



CARTERTON
DISTRICT COUNCIL

**Annual Report
for the year ended 30 June 2018**

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Directory

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Mayor and councillors

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

Senior executives

Chief Executive	Jane Davis
Infrastructure and Services & Planning and Regulatory Manager	Dave Gittings
Community Services Manager	Carrie Mckenzie
Corporate Services Manager	Marty Sebire
Human Resources Manager	Peter Rickman

Hurunui o Rangi Marae

Kaumātua	Rev Mihi Namana
	Mr PJ Devonshire

He maumaharatanga mō Lou Cook

Ka tangi, ka tangi, ka tangi tonu mātou mō Aunty Lou! E kui, haere rā ki tua atu i te arai kia whetūrangitia, ki te minenga wairua, ki te piringa a tō tātou Atua. Nā reira e kui, moe mai, moe mai, moe mai rā i te moenga roa. Oti atu.

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 hapori 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.*

The 2017/18 year has been another successful one for this Council and for our community. When I look around the town I see a lot of vibrancy starting to happen with new businesses moving into the High Street. And our rural communities are doing well. It is especially great to see changes in the rural landscape as farmers and lifestyle planters plant more trees and doing other things to enhance the environment and the quality of our waterways.

At the end of 2017 the Wairarapa communities voted on a Local Government Commission's proposal to amalgamate the three District Councils. The proposal was rejected. This ended a very long process we've been involved with reviewing the structure of local government in Wairarapa. At the heart of the debate has been the connection communities feel with their Councils and elected representatives. I was heartened by the feedback I heard from

Carterton residents about the performance of my Council and the quality of the services we deliver. I also heard a challenge that we must continue to look for opportunities to be more effective and efficient. That is something that I am constantly focused on. This Council will continue looking for opportunities to share services and collaborate with other Councils and agencies where this will benefit the people of Carterton.

This year was a year in which we adopted a new Ten Year Plan, also known as the Long Term Plan. As the title suggests this plan sets out our activities over the next ten years from 2018 to 2028, with a particular focus on the next three years. My fellow Councillors and I spent a lot of time over the year considering the services we provide for the community and the costs of those services. Much of our pipe infrastructure is old and in need of replacement, and we have committed to upgrading our wastewater treatment plant to meet higher environmental standards. We need to provide expanded services over the ten years to meet future growth. We had a very challenging conversation with our ratepayers and residents about the cost of these services over the next ten years. As a result we will be focusing on delivering our core infrastructure services for the foreseeable future. I am very appreciative of the time people took to engage with us and for the feedback provided to us to assist our decision-making. I acknowledge the financial challenges many of our ratepayers face and, as shown in this report, will continue to ensure our services are delivered cost-effectively.

The new Government elected and formed in late 2017 has recognised the importance and challenges facing provincial New Zealand with the establishment of a multi-billion dollar Provincial Growth Fund. We have partnered with the other Wairarapa Councils and the Greater Wellington Regional Council to formulate an economic growth plan to provide the basis for bids to that fund. I'm excited about the possibility of kick-starting a number of initiatives to boost this region and to grow the prosperity of our people. Some of those initiatives will build on the very successful YETE programme we are part of which focusses on our young people and getting them into jobs and training.

We continue to meet the challenges of keeping our rural roads to an acceptable standard, with some works carried out on the road to Flat Point this year. We are keeping a close eye on the impacts of the logging trucks as the harvesting of our vast production forests increases.

Carterton hosts many events which are always popular. Events contribute to the attraction of Carterton and bring people together. Whether it's the Council-run events, like Daffodil Festival or the Carterton Street Party we hosted for the first time in December, or events

hosted by others – like the Scarecrows Big Day Out, we've had some excellent events during the year and will continue to do so.

I would like to acknowledge the Council staff who continue to work hard for the Carterton community. We are lucky to have such a dedicated and professional team at the Council. I would also like to acknowledge my fellow Councillors who are committed to improving the wellbeing of this District.

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



John Booth
Mayor

Chief Executive's report



It has been another busy year for the Council as Carterton continues to grow. Building and resource consent application numbers remain high, which is a reflection of the confidence the community has with the District. We provide very responsive regulatory services for which we are proud. 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. The highlight of the year was obtaining a 35 year resource consent for the upgrade of our wastewater treatment plant. We worked with submitters to address concerns they had and successfully avoided a formal hearing. Once construction is completed in 2020 the upgraded plant will enable the Council to discharge the vast majority of its treated wastewater to land.

The safety of our town drinking water has been a focus of the highly skilled team we have operating our water supply. We have made some adjustments to our infrastructure, which in addition to the various treatment processes, gives us confidence we can supply safe drinking water to our community.

Our Events Centre is operating at almost full capacity, with the meeting rooms and auditorium spaces heavily booked throughout the year. We have added storage space for the seating blocks and stage which has made it easier and quicker to set up for different events. It also allowed us to create an additional meeting room - the Maungaraki Room which already has a high use.

The restoration of the historic Carterton Courthouse, located adjacent to the Events Centre, was completed this year. This was an undertaking by the Carterton Community Courthouse Trust, a group of very dedicated and talented volunteers. We have partnered with the Trust to manage the use of the Courthouse as a community space.

We have numerous partnership arrangements with community groups. Many of these deliver services to our community, and include the Carterton Foodbank, Carterton Lions and

Rotary Clubs, Keep Carterton Beautiful Group, Resilient Carterton and many others. This year we have worked with the Carterton Swimming Club to review the aquatic facilities in the District. The Swimming Club is a huge asset to Carterton, not just producing successful competitive swimmers, but teaching many people to swim and providing leisure swimming options during the winter months when the community pool is closed. The club is run primarily by a group of very committed volunteers and it has been a pleasure working alongside them to secure the future of the club and all-year swimming facilities in Carterton.

