
Water	1,477,293	1,579,594
Metered water charges	200,478	174,719
Sewerage	1,299,222	1,118,794
Stormwater	204,778	200,392
Waste management	189,503	144,026
Regulatory and planning	423,519	375,364
<b>Total targeted rates</b>	<b>3,794,793</b>	<b>3,592,889</b>
<b>Total rates</b>	<b>10,903,516</b>	<b>10,399,093</b>
 Rates penalties	 67,909	 74,303
<b>Total revenue from rates and penalties</b>	<b>10,971,425</b>	<b>10,473,396</b>

<b>Rating base</b>	<b>30-Jun 2016</b>
	\$
Capital value	2,509,975,500
Land value	1,378,308,300

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

#### **Rates remission**

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-Jun 2017	30-Jun 2016
	\$	\$
Rates revenue before remissions	10,983,161	10,485,279
<i>Council policy remissions:</i>		
Sports bodies	2,686	2,832
Other	9,050	9,051
<b>Total remissions</b>	<b>11,736</b>	<b>11,883</b>
<b>Rates revenue after remissions</b>	<b>10,971,425</b>	<b>10,473,396</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 17: Reconciliation of net surplus/(deficit) to net cash flow from operating activities**

	30-Jun 2017 \$	30-Jun 2016 \$
<b>Surplus/(deficit) after tax</b>	1,292,993	(898,149)
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	3,297,226	3,448,373
Gifted assets	-	2,181,598
Bad debts	19,905	(27,591)
Assets vesting in council	(54,000)	-
Rates remissions	11,736	
(Gains)/losses in fair value of forestry assets	(31,317)	(77,802)
(Gains)/losses in fair value of property, plant and equipment	226,123	-
(Gains)/losses in fair value of shares and Hall Board Fund Accounts	(6,294)	-
	<u>3,463,379</u>	<u>5,524,578</u>
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	(3,291)	6,046
(Gains)/losses on disposal of forestry assets	-	-
	<u>(3,291)</u>	<u>6,046</u>
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	64,041	642,926
Inventories	-	-
Creditors and other payables	(97,077)	(185,163)
Provisions	-	-
Employee entitlements	53,208	27,793
	<u>20,173</u>	<u>485,556</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>4,773,254</u>	<u>5,118,031</u>

**Note 18: Statement of commitments**

<b>Non-cancellable operating leases</b>	30-Jun 2017 \$	30-Jun 2016 \$
For the year ended 30 June 2017 the Council had no non-cancellable operating leases (2016: \$nil).		
<b>Revenue Commitments: Non-cancellable leases as Lessor</b>		
- not Later than 1 year	41,314	40,064
- later than 1 year but not later than 5 years	19,793	58,395
- later than 5 years	-	-
As a lessor, the Council has non-cancellable operating leases for the use of farmland and other land that it owns. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as above:	61,108	98,459
<b>Capital commitments</b>		

For the year ended 30 June 2017 the Council has no capital commitments (2016: \$nil).

**Note 19: Contingencies**

There were no contingencies at 30 June 2017.

**Note 20: Related party transactions**
**Key management personnel**

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

In addition, Councillor Keys is the owner of McKenzies Electrical 2000. No engagement occurred in 2016/17 but during the 2015/16 the Council engaged McKenzies Electrical 2000 for electrical services costing \$2,358. These services were made on commercial terms.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2016 \$nil).

	30-Jun 2017 \$	30-Jun 2016 \$
<i>Mayor &amp; Councillors</i>		
Remuneration	212,081	207,688
Full-time equivalent members	9	9
<i>Chief Executive</i>		
Remuneration	204,922	260,179
Full-time equivalent members	1	1
<b>Total key management personnel remuneration</b>	<b>417,003</b>	<b>467,867</b>
<b>Total full-time equivalent personnel</b>	<b>10</b>	<b>10</b>

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

#### Note 21: Remuneration

	30-Jun 2017 \$	30-Jun 2016 \$
<i>Elected representatives</i>		
J Booth (Mayor)	65,942	63,700
R Keys (Deputy Mayor)	20,829	16,800
R Carter	17,316	16,800
J Greatehead	17,316	16,800
M Ashby	19,809	16,800
G Lang	17,316	16,800
B Deller	12,042	-
T O'Callaghan	12,042	-
R Vergunst	12,042	-
W Knowles	5,275	16,800
M Palmers	5,275	16,800
E Brazendale	6,877	26,388
<b>Total elected members remuneration</b>	<b>212,081</b>	<b>207,688</b>

#### Chief Executive

For the year ended 30 June 2017, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$204,922 (2016: \$260,179). The Chief Executive of the Council is appointed under section 42 of the Local Government Act 2002 and during 2016/17 received a salary of \$193,342 and taxable allowances of \$11,580.

	30-Jun 2017
<i>Council employees remuneration by band</i>	
< \$60,000	45
\$60,000 - \$79,999	10
\$80,000 - \$119,999	7
\$120,000 - \$219,999	2
<b>Total employees</b>	<b>64</b>

	30-Jun 2016
<i>Council employees remuneration by band</i>	
< \$60,000	40
\$60,000 - \$79,999	11
\$80,000 - \$139,999	6
\$140,000 - \$219,999	1
<b>Total employees</b>	<b>58</b>

At balance date, the Council employed 46 (2016: 45) full-time employees, with the balance of staff representing 10 (2016: 5) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

#### Note 22: Severance payments

For the year ended 30 June 2017 the Council made one severance payment amounting to \$3,500 (2016: \$nil).