We also partner with other Councils. Now that the option of Council amalgamation is no longer on the table we are exploring opportunities to share services with the other two Wairarapa District Councils. At an operational level we are working closely and supporting each other in a number of areas and will be progressing more formal shared services over the next year or so.

For a small Council we definitely punch above our weight. While we cannot afford to do the big glitzy projects others can, what we do we do really well, especially our events. This year we held our first Winter Festival which was so successful we had trouble managing the crowds. Our annual Daffodil Festival continues to grow in popularity, and the community Summer Street Party we held for the first time last December brought Carterton residents together to celebrate all that is great about the district. Our Charles Rooking Carter Awards event was a huge celebration of the people of Carterton that make our place a very special place to live.

This Annual Report shows we're continuing to do well against 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. To fulfil this, a Memorandum of Understanding has been signed incorporating our joint objectives and Marae participation in meetings of Council and its Committees and Advisory Groups.

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
- attendance of councillors and senior managers at Marae Trustee meetings
- 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

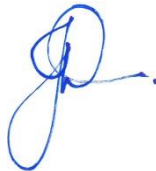
1. The Council and management of the Carterton District Council certify that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

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 2018 fairly reflect the financial position and operations of Carterton District Council.



John Booth
Mayor
24 October 2018



Jane Davis
Chief Executive
24 October 2018

Independent Auditor's Report

To the readers of Carterton District Council's Annual Report for the year ended 30 June 2018

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, John Whittall, 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 24 October 2018. 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 and 44 to 69:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2018;
 - 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; and
- 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 11 to 34:

- presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, 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 performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 70 to 74 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.

Responsibilities of the District Council for the audited information

The District Council is responsible for meeting all legal requirements that apply to its Annual Report.

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

The District 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 District Council is responsible for assessing its ability to continue as a going concern. The District 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 District 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 District 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 District 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 District 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.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 Long-Term Plan, which is compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the District Council.



John Whittal

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.
- Commissioned a new residents satisfaction survey to be undertaken annually.
- 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 Kāuru Floodplain Committees, Wellington Region Waste Forum, 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 2018	Result 2018	Comment
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	100%	Achieved. Governance cost \$704,995 during 2017/18, down from \$909,471 in 2016/17. The Annual Plan 2017/18 (Annual Plan) anticipated expenditure of \$709,195. The difference reflects the cost of the election in 2016. [2017: Not achieved]
Open and transparent conduct of Council business	Agenda items within 'public excluded'	≤5%	5%	Not achieved. 5.1% of Council and committee meeting 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. [2017: 5.6%]
Representation of residents by elected members	Residents rate the performance of the Mayor and councillors as 'very good' or 'fairly good'	≥75%	69%	Not achieved. The Council's survey undertaken in 2017 did not include a specific question on the performance of the Mayor and councillors, and used a rating system that did not translate to 'good' or 'very good'. However, in that survey 69% of residents surveyed ¹ scored the overall governance and reputation of the Council 7-10 ² . [2014: 77%]
Effective monitoring of the financial and non-financial performance of the Council	The annual report is adopted within statutory timeframes, with an unqualified audit opinion	100%		Not achieved. The Annual Report was adopted on 24 October 2018 within the statutory deadline (31 October 2018) 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. [2017: Not achieved. Adopted by 31 October 2017 with modified opinion.]

¹ Annual Residents Survey, Key Research, December 2017

² Using a 1–10 scale where 1 means 'very poor', and 10 means 'excellent'

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, Connecting Communities, Enviro-schools and the Youth in Education Training and Employment (REAP).
- Other funding assistance including, 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 create and action the Wairarapa Councils youth development strategy.
- Participation in the Youth, Employment, Training and Education (YETE) partnership
- 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.
- Working with the two other Wairarapa Councils and Greater Wellington to create a Wairarapa Economic Development Strategy
- Representing Carterton on the steering group to create the Wellington Regional Investment Plan.
- Managing the Carterton Economic Development Action Group
- Representing Carterton on the Intersectoral Leadership Group
- Membership of a working party on the passenger rail group for the Wellington region
-

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.
- Provided for natural burials at Clareville cemetery.
- Extended roading within the cemetery to provide for future expansion.
- Redeveloped the Council website
- Built a storage shed for the Events Centre in order to free up space and enhancing our ability to attract bigger shows.
- Using existing resources, restructured community services in order to create positions of Sales and marketing Coordinator, Communications and Engagement Coordinator and Administration assistant.
- Gained an on-license for the Carterton Events Centre in order to enhance audience experience

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
Community support is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	100%	Achieved. Community Support cost \$3,906,503 during 2017/18, up from \$3,653,274 in 2016/17. The Annual Plan anticipated expenditure of \$4,001,782. The expenditure reflects a Council decision to improve support for community services. [2017: Not achieved]
A range of amenities of a standard satisfactory to residents	Residents satisfied with public swimming baths	≥75%	74%	Not achieved. In the survey undertaken in 2017, 74% of those respondents who had visited the pools in the last twelve months ³ , rated their satisfaction in the range of 7–10 ⁴ . The survey undertaken in 2014 stated that 63% of residents surveyed ⁵ 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’. [2014: 63%]
	Residents satisfied with public toilets	>75%	81%	Achieved. In the survey undertaken in 2017, 81% of those respondents who had visited public toilets in the last twelve months ⁶ , rated their satisfaction in the range of 7–10 ⁷ . The survey undertaken in 2014 stated that 74% of residents surveyed ⁸ 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’. [2014: 74%]
	Percentage of Carterton residents who are members of the Library	>75%	33%	Not Achieved: There were 2,970 members, or 33% of the estimated resident population at 30 June 2018. There were 1,406 members, or 16% of the estimated resident population at 30 June 2017. Library transactions for 2017/18 were 65,801, an increase of 11% on 2016/17. This measure and its target have been replaced in the 2018–28 Long Term Plan by a residents’ satisfaction measure. [2017: Not achieved]

³ Annual Residents Survey, Key Research, December 2017

⁴ Using a 1–10 scale where 1 means ‘very dissatisfied’, and 10 means ‘very satisfied’

⁶ Annual Residents Survey, Key Research, December 2017

⁶ Annual Residents Survey, Key Research, December 2017

⁷ Using a 1–10 scale where 1 means ‘very dissatisfied’, and 10 means ‘very satisfied’

⁹ Annual Residents Survey, Key Research, December 2017

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
Effective use of grant monies	Community grants budget is distributed in accordance with the Council policy	100%	100%	Achieved. The community grants budget was distributed in accordance with the Council policy. Grants of \$236,054 was distributed to over 50 recipients. [2018: Achieved]
High quality sports fields, parks, and reserves	Residents (who have used or visited a park or reserves) satisfied	≥90%	89%	Not achieved. In the survey undertaken in 2017, 89% of those respondents who had visited a council maintained park or reserve in the last twelve months ⁹ , rated their satisfaction in the range of 7–10 ¹⁰ . The survey undertaken in 2014 stated that 96% of residents surveyed ¹¹ , who had visited a park or reserve in the previous 12 months, rated their satisfaction as ‘very satisfied’ or ‘fairly satisfied’. [2014: 96%]
	High profile or offensive graffiti is removed within 4 hours of the Council being aware of it	100%	100%	Achieved. Graffiti found in public parks and reserves was removed within 4 hours in every instance during 2017/18. [2017: Achieved]
Prompt response to all health and safety incidents	Calls with a potential public health or safety risk are responded to within 30 minutes	100%	No Calls	There were no calls received during 2017/18 identifying a potential public health or safety risk. [2017: No calls]

⁹ Annual Residents Survey, Key Research, December 2017

¹⁰ Using a 1–10 scale where 1 means ‘very dissatisfied’, and 10 means ‘very satisfied’

¹² Land Information Memorandums

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.
- Bylaws Act 1910 is an enabling act that allows Council to undertake, monitor or restrict a number of actions.

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 of the regional BCA group
- 35 year resource consent for waste water achieved
- Waste water treatment plant upgrade continuation
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand

- Membership and funding support to the Wellington Region Emergency Management Group
- Membership of the Wairarapa Coordinated Emergency Management Group
- Regular inspection of food and alcohol outlets

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

Building and resource consent applications in 2017/18 continued to be above planned levels anticipated in the Long Term Plan for 2015 -2015 and the Annual Plan for 2017/18.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
The regulatory and planning service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Regulatory and Planning cost \$1,627,637 during 2017/18, up from \$1,610,284 in 2016/17. The Annual Plan anticipated expenditure of \$1,648,125. The increase in cost arose through the increased FTE required for the undertaking of building control work. [2017: Not achieved]
Timely processing of applications	LIMs ¹² processed within 10 working days	100%	100%	Achieved. All 197 LIMs processed were completed within the 10 day statutory timeframe. Average process time was 6 days. [2017: Achieved. 189 LIMs processed; average processing time 6 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	100%	Achieved. 58 resource consents were processed during the year, all completed within statutory timeframes. [2017: Achieved. 45 resource consents, 100% within statutory timeframes]
	PIMs and building consents processed within statutory timeframes	100%	99%	Not achieved. 368 building consents were processed during the year. 365 were processed within the statutory time frame (99.18%). Technical difficulties prevented the timely completion of two consents. Average processing time 11 days. [2017: Not achieved. 354 Building consents and PIMS, 98.31% within statutory timeframes – approximate value \$34.5 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%	76%	Not achieved. A total of 639 complaints and service requests were responded to of which 133 were noise complaints and 506 complaints/service requests relating to animal control. 76% were responded to within 4 working hours. [2017: Not achieved. 439 complaints and service requests, 62% 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%	100%	Achieved. 9 on-licences, 6 off-licences, 2 club licences, 55 special licences, 3 temporary Authority's and 490 manager's certificates were issued covering 70 organisations/premises involved in the sale of liquor. Over 60 food premises/organisations have been monitored, ensuring current licensing and registration under health legislation. [2017: Achieved. A total of 101 registered or licensed]

¹² 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.

A review in accordance with section 17A of the Local Government Act of the provision of services for roading activities has commenced. The review will be completed in 2018/19.

Examples of Council activities that contributed to achieving outcomes

- 2017/18 was noted for mixed weather conditions with inclement periods with two adverse weather events that impacted on districts roading network. Contractor availability impacted on the ability to complete works and achieve required expenditure.
- Provision of funding for the Wairarapa Road Safety Co-ordinator.
- Completion of the approved subsidised roading programme, being the third year in the 2015/18 3 year programme.
- 21.9 km of resealing on roads completed.
- 0.55 km of unsealed rural road rehabilitated

- 1,828 m² of footpath surfacing renewed (112m² of concrete paths and 1,716m² 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'. Sight benching to corners on Kaiwhata Road has also been completed.

Levels of service and performance measures

The proposed river protection work at Dakins Road was progressed with the supply of rock delivered to the site but river levels prevented the construction of the groynes. 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 completed. Stubs Lane was sealed and drainage improvements were carried out. The strengthening and re-decking of Hinau Gully bridge was completed.