### Note 23: Insurance of assets

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

	Carrying amount at 30 June 2017
<b>Insurance contracts</b>	\$
Material damage	
<i>Subject to range of deductibles- \$5,000 for most claims, and 5% of site value for earthquakes.</i>	23,617,500
Forestry	
<i>Maximum cover of \$20,000 for hail, no cover for windstorm, volcanic activity, earthquake, or landslip. Deductible of 1.5% of Property Declared Value subject to minimum \$10,000 per loss occurrence.</i>	569,764
Motor vehicle	
<i>Insured for market value. Carrying amount has been used for this disclosure.</i>	392,479
<b>Risk sharing arrangements</b>	
Infrastructural assets as member of LAPP	
<i>This is 40 percent of the estimated replacement cost of the scheduled assets. A deductible of \$150,000 applied.</i>	14,593,111
Central government assistance	
<i>Under the 'Guide to the National Civil Defence Emergency Management Plan', the government may fund 60 percent of the cost of repair or recovery of essential infrastructure assets. A deductible of .0075 percent applied.</i>	
<b>Self-insured</b>	21,889,667
To cover deductibles and uninsured assets	
<b>Total assets insured</b>	61,062,521

### Note 24: Financial instrument categories

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

FINANCIAL ASSETS	30-Jun 2017	30-Jun 2016
	\$	\$
<b>Fair value through profit and loss – held for trading</b>		
Derivative financial instrument assets	-	-
<b>Loans and receivables</b>		
Cash and cash equivalents		
- Cash at bank and on hand	1,704,666	1,675,929
- Short term funds	1,000,000	1,500,000
- Special funds	23,870	1,218,956
Investments	4,333,039	1,826,901
Debtors and other receivables	1,268,440	1,332,481
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<b>Total loans and receivables</b>	<b>8,330,015</b>	<b>7,554,267</b>
<b>Fair value through comprehensive revenue and expense</b>		
Other financial assets:		
- local authority stock		-
- unlisted shares	50,208	48,399
- listed shares		-
<b>Total fair value through equity</b>	<b>50,208</b>	<b>48,399</b>

<b>FINANCIAL LIABILITIES</b>	<b>30-Jun 2017 \$</b>	<b>30-Jun 2016 \$</b>
<b>Financial liabilities at amortised cost</b>		
Creditors and other payables	1,375,291	1,470,235
Borrowings:		
- finance leases	74,836	90,066
- secured loans	8,001,710	8,150,881
<i>Total financial liabilities at amortised cost</i>	<u>9,451,838</u>	<u>9,711,182</u>

**Note 25: Depreciation and amortisation by group of activity**

	<b>LTP 30-Jun-2017 \$</b>	<b>30-Jun 2017 \$</b>	<b>30-Jun 2016 \$</b>
Governance	2,122	1,385	1,312
Roads and footpaths	1,359,669	1,351,516	1,311,604
Water supply	546,075	529,581	606,416
Sewerage	600,846	385,620	533,860
Stormwater	92,153	116,743	66,024
Waste management	31,660	427	30,260
Community support	705,084	668,372	666,837
Regulatory and planning	23,094	27,556	19,365
Administration and support services	240,428	216,027	212,695
<b>Total depreciation</b>	<u>3,601,131</u>	<u>3,297,226</u>	<u>3,448,373</u>

**Note 26: Property, plant and equipment**

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	1-Jul	1-Jul	1-Jul	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2016	2016	2016							2017	2017	2017
30-Jun-17	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	5,763,646	-	5,763,646	-	-	-	-	-	-	5,763,646	-	5,763,646
Roads, streets & footpaths	121,532,157	-2,582,609	118,949,548	1,569,658	-	-	-	-1,350,679	24,901,096	144,069,624	-0	144,069,624
Water systems - treatment plant & facilities	1,617,163	-	1,617,163	133,051	-	-	-	-81,105	-	1,750,214	-81,105	1,669,109
Water systems - other	6,213,820	-	6,213,820	-	-	-	-	-419,750	-	6,213,820	-419,750	5,794,070
Sewerage systems - treatment plant & facilities	1,766,161	-	1,766,161	131,762	-	-	-	-72,615	-	1,897,923	-72,615	1,825,308
Sewerage systems - other	4,413,308	-	4,413,308	-	-	-	-	-184,991	-	4,413,308	-184,991	4,228,317
Stormwater systems	5,521,359	-	5,521,359	-	-	-	-	-87,187	-	5,521,359	-87,187	5,434,172
	146,827,614	-2,582,609	144,245,005	1,834,471	-	-	-	-2,196,327	24,901,096	169,629,893	-845,648	168,784,245
<i>Operational assets</i>												
Land	6,968,707	-	6,968,707	300,916	-	-	-	-	-	7,269,623	-	7,269,623
Buildings	11,231,650	-400,222	10,831,428	8,769	-	-	-	-405,814	-	11,240,419	-806,036	10,434,384
Fixtures & fittings	2,299,649	-885,713	1,413,936	154,311	-	-54,440	34,821	-209,920	-	2,399,519	-1,060,812	1,338,708
Office equipment	583,516	-351,296	232,219	33,967	-	-11,244	9,482	-74,480	-	606,238	-416,294	189,944
Library collections	391,450	-70,010	321,440	58,596	-	-	-	-78,862	105,923	407,097	0	407,097
Motor vehicles	1,018,678	-626,200	392,479	66,776	-	-57,281	41,776	-69,259	-	1,028,172	-653,683	374,490
Plant & equipment	3,608,789	-1,622,554	1,986,235	110,581	-	-2,054,904	663,836	-108,497	-	1,664,467	-1,067,215	597,252
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	477,516	-	477,516	-	-	-	-	-	-	477,516	-	477,516
	26,793,955	-3,955,995	22,837,960	733,915	-	-2,177,869	749,916	-946,831	105,923	25,307,052	-4,004,038	21,303,014
Heritage assets	46,499	-999	45,500	-	-	-	-	-1,000	-	46,499	-1,999	44,500
Work in progress	333,330	-	333,330	1,229,332	-	-	-	-	-	1,562,662	-	1,562,662
Total assets	174,001,398,	-6,539,603	167,461,795	3,797,718	-	-2,177,869	749,916	-3,144,159	25,007,019	196,546,106	-4,851,686	191,694,420

**Note 26 Property, plant and equipment – cont'd**

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	1-Jul	1-Jul	1-Jul	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2015	2015	2015							2016	2016	2016
30-Jun-16	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	5,722,494	-	5,722,494	-	41,152	-	-	-	-	5,763,646	-	5,763,646
Roads, streets & footpaths	119,848,015	-1,271,638	118,576,377	1,725,294	-41,152	-	-	-1,310,971	-	121,532,157	-2,582,609	118,949,548
Water systems - treatment plant & facilities	1,758,725	-162,210	1,596,515	-	-	-	-	-81,105	101,753	1,617,163	-	1,617,163
Water systems - other	6,440,371	-863,348	5,577,023	-	-	-	-	-434,248	1,071,045	6,213,820	-	6,213,820
Sewerage systems - treatment plant & facilities	1,248,278	-144,401	1,103,877	-	-21,672	-	-	-71,709	755,665	1,766,161	-	1,766,161
Sewerage systems - other	4,929,408	-328,769	4,600,639	464,508	21,672	-	-	-184,188	-489,323	4,413,308	-	4,413,308
Stormwater systems	4,170,568	-129,086	4,041,482	-	-	-	-	-66,024	1,545,901	5,521,359	-	5,521,359
	144,117,859	-2,899,452	141,218,407	2,189,802	-	-	-	-2,148,245	2,985,041	146,827,614	-2,582,609	144,245,005
<i>Operational assets</i>												
Land	7,332,300	-	7,332,300	155,407	-	-519,000	-	-	-	6,968,707	-	6,968,707
Buildings	12,606,700	-	12,606,700	310,950	-	-1,686,000	-27,201	-427,423	-	11,231,650	-400,222	10,831,428
Fixtures & fittings	2,127,898	-711,157	1,416,741	197,551	-	-25,800	-23,898	-198,454	-	2,299,649	-885,713	1,413,936
Office equipment	564,533	-373,719	190,813	190,302	-	-171,319	-97,891	-75,468	-	583,516	-351,296	232,219
Library collections	343,401	-	343,401	48,049	-	-	-	-70,010	-	391,450	-70,010	321,440
Motor vehicles	1,016,306	-554,242	462,064	2,372	-	-	-	-71,958	-	1,018,678	-626,200	392,479
Plant & equipment	3,498,136	-1,326,964	2,171,172	121,585	-	-10,932	-8,761	-304,351	-	3,608,789	-1,622,554	1,986,235
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	359,271	-	359,271	118,245	-	-	-	-	-	477,516	-	477,516
	28,062,544	-2,966,082	25,096,462	1,144,461	-	-2,413,051	-157,751	-1,147,664	-	26,793,955	-3,955,995	22,837,960
Heritage assets	46,499	-	46,499	-	-	-	-	-999	-	46,499	-999	45,500
Work in progress	158,862	-	158,862	237,071	-	-62,603	-	-	-	333,330	-	333,330
Total assets	172,385,764	-5,865,534	166,520,230	3,571,334	-	-2,475,654	-157,751	-3,296,908	2,985,041	174,001,398,	-6,539,603	167,461,795

#### **Note 26: Property, plant and equipment – cont’d**

The 2015/16 disposals include the assets gifted to the Carter Society. These assets comprised pensioner housing

During the 2016/17 financial year it was identified that a number of assets included in the water and sewerage system valuation undertaken at 30 June 2016 were also included on operational assets. This has been corrected in the 2016/17 financial year with the identified assets disposed of this year.

The value of these disposed assets have been adjusted against the relevant asset revaluation reserves and included in the gain on property, plant and equipment valuation amount in other comprehensive revenue and expense.

#### **Note 27: Property, plant and equipment—valuation**

##### **Valuation—general**

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

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

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

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

##### **Valuation—specific**

###### *Land (operational)*

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land

value where there is a designation against the land or the use of the land is restricted because of reserve and endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The most recent valuation was performed by independent valuers Andrew Parkyn (Registered Valuer, B.Com (VPM), PG Dip Com, SPINZ, ANZIV), Angela Scott (BBS (VPM), MPINZ) and David Cornford (BBS (VPM), MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2015. The landfill liner and water races are carried at deemed cost.. Additions are recorded at cost.

###### *Buildings (operational and heritage)*

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

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

- the replacement asset is based on the replacement cost of the specific assets as at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design
- the replacement cost is derived from recent construction contracts of similar assets, reference to publications such as the Rawlinsons Construction Handbook, recent costing obtained from construction details and Property Institute of New Zealand cost information
- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset

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

The most recent valuation was performed by independent valuers Andrew Parkyn (Registered Valuer, B.Com (VPM), PG Dip Com, SPINZ, ANZIV), Angela Scott (BBS (VPM), MPINZ) and David Cornford (BBS (VPM), MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2015. Heritage assets are also included in this category. Additions are recorded at cost.

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

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



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

The most recent valuation for roads, streets and footpaths was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, and the valuation is effective as at 30 June 2017. All roads, streets and bridge assets were valued. Additions are recorded at cost. The Council's most recent estimate of the replacement cost for roads, streets and footpaths is \$190,780,000.