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	106%	Not achieved. Roads and Footpaths cost \$3,517,416 during 2017/18, up from \$3,357,647 in 2016/17. The Annual Plan anticipated expenditure of \$3,307,343. The higher spend this year reflected the final year of a three-year maintenance programme and the impact of two adverse weather events. [2017: Achieved—operating under budget]
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network ¹³	<1 fatal <3 serious injury	No fatal 3 serious injury	Not achieved. During 2017/18 there were no fatal crashes but three serious injury crashes. In 2016/17 there was one fatal crashes and four serious injury crashes. [2017: Achieved]
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	91%	Achieved. Of the 205 requests, 186 or 91% were responded to within the contract response time. [2017: Achieved 93%]
	Average quality of ride on the sealed local road network	≥90%	98%	Achieved. The percentage of travel (Vehicle KilometresTravelled) on smooth roads of the sealed local road network is 98%.. [2017: Achieved 100%]
	An average road roughness index on sealed roads	80 or less	64.4	Achieved. Road roughness was 64.4 NAASRA ¹⁴ counts per lane kilometre. . [2017: 64.3 NAASRA counts per lane km]

¹³ Source: NZTA's Crash Analysis System

¹⁴ National Association of Australia State Road Authorities

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
	Percentage of sealed road network that is resurfaced	≥6%	8%	Achieved. 21.9km or 7.5% of the 292.8km of sealed roads were resurfaced. [2017: Not achieved. 15.7km or 5.4%.]
	Percentage of footpaths compliant with condition standards	≥95%	98%	Achieved. 98.1% of footpaths scored a condition grading of 1-3 (good condition), with 1.9% having a condition score of 4-5 (poor condition). [2017: Achieved 99.6%]
	Residents satisfied with the district's footpaths	≥60%	66%	Not measured. In the survey undertaken in 2017, 66% of the respondents ¹⁵ rated their satisfaction of the availability of footpaths in the range of 7–10 ¹⁶ and 57% rated their satisfaction with the maintenance of footpaths in the range 7–10. The survey undertaken in 2014 stated that 69% of residents surveyed ¹⁷ rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2014: 69%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	50%	Not achieved. A response rate of 50%; the regulatory signs repaired or replaced was outside the response time. There were 2 Council requests in relation to regulatory sign defects; 1 being completed in the two days from time of advice and 1 not. [2017: Not achieved. Response rate of 0%.]
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥90%	79%	Not achieved. A response rate of 79%; of the 91 non-regulatory signs faults advised, 72 were repaired within the 21 days. The remaining 19 were not repaired due to the contractor being unable to programme the repairs within the timeframe or there was a delay in the supply of signs [2017: Not achieved. A response rate of 79%]
	Road signs and markings found missing or not visible	≤5%	1%	Achieved. A rate of 1%; of the 3145 road signs or markings within the district, 44 road signs or markings were found to be missing or not visible in the six-monthly inspections. All were remedied [2017: Achieved]
Safe footpaths	Fault reports and public complaints are acknowledged within 2 days	≥90%	58%	Not achieved. Of 19 fault reports and public complaints related to footpaths, 11 were responded to within 2 working days (58%). Not all were acknowledged within the time frame of two days due to either resource scheduling (involving the contractors) or time necessary to assess the reported fault.

¹⁵ Annual Residents Survey, Key Research, December 2017

¹⁶ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

¹⁷ Annual Residents Survey, Key Research, December 2017

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
				[2017: Not achieved 24%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	71%	Not achieved. Of the 55 streetlight faults identified, 39 or 71% were repaired within 2 weeks. The remaining 16 or 29% of reported faults were addressed during the programmed street lighting replacement programme. This programme undertaken between April and June 2018 replaced all existing lights with new LED fittings that meet international lighting standards. [2017: Not achieved 82%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥90%	69%	Not achieved. Of 202 service requests, 140 responded to within 10 days (69.3%). Not all were responded to within the time frame of ten days due to either resource scheduling (involving the contractors) or time necessary to assess the reported fault. All fault reports and public complaints are recorded as service requests. [2017: Not achieved. A response rate of 70%]

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,
- Obtaining 35 year resource consent for waste water
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.
- Ongoing work in connection with the Waste Water Treatment Plant upgrade

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

An application was made to Greater Wellington Regional Council in April 2017. Council was granted a 35 year consent commencing 17 January 2018.

Work on planned mains repairs focussed on Broadway, Davey and part of Lincoln Road. This activity involved CCTV review which found several infiltration areas that needed inline patching.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
The sewerage service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Sewerage cost \$1,628,323 during 2017/18, up from \$1,600,437 in 2016/2017. The Annual Plan anticipated expenditure of \$2,198,881. The anticipated level of expenditure provided for financial costs related to borrowing and capitalisation of the continued re-development of the sewage treatment plant that has yet to occur. Resource consents were agreed early in 2018 and work is now progressing to establish the capability to meet the new resource consent. [2017: Achieved]
System and adequacy	Number of dry weather sewerage overflows per 1000 connections	≤5	None	Achieved. There were no dry weather sewer overflows during the year. [2017: Achieved]
Management of environmental impacts	Number of abatement notices	≤1	0	Achieved. No abatement notices were issued by GWRC. [2017: Achieved]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2017: Achieved]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2017: Achieved]
	Number of successful prosecutions	0	0	Achieved. No prosecution actions against the Carterton District Council were taken by GWRC during 2017/18 [2017: Achieved]