The most recent valuation for sewerage systems, water systems and storm-water was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, and the valuation is effective as at 30 June 2016. All wastewater, water and stormwater assets were valued. Additions are recorded at cost.

The Council's most recent estimate of the replacement cost for sewerage systems, water systems and storm-water is \$44,748,300 based on the 30 June 2016 valuation as follows:

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

#### *Land under roads*

Land under roads was valued based on fair value of adjacent land determined by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, effective 30 June 2002. Under NZ IFRS, the CDC has

elected to use the fair value of land under roads as at 30 June 2002 as deemed cost. Land under roads is no longer revalued.

#### *Library collections*

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the National Library of New Zealand in May 2002. The library valuation was performed by Colin Gerrard (BSc, MSc, GIPENZ) and reviewed by Ian Martin (BSc, BE (Hons), CPEng, CEng (UK), CWEM (UK), MIPENZ, MCIWEM), both from AECOM New Zealand. The valuation is effective as at 30 June 2017.

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

	<b>30 June 2017</b>
	<b>\$</b>
John Vessey of Opus International Consultants Limited – roads, streets & footpaths (30/6/17)	144,069,606
John Vessey of Opus International Consultants Limited – wastewater, water & storm-water (30/6/16)	19,531,811
David Cornford of QV Asset & Advisory - land, buildings & heritage assets (30/6/15)	20,092,120
Colin Gerrard and Ian Martin of AECOM Limited - library collections (30/6/17)	407,097

#### **Impairment**

There were no impairment losses in 2017 (2016 \$nil).

#### **Work in progress**

The total amount of property, plant and equipment in the course of construction is \$1,562,662 (2016 \$333,330). Work in progress is disclosed in note 27.

#### **Leasing**

The net carrying amount of plant and equipment held under finance leases is \$57,851 (2016 \$77,342).

## Vested assets

Land for future use as a road was vested to the Council. The value of the land vested at 30 June 2017 and held as work in progress is \$61,500. (2016 \$nil).

This land is located at 26 Dalefield Road, Carterton. The land was formally vested to the CDC by the Hehir Family Trust for \$61,500, reflecting a cash payment of \$7,500 by CDC and vestment to CDC of \$54,000 representing the Trust's contribution to the capital works required to meet purpose (water supply and sewerage mains and connections, and appropriate roading works).

### *Note 28: 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 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 Long-term Plan.

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 29: Statement of special funds reserves*

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

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

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

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

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

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

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

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

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

Roading Contributions Fund—Monies from 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.

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

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

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

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

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

	30-Jun 2017	30-Jun 2016
<b>Equipment purchase and renewal fund</b>	\$	\$
Opening balance	1,560	1,510
Deposits	48	50
Withdrawals	-	-
<b>Closing balance</b>	<b>1,608</b>	<b>1,560</b>
 <b>Recreation and reserve account</b>		
Opening balance	360,356	236,020
Deposits	153,456	124,336
Withdrawals	(143,766)	-
<b>Closing balance</b>	<b>370,045</b>	<b>360,356</b>
 <b>Roading emergency fund</b>		
Opening balance	312,298	225,101
Deposits	8,566	87,197
Withdrawals	-	-
<b>Closing balance</b>	<b>320,864</b>	<b>312,298</b>
 <b>Rural water contingency fund</b>		
Opening balance	51,930	45,438
Deposits	1,509	6,492
Withdrawals	-	-
<b>Closing balance</b>	<b>53,439</b>	<b>51,930</b>
 <b>Waste disposal fund</b>		
Opening balance	56,780	52,702
Deposits	1,682	33,270
Withdrawals	-	(29,192)
<b>Closing balance</b>	<b>58,462</b>	<b>56,780</b>

	30-Jun 2017	30-Jun 2016
<b>Creative New Zealand fund</b>		
Opening balance	2,697	2,194
Deposits	78	11,950
Withdrawals	-	(11,447)
<b>Closing balance</b>	<b>2,775</b>	<b>2,697</b>
 <b>Sport New Zealand rural travel fund</b>		
Opening balance	1,500	-
Deposits	-	9,500
Withdrawals	(1,500)	(8,000)
<b>Closing balance</b>	<b>-</b>	<b>1,500</b>
 <b>Keep Carterton Beautiful fund</b>		
Opening balance	5,075	5,404
Deposits	158	192
Withdrawals	-	(521)
<b>Closing balance</b>	<b>5,233</b>	<b>5,075</b>
 <b>Clareville grave maintenance trust</b>		
Opening balance	2,432	2,393
Deposits	10	39
Withdrawals	-	-
<b>Closing balance</b>	<b>2,442</b>	<b>2,432</b>
 <b>Memorial Square fund</b>		
Opening balance	7,278	7,043
Deposits	224	235
Withdrawals	0	-
<b>Closing balance</b>	<b>7,502</b>	<b>7,278</b>
 <b>WWII Memorial trust</b>		
Opening balance	62,149	62,944
Deposits	1,943	2,646
Withdrawals	-	(3,441)
<b>Closing balance</b>	<b>64,092</b>	<b>62,149</b>

	30-Jun 2017	30-Jun 2016
<b>Longbush Domain fund</b>		
Opening balance	3,095	2,227
Deposits	105	868
Withdrawals		
<b>Closing balance</b>	<b>3,200</b>	<b>3,095</b>
<b>West Taratahi Hall fund</b>		
Opening balance	25,398	19,971
Deposits	5,541	5,427
Withdrawals	-	-
<b>Closing balance</b>	<b>30,939</b>	<b>25,398</b>
<b>Election contingency fund</b>		
Opening balance	36,004	19,940
Deposits	923	16,064
Withdrawals	-	-
<b>Closing balance</b>	<b>36,927</b>	<b>36,004</b>
<b>Workshop depot upgrade fund</b>		
Opening balance	22,526	21,797
Deposits	694	729
Withdrawals	-	-
<b>Closing balance</b>	<b>23,220</b>	<b>22,526</b>
<b>Combined district plan reserve</b>		
Opening balance	-	(717,838)
Deposits	-	783,182
Withdrawals	-	(65,344)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Roading contribution fund</b>		
Opening balance	609,396	682,650
Deposits	195,802	126,746
Withdrawals	(176,517)	(200,000)
<b>Closing balance</b>	<b>628,681</b>	<b>609,396</b>