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
Response to sewerage system faults	Median attendance time	≤1 hour	0.6 hours	Achieved. There were 12 incidents recorded as service requests in 2017/18 with a median time for response of 35 minutes. [2017: Not measured]
	Median resolution time	≤4 hours	3 hours	Achieved. The median to resolve an incident from when first reported is 3.1 hours; a rate less than 4 hours. 12 incidents occurred: two were resolved within 1 hour; five took up to 4 hours to resolve; three within a day to resolve; one was not resolved for 12 days; and 1 remained unresolved at year-end. [2017: Achieved The median was 0.8 hours]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤20	5	Achieved. The 12 service requests received relating to sewage and sewerage was effectively a rate of 4.52 requests per 1000 connections. [2017: Achieved, a rate of 6.39 per 1000 connections]

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 more than minor 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 2023/24. 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 2018	Result 2018	Comment
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Stormwater management cost \$227,313 during 2017/18, up from \$185,585 in 2016/17. The Annual Plan anticipated expenditure of \$251,843. [2017: Achieved]
System and adequacy	Number of flooding events	≤1	None	No flooding events recorded. A flooding event is where a residential or commercial floor-space is flooded. [2017: None]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	None	There were no flooding events. [2017: None]
Management of environmental impacts	Number of abatement notices	0	0	Achieved. No abatement notices were issued by GWRC. [2017: Achieved]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2017: Achieved]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2017: Achieved]
	Number of successful prosecutions	0	0	Achieved. No prosecution action taken against the Carterton District Council by GWRC during 2017/18. [2017: Achieved]
Response to stormwater system issues	The median response time to attend a flooding event	≤3 hours	None	Achieved. There was no flooding event in 2017/18. 3 blockages or overflows (ie service faults) were reported and resolved. Blockages or overflows occur within the stormwater/drainage system as a consequence to adverse weather events. Such incidents are upgraded to a flooding event where those blockages or overflows impact upon residential or commercial buildings. [2017: Achieved, none]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	5	Achieved. The 13 service requests received relating to stormwater was effectively a rate of 5.05 requests per 1000 connections. Most service requests report a blockage or minor flooding. A blockage that keeps happening through lack of capacity or maintenance is considered an issue for complaint. {2017: Achieved, the rate is 4.95 per 1000 properties]

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.
- Zero Waste Coordinator appointed, 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.
- It has been agreed under the Ten-Year Plan to introduce expanded kerbside recycling services to our urban residents and an e-waste service at the transfer station.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Waste management cost \$767,192 during 2017/18, up from \$764,364 in 2016/17. The Annual Plan anticipated expenditure of \$778,723. [2017: Achieved]
Refuse and recycling services of a satisfactory standard	Urban residents are satisfied with refuse collection and with kerbside recycling	≥85%	87%	Achieved. In the survey undertaken in 2017, 87% of the respondents ¹⁸ rated their satisfaction with the kerbside rubbish in the range of 7–10 ¹⁹ and 86% rated their satisfaction with the kerbside recycling collection in the range 7–10. [2014: refuse collection 90% and kerbside recycling 89%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	90%	Not achieved. Ground water sampling from the landfill has been found to exceed consent conditions. 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 were 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. We expect to have a new consent in place during 2018/19 that permits the low level discharge in this uncapped area. [2017: Not achieved]

¹⁸ Annual Residents Survey, Key Research, December 2017

¹⁹ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

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.
- Continued monitoring and upgrading of the potable water supply network

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

Work on water mains replacement continued in 2017/18. Duplication of the water main along both sides of High Street South was completed, and the main lines in Rexwood and Wakelin Streets were replaced.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
The urban water service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Water supply cost \$2,132,792 in 2017/18, up from \$2,055,560 in 2016/17. The Annual Plan anticipated expenditure of \$2,244,223. Increased operation of the Supplementary to maintain the urban water supply by drawing water from the artesian resource, incurred expenditures that were much greater than planned. Overall, costs were down as continued turbidity in Kaipaitangata Stream water flows reduced the take levels at the Main Treatment plant. [2017: Not achieved]
Safety of drinking water	Compliance with part 4 of DW Standards (bacteriological requirements)	Full compliance	Non compliance	Not Achieved. Kaipaitangata Treatment Plant – non compliant <ul style="list-style-type: none"> Arising from issues related to the continuous monitoring of turbidity Frederick Street Treatment Plant – non compliant <ul style="list-style-type: none"> Arising from issues related to the continuous monitoring of turbidity and free available chlorine. Distribution zone – compliant Issues with compliance at both plants has been resolved through improved equipment and telemetry. [2017: Not achieved]
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Non 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. [2017: Not achieved]
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤15%	18%	Not achieved. The water loss as calculated by the recommended methodology is 18%, representing 127.25 litres per service connection per day. Adjustment was made in this year's calculation to more accurately reflect commercial use. 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. [2017: Not achieved 42% or 310 litres per service connection per day]

The service broken down into measurable components	Performance measure	Target 2018	Result 2018	Comment
Fault response times	Median time to attend urgent call-outs	≤2 hours	None	Achieved. There were no urgent callouts in 2017/18. An urgent call-out is where there is a complete loss of water supply. [2017: Achieved, none]
	Median time to resolve urgent call-outs	≤4 hours	None	Achieved. There were no urgent callouts in 2017/18. [2017: Achieved, none]
	Median time to attend non-urgent call-outs	≤12 hours	2 hours	Achieved. There were 79 non-urgent call-outs during 2017/18. The median time to attend the callouts was 1.5 hours. [2017: Not achieved]
	Median time to resolve non-urgent call-outs	≤24 hours	7 hours	Achieved The median time to resolve a non-urgent call out once attending onsite was 6.5 hours. 73 call outs during 2017/2018 were resolved within 24 hours. All callouts were resolved. Effort has been made to be more responsive to callouts and their resolution. [2017: Achieved. The median was 21 hours]
Customer satisfaction	Number of complaints received per 1000 connections	≤15	29	Not achieved. The 79 service requests received relating to urban water supply was effectively a rate of 29.3 requests per 1000 connections. We had one complaint during 2017/18 that related to water colour/turbidity. [2017: Not Achieved Effective complaint/service request rate is 49 per 1000 connections]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	351 litres	Achieved. 350.73 litres per resident serviced by urban water supply, inclusive of water losses; 215 litres per resident excluding water losses. [2017: Achieved 396.37 litres per resident]
Urban water system of a satisfactory standard	Urban residents are satisfied with the urban water service	≥90%	83%	Not achieved. In the survey undertaken in 2017, 83% of the respondents ²⁰ connected to the urban water supply rated their overall satisfaction with household water supply in the range of 7–10 ²¹ . The survey undertaken in 2014 stated that 95% of urban residents surveyed rated their satisfaction with the town water supply as ‘very satisfied’ or ‘fairly satisfied’.. [2014: 95%]
Water resources are used sustainably	Reduction in community water consumption	≥2.5% per annum	5%	Achieved. Recorded water flow from the Kaipaitangata and Supplementary Bore reservoirs was 4.58% less than the previous year. [2017: Not achieved 1.56% less than the previous year]
	Compliance with water resource consent conditions	100%		Water usage demand in 2017/18 has yet to be reported to GWRC. This report is currently being prepared. [2017: Not achieved]

²⁰ Annual Residents Survey, Key Research, December 2017

²¹ Using a 1–10 scale where 1 means ‘very dissatisfied’, and 10 means ‘very satisfied’

Financial statements

CARTERTON DISTRICT COUNCIL

Statement Of Financial Performance For The Year Ended 30 June 2018

Actual 30 June 2017 \$	Note	Actual 30 June 2018 \$	Annual Plan 30 June 2018 \$
Revenue			
10,903,516		11,736,027	11,286,737
67,909		81,449	25,000
177,581		205,401	73,924
1,861,214		1,928,617	1,662,000
1,412,366		1,750,547	1,680,900
84,548		89,789	62,500
24,466		47,316	25,900
154,798		170,333	149,599
159,311		118,498	37,500
664,449		617,573	317,200
44,535		68,006	48,000
32,343		89,343	32,000
54,000		-	-
4,954		17,662	-
15,645,989	2	16,920,561	15,401,260
Expenditure			
909,471		704,995	709,195
3,357,647		3,517,416	3,307,343
2,055,560		2,132,792	2,244,223
1,600,437		1,628,323	2,198,881
185,585		227,313	251,843
764,364		767,192	778,723
3,653,274		3,906,503	4,001,782
1,610,284		1,627,637	1,648,125
19,905		8,900	40,000
-		15,725	-
1,663		3	-
14,158,190	4	14,536,798	15,180,115
1,487,799		2,383,763	221,145
(226,124)		-	-
31,317		155,290	-
1,292,993		2,539,053	221,145
-	5	-	-
1,292,993		2,539,053	221,145
Note: Operating costs include the following expenses			
3,297,226		3,543,742	4,081,638
403,931		369,550	573,300
3,754,658	3	3,943,758	3,733,480

CARTERTON DISTRICT COUNCIL

Statement Of Other Comprehensive Revenue And Expense For The Year Ended 30 June 2018

Actual 30 June 2017 \$	Note	Actual 30 June 2018 \$	Annual Plan 30 June 2018 \$	LTP 30 June 2018 \$
1,292,993		2,539,053	221,145	905,019
-		-	-	-
23,822,458		5,647,703	2,934,942	1,335,156
1,810		(1,127)	1,000	1,350
23,824,269	16	5,646,576	2,935,942	1,336,506
25,117,262		8,185,629	3,157,087	2,241,525

CARTERTON DISTRICT COUNCIL

Statement Of Changes In Equity For The Year Ended 30 June 2018

Actual 30 June 2017 \$	Note	Actual 30 June 2018 \$	Annual Plan 30 June 2018 \$
165,872,623		190,989,885	170,470,542
25,117,262		8,185,629	3,157,087
<u>190,989,885</u>		<u>199,175,514</u>	<u>173,627,629</u>
Components of equity			
112,421,319		113,021,576	112,377,137
1,292,993		2,539,053	221,145
(692,736)		(337,717)	-
-		-	-
113,021,576	16	115,222,912	112,598,282
45,839,469		69,663,738	49,562,196
23,822,458		5,647,703	2,934,942
1,810		(1,127)	1,000
-		-	-
69,663,738	16	75,310,314	52,498,138
7,611,835		8,304,571	8,531,209
692,736		337,717	-
8,304,571	16	8,642,288	8,531,209
<u>190,989,885</u>		<u>199,175,514</u>	<u>173,627,629</u>