	30-Jun 2017	30-Jun 2016
<b>Infrastructure contributions fund</b>		
Opening balance	562,115	364,787
Deposits	364,677	207,328
Withdrawals	(349,652)	(10,000)
<b>Closing balance</b>	<b>577,139</b>	<b>562,115</b>
<b>Waingawa infrastructure contributions fund</b>		
Opening balance	140,827	116,177
Deposits	4,020	24,650
Withdrawals	-	-
<b>Closing balance</b>	<b>144,847</b>	<b>140,827</b>
<b>Belvedere Hall fund</b>		
Opening balance	1,180	1,534
Deposits	652	-
Withdrawals	-	(354)
<b>Closing balance</b>	<b>1,832</b>	<b>1,180</b>
<b>Waingawa industrial zone services deficit fund</b>		
Opening balance	36,139	35,020
Deposits	2,098	1,119
Withdrawals	(1,013)	-
<b>Closing balance</b>	<b>37,224</b>	<b>36,139</b>
<b>Special funds reserves - summary</b>		
Opening balance	2,300,737	1,187,016
Deposits	735,684	1,442,020
Withdrawals	(665,949)	(328,299)
<b>Closing balance</b>	<b>2,370,472</b>	<b>2,300,737</b>

#### **Note 30: Events after balance date**

There have been no events subsequent to 30 June 2017 that require disclosure or adjustment to the financial statements.

On 19 July 2017, the Local Government Commission (LGC) released the final proposal on the amalgamation of Carterton District Council, Masterton District Council and South Wairarapa District Council to create the Wairarapa District Council. A valid petition was submitted to the LGC calling for a poll to be held. Postal ballots will be sent out three weeks ahead of the poll which closes at midday on Tuesday 12 December. If 50 percent or more of ballots from across the Wairarapa oppose the proposal, it will not go ahead and there is no further action. If more than 50 percent support the proposal it goes ahead and the process of setting up a new combined Wairarapa District Council will start. The proposed new Wairarapa District Council would come into existence no earlier than 1 November 2018 and until that point in time the existing Councils would continue to be responsible for carrying out the day-to-day operations until their disestablishment.

The outcome of the amalgamation proposal and the impact on our long term future will only be known once the poll results are known. Therefore, at the time of adopting this annual report, there remains uncertainty about the future of the District Council arising from the amalgamation proposal.

#### **Note 31: Explanation of major variances against budget**

Explanations for major variations from the Council's estimated figures in the 2016/17 Annual Plan are as follows:

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

Overall the increase in operating surplus was driven by increased infrastructure and other development contributions and receipts from fees and charges, primarily building consents; both reflecting increased developmental activity within the District. Operationally, storm event damage upon the water supply facilities at Kaipaitangata imposed significant costs for repairs and providing alternative supply. In addition there were costs associated with advisory and consultancy services for health and safety, building control, and waste water treatment. There was continued activity on reducing dependency upon out-sourced services, leading to increased staff levels.

##### **Statement of Other Comprehensive Revenue and Expense**

The library collection and the roading and footpath assets held by Council were this year revalued to reflect current replacement values. Both revaluations were positive and increase the asset revaluation reserves accordingly.

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

The change in retained earnings reflects the current operating surplus for this year and a transfer made to the restricted reserves. The revaluation reserves have been increased by the increases in value for the Library Collection and roading and footpaths assets held by the Council. The restricted reserves reflect changes in the respective holdings in the targeted rates reserve, Council's depreciation reserves used to support capital expenditure and the special reserves administered by the Council.

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

The overall position of the Council is that it is currently able to meet commitments having sufficient means to cover current liabilities. Debt has been reduced while the value of assets held by the Council to support services have increased over the year.

##### **Statement of Cashflows**

Council has been able in the current year to use positive operating cash flows from income exceeding operating expense to invest in plant and equipment as well as longer term cash holdings and reduce debt.

## Financial prudence benchmarks

### Annual report disclosure statement for year ending 30 June 2017

#### What is the purpose of this statement?

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

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

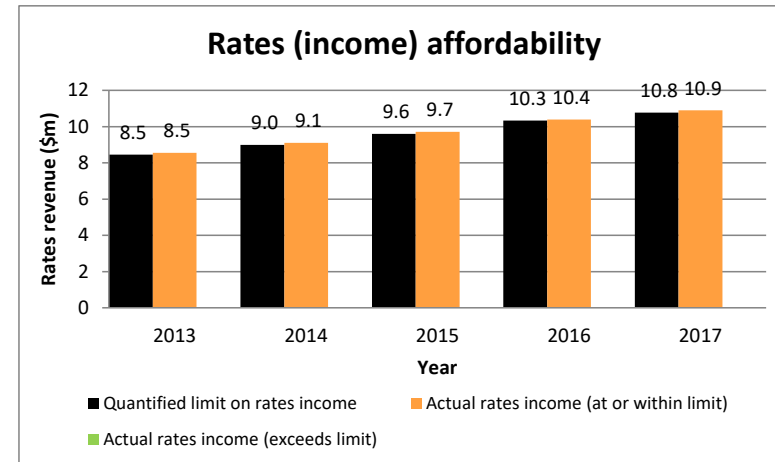
#### *Rates affordability benchmark*

The council meets the rates affordability benchmark if—

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

#### *Rates (income) affordability*

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

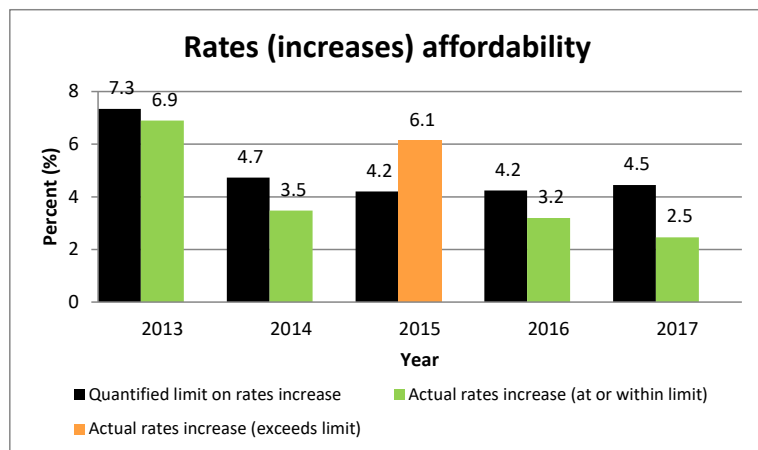


Carterton District Council has not set a definite dollar value as its quantified level for rates income; rather the Council has set the quantified level applicable each year at the agreed budgeted rates income level set in the Long Term Plan, as amended and approved each year through the Annual Plan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

In the graph above, the 2013 to 2015 limits exclude water-by-meter rates, as do the actuals for 2013 to 2015. The limits and actuals for 2016 and 2017 include the additional water-by-meter rates.

### Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is the percentage change in average rates<sup>13</sup> must not exceed the increase in the opening BERL local government cost index plus 2 percent.

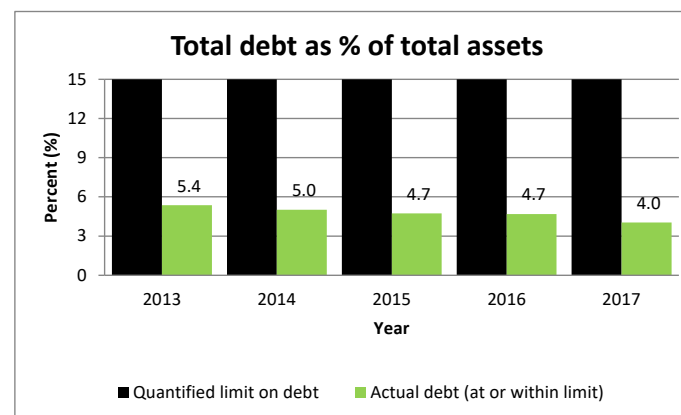


<sup>13</sup> The average rates is the total rates income divided by the total number of rates assessments.

### Debt affordability benchmark

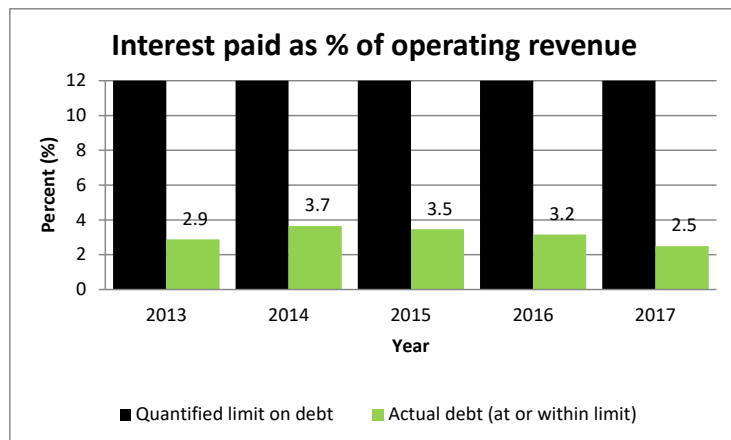
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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

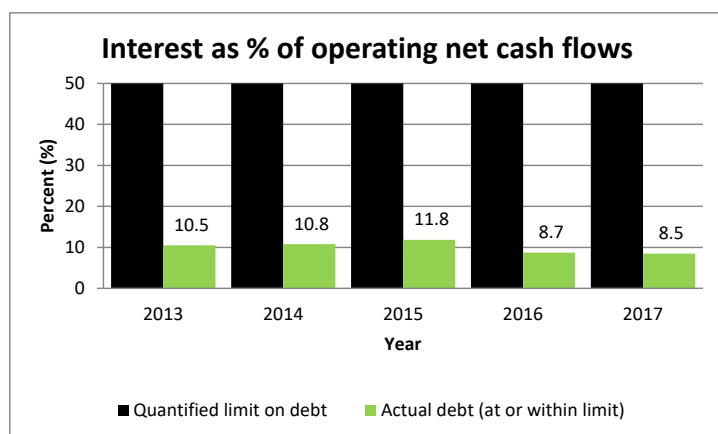


The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of gross operating revenue.