CARTERTON DISTRICT COUNCIL

Statement Of Financial Position As at 30 June 2018

Actual 30 June 2017 \$	Note	Actual 30 June 2018 \$	Annual Plan 30 June 2018 \$
Assets			
Current assets			
2,728,536	6	6,483,611	8,698,174
1,268,440	7	1,737,008	1,687,809
4,333,039	8	3,188,448	13,517
8,330,015		11,409,068	10,399,500
Total current assets			
Non-current assets			
191,694,421	11	197,322,573	176,707,466
536,852	9	732,725	490,855
276,571	10	808,436	660,210
36,409		36,172	36,517
13,799		12,910	13,882
192,558,052		198,912,816	177,908,930
<u>200,888,067</u>		<u>210,321,884</u>	<u>188,308,430</u>
Liabilities			
Current liabilities			
1,375,291	13	1,352,549	1,871,521
382,102	14	431,991	257,373
1,929,866	15	499,811	442,826
3,687,259		2,284,350	2,571,720
Total current liabilities			
Non-current liabilities			
64,243	14	60,307	-
6,146,680	15	8,801,712	12,109,081
6,210,923		8,862,019	12,109,081
Total non-current liabilities			
Equity			
113,021,576		115,222,912	112,598,282
2,370,472	21	3,201,767	8,531,209
69,663,738		75,310,314	52,498,138
5,934,099		5,440,521	-
190,989,885	16	199,175,514	173,627,629
<u>200,888,067</u>		<u>210,321,884</u>	<u>188,308,430</u>

CARTERTON DISTRICT COUNCIL

Statement Of Cashflows For The Year Ended 30 June 2018

Actual 30 June 2017 \$	Note	Actual 30 June 2018 \$	Annual Plan 30 June 2018 \$
Cash flows from operating activities			
Cash was received from:			
11,049,438		11,792,553	11,311,737
1,436,832		1,684,026	1,706,800
84,548		89,789	62,500
2,939,861		2,784,976	2,127,941
151,908		229,789	73,924
15,662,587		16,581,133	15,282,902
Cash was applied to:			
10,498,300		10,747,134	10,317,571
391,033		369,514	573,300
10,889,333		11,116,649	10,890,871
4,773,254	17	5,464,484	4,392,031
Cash flows from investing activities			
Cash was received from:			
3,291		16,535	-
1,826,901		4,333,039	-
-		-	-
1,830,192		4,349,574	-
Cash was applied to:			
3,778,649		4,056,055	5,620,984
4,326,745		3,188,448	-
-		39,456	-
8,105,393		7,283,959	5,620,984
(6,275,201)		(2,934,385)	(5,620,984)
Cash flows from financing activities			
Cash was received from:			
5,487,970		1,700,000	2,160,000
5,487,970		1,700,000	2,160,000
Cash was applied to:			
5,652,371		475,023	442,824
5,652,371		475,023	442,824
(164,401)		1,224,977	1,717,176
(1,666,349)		3,755,075	488,223
4,394,885		2,728,536	8,209,951
2,728,536		6,483,611	8,698,174
Represented by:			
2,728,536		6,483,611	8,698,174
2,728,536		6,483,611	8,698,174