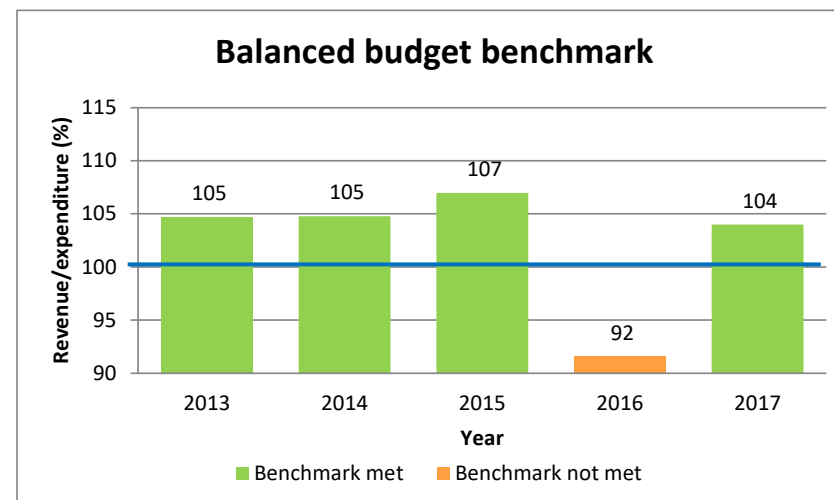
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



### Balanced budget benchmark

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

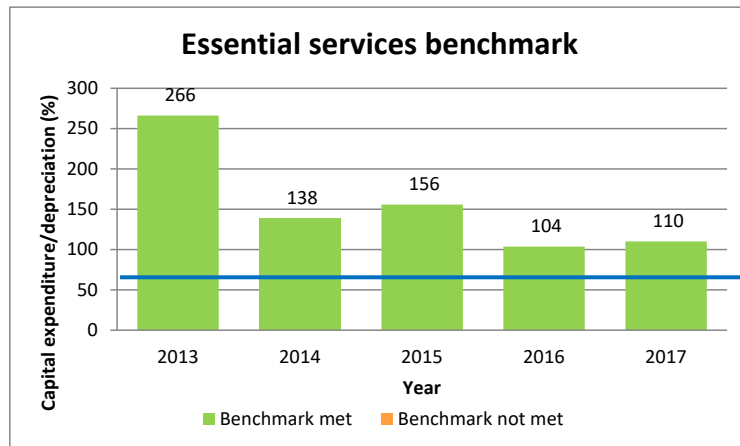
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

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

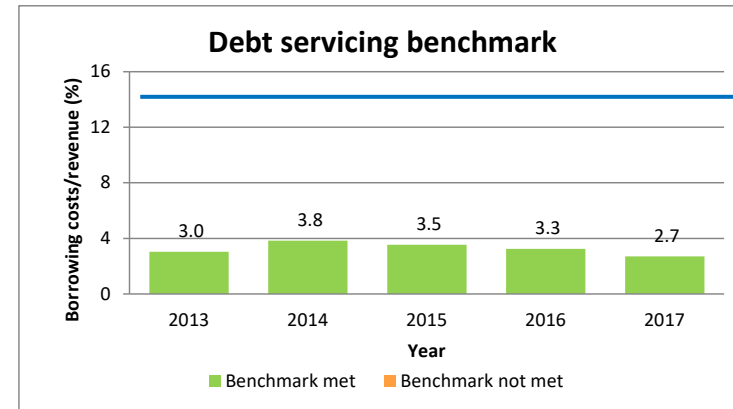
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### Debt servicing benchmark

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

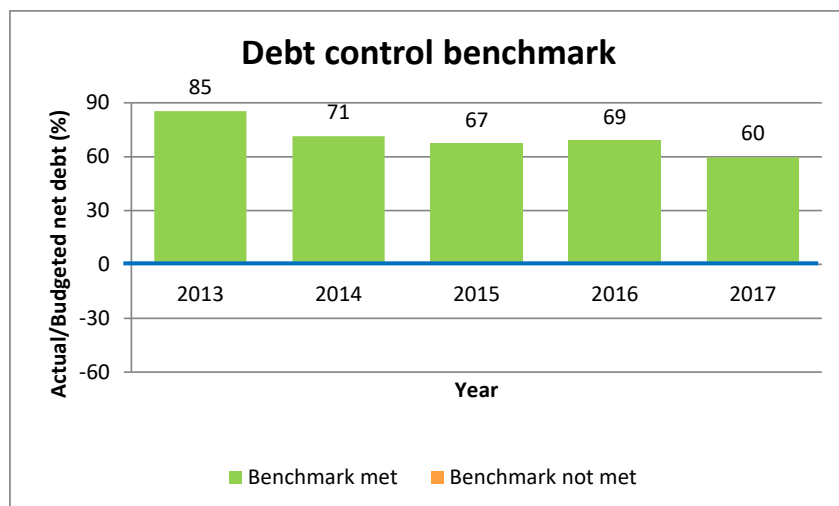
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



### Debt control benchmark

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

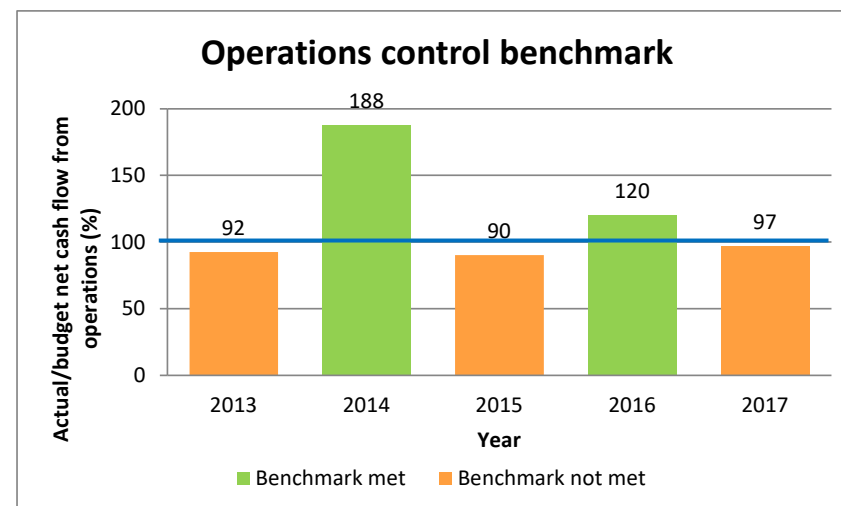
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### Operations control benchmark

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

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



In 2012/13, rates revenue was higher than planned but closing debtors increased by more, and although expenditure was similar to planned, creditors increased more than forecast. Similarly, in 2014/15, although revenue was higher than planned, there were significantly higher debtors at year end. In 2016/17, receipts from other revenue, particularly building and resource consent revenue, were significantly above planned, their percentage increase was not matched by the consequential increase in cost (ie payments to suppliers, etc).

## 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 Local Government (Rating) Act 2002, and is domiciled in New Zealand.

The Council is a separate legal entity and does not have any subsidiaries. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 31 October 2017.

### Basis of Preparation

#### Statement of compliance

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

These financial statements have been prepared in accordance with PBE IPSAS for a Tier 2 entity as the Council does not have public accountability and is not large.

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

### Measurement base

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

### Functional and presentation currency

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

### Changes in accounting policies

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

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

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

## Significant Accounting Policies

### Revenue

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

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

#### *Revenue from exchange and non-exchange transactions*

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

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

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

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

#### *Rates revenue*

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

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

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

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

Revenue from water rates by meter is recognised on an accrual basis and are taxes that use a specific charging mechanism to collect the rate and are non-exchange revenue.

Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

#### *Government grants*

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

Various grants are also received from a number of Crown bodies for a range of purposes, such as employment subsidies, assistance with community activities, and grant money for distribution to the community. The grants are recognised as revenue when they become receivable.

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

#### *Provision of services*

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

#### *Vested assets*

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

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

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

### *Sale of goods*

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

### *Agency arrangements*

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

### *Interest and dividends*

Interest revenue is recognised using the effective interest method.

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

### *Fines and penalties*

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

### *Other gains and losses*

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

### *Development contributions*

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

Development contributions are classified as part of “development and financial contributions”.

## **Borrowing costs**

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

## **Grant expenditure**

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

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

## **Foreign currency transactions**

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

## **Income tax**

Income tax expense includes current tax and deferred tax.

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences and

differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

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

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

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

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

## **Leases**

### *Finance leases*

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

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

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

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

### *Operating leases*

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

## **Cash and cash equivalents**

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

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

## **Debtors and other receivables**

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

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

## Derivative financial instruments and hedge accounting

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

## Other financial assets

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

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

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

- Fair value through surplus or deficit
- Loans and receivables
- Held to maturity investments
- Fair value through other comprehensive revenue and expense

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

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

Financial assets at fair value through profit and loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

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

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

Council does not hold any financial assets in this category.

### *Loans and receivables*

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

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

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

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



### *Held to maturity investments*

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

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

Council does not hold any financial assets in this category.

### *Fair value through other comprehensive revenue and expense*

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

Council includes in this category:

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

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

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

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

### **Impairment of financial assets**

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

### *Loans and other receivables*

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

### *Financial assets at fair value through other comprehensive revenue and expense*

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

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

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

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

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

### **Non-current assets held for sale**

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

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

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

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

### **Property, plant and equipment**

Property, plant and equipment consists of:

*Operational assets*—land, buildings, fixtures and fittings, office equipment, library collections, motor vehicles, plant and equipment, landfill post closure and water races.

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

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

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

#### **Revaluation**

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

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

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

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

#### **Additions**

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

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

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

### *Subsequent costs*

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

### *Disposals*

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

### *Depreciation*

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

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

Buildings	3 to 100 years	1.00–35.00%
Plant and equipment	10 to 50 years	2.00–10.00%
Motor vehicles	10 years	10.00%
Fixtures and fittings	10 to 50 years	2.00–10.00%
Office equipment	5 to 10 years	10.00–20.00%
Library collections	5 to 6 years	18.90%
Roads, bridges & footpaths*	8 to 65 years	1.60–12.00%
Water systems*	4 to 80 years	1.60–23.00%
Stormwater systems*	20 to 100 years	1.00–5.00%
Sewerage systems*	10 to 80 years	1.5–10.0%
Heritage assets	20 to 50 years	2.00–5.00%

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 recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

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

#### *Easements*

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

#### *Resource consents*

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

#### *Carbon credits*

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

used to satisfy carbon emission obligations.

### **Amortisation**

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

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

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

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

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

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

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

### **Forestry assets**

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

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

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

### **Creditors and other payables**

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

### **Borrowings**

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

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

## Employee entitlements

### *Short-term employee entitlements*

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

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

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

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

### *Long-term employee entitlements*

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

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

A discount rate of 4.63% and an inflation factor of 3.00% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

### *Presentation of employee entitlements*

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

## Superannuation schemes

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

## Provisions

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

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

## Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is

recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

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

## Equity

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

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

### *Restricted reserves*

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

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

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

Council's objectives, policies and processes for managing capital are described in note 28.

### *Asset revaluation reserves*

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

### *Fair value through other comprehensive revenue and expense reserves*

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

## Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

## Budget figures

The budget figures are those approved by the Council in its 2016/17 Annual Plan. The budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted in preparing these financial statements.

## **Cost allocation**

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

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

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

## **Statement of cash flows**

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

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

Investing activities are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

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

## **Critical accounting estimates and assumptions**

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

### *Forestry Assets*

Note 10 provides information about the estimates and assumptions applied in determining the fair value of forestry assets held.

### *Property, Plant and Equipment*

Note 27 provides information about the estimates and assumptions applied in determining the fair value of property, plant and equipment.