CARTERTON DISTRICT COUNCIL

Whole of Council Funding Impact Statement For The Year Ended 30 June 2018

Annual Plan 30 June 2017 \$	Actual 30 June 2017 \$		Actual 30 June 2018 \$	Annual Plan 30 June 2018 \$
Sources of operating funding				
7,062,401	7,176,631	General rates, UAGC, rates penalties	7,337,879	7,132,435
3,558,254	3,794,793	Targeted rates	4,479,597	4,179,302
752,049	666,905	Subsidies and grants for operating purposes	699,014	752,049
1,486,100	2,234,226	Fees and charges	2,153,330	1,662,000
128,984	177,852	Interest and dividends from investments	205,401	74,424
361,499	133,569	Local Authorities fuel tax, fines, infringement fees and other	311,255	329,099
13,349,287	14,183,977	Total operating funding	15,186,477	14,129,309
Applications of operating funding				
9,707,320	10,135,463	Payments to staff and suppliers	10,364,881	10,525,176
499,549	403,931	Finance costs	369,550	573,300
-	319,907	Other operating funding applications	258,623	-
10,206,869	10,859,301	Total applications of operating funding	10,993,054	11,098,476
3,142,418	3,324,676	Surplus / (deficit) of operating funding	4,193,423	3,030,833
Sources of capital funding				
954,751	769,927	Subsidies and grants for capital expenditure	1,098,849	954,751
317,200	664,449	Development and financial contributions	617,573	317,200
2,463,139	(149,170)	Increase (decrease) in debt	1,224,977	467,174
-	3,291	Gross proceeds from sale of assets	17,662	-
-	-	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	-
3,735,090	1,288,497	Total sources of capital funding	2,959,061	1,739,125
Applications of capital funding				
440,050	316,378	Capital expenditure - meet additional demand	68,247	451,000
2,008,364	522,236	Capital expenditure - improve level of service	429,163	979,900
3,661,725	2,944,822	Capital expenditure - replace existing assets	3,558,651	4,190,084
766,369	829,737	Increase (decrease) in reserves	3,096,423	(851,026)
1,000	-	Increase (decrease) of investments	-	-
6,877,508	4,613,173	Total application of capital funding	7,152,485	4,769,958
(3,142,418)	(3,324,676)	Surplus / (deficit) of capital funding	(4,193,423)	(3,030,833)
-	-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Governance Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
Sources of operating funding			
785,346	General rates, UAGC, rates penalties	730,025	844,574
-	Fees and charges	-	-
48,175	Local Authorities fuel tax, fines, infringement fees and other	450	2,103
833,521	Total operating funding	730,475	846,677
Applications of operating funding			
551,063	Payments to staff and suppliers	568,982	506,464
6,369	Finance costs	-	4,638
302,275	Internal charges and overheads applied	134,066	318,772
-	Other operating funding applications	-	-
859,707	Total applications of operating funding	703,049	829,874
(26,186)	Surplus / (deficit) of operating funding	27,427	16,803
Sources of capital funding			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
(23,990)	Increase / (decrease) in debt	(10,200)	(25,721)
(23,990)	Total sources of capital funding	(10,200)	(25,721)
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	-	-
(50,176)	Increase / (decrease) in reserves	17,227	(8,918)
(50,176)	Total application of capital funding	17,227	(8,918)
26,186	Surplus / (deficit) of capital funding	(27,427)	(16,803)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Community Support Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
Sources of operating funding			
3,036,836	General rates, UAGC, rates penalties	3,486,059	3,164,545
-	Targeted rates	-	-
16,645	Subsidies and grants - operating	47,316	17,032
204,210	Fees and charges	398,308	209,315
-	Internal charges and overheads recovered	12,443	-
94,211	Local Authorities fuel tax, fines, infringement fees and other	94,383	96,572
3,351,902	Total operating funding	4,038,508	3,487,464
Applications of operating funding			
2,101,062	Payments to staff and suppliers	2,111,310	2,158,492
219,150	Finance costs	150,483	213,077
441,637	Internal charges and overheads applied	755,977	476,080
-	Other operating funding applications	258,623	-
2,761,849	Total applications of operating funding	3,276,394	2,847,649
590,053	Surplus / (deficit) of operating funding	762,114	639,815
Sources of capital funding			
-	Subsidies and grants - capital	-	-
102,400	Development and financial contributions	139,078	104,960
(16,375)	Increase / (decrease) in debt	(167,695)	(213,824)
86,025	Total sources of capital funding	(28,617)	(108,864)
Applications of capital funding			
66,560	Capital expenditure - meet additional demand	65,880	15,735
184,320	Capital expenditure - improve level of service	-	65,038
205,312	Capital expenditure - replace existing assets	324,529	483,065
219,886	Increase / (decrease) in reserves	343,088	(32,887)
676,078	Total application of capital funding	733,497	530,951
(590,053)	Surplus / (deficit) of capital funding	(762,114)	(639,815)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Regulatory and Planning Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
Sources of operating funding			
416,272	General rates, UAGC, rates penalties	564,103	435,497
441,797	Targeted rates	478,523	390,874
-	Subsidies and grants - operating	-	-
611,003	Fees and charges	1,024,018	626,889
-	Internal charges and overheads recovered	-	-
11,788	Local Authorities fuel tax, fines, infringement fees and other	22,731	12,094
1,480,860	Total operating funding	2,089,375	1,465,354
Applications of operating funding			
1,174,349	Payments to staff and suppliers	1,097,918	1,138,022
4,216	Finance costs	-	3,862
217,259	Internal charges and overheads applied	506,302	233,737
1,395,824	Total applications of operating funding	1,604,220	1,375,621
85,036	Surplus / (deficit) of operating funding	485,155	89,733
Sources of capital funding			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
(5,264)	Increase / (decrease) in debt	-	(5,618)
(5,264)	Total sources of capital funding	-	(5,618)
Applications of capital funding			
-	Capital expenditure - replace existing assets	6,830	-
79,772	Increase / (decrease) in reserves	478,325	84,115
79,772	Total application of capital funding	485,155	84,115
(85,036)	Surplus / (deficit) of capital funding	(485,155)	(89,733)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Roads and Footpaths Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
Sources of operating funding			
2,037,630	General rates, UAGC, rates penalties	1,655,433	2,092,602
812,969	Subsidies and grants - operating	651,698	820,325
-	Fees and charges	36,888	-
89,840	Local Authorities fuel tax, fines, infringement fees and other	89,872	91,817
2,940,439	Total operating funding	2,433,891	3,004,744
Applications of operating funding			
1,671,637	Payments to staff and suppliers	1,539,417	1,708,376
93,705	Finance costs	43,983	99,763
380,281	Internal charges and overheads applied	284,943	426,673
2,145,623	Total applications of operating funding	1,868,342	2,234,812
794,816	Surplus / (deficit) of operating funding	565,549	769,932
Sources of capital funding			
771,305	Subsidies and grants - capital	1,098,849	837,457
101,400	Development and financial contributions	145,496	103,631
(75,245)	Increase / (decrease) in debt	(70,393)	(69,187)
797,460	Total sources of capital funding	1,173,952	871,901
Applications of capital funding			
91,260	Capital expenditure - meet additional demand	-	93,240
1,546,553	Capital expenditure - replace existing assets	2,055,437	1,580,107
(45,537)	Increase / (decrease) in reserves	(315,937)	(31,514)
1,592,276	Total application of capital funding	1,739,500	1,641,833
(794,816)	Surplus / (deficit) of capital funding	(565,549)	(769,932)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Sewerage Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
<u>Sources of operating funding</u>			
167,021	General rates, UAGC, rates penalties	177,629	158,789
1,503,193	Targeted rates	1,623,029	1,429,097
244,975	Fees and charges	349,821	198,762
50,021	Local Authorities fuel tax, fines, infringement fees and other	13,107	51,321
1,965,210	Total operating funding	2,163,586	1,837,969
<u>Applications of operating funding</u>			
943,936	Payments to staff and suppliers	729,930	703,918
300,626	Finance costs	137,580	290,231
157,277	Internal charges and overheads applied	526,822	169,770
1,401,839	Total applications of operating funding	1,394,331	1,163,919
563,371	Surplus / (deficit) of operating funding	769,254	674,050
<u>Sources of capital funding</u>			
51,250	Development and financial contributions	130,000	52,583
(151,395)	Increase / (decrease) in debt	1,534,329	(213,070)
(100,145)	Total sources of capital funding	1,664,329	(160,487)
<u>Applications of capital funding</u>			
307,500	Capital expenditure - improve level of service	428,863	157,650
699,050	Capital expenditure - replace existing assets	216,690	611,682
(543,324)	Increase / (decrease) in reserves	1,788,030	(255,769)
463,226	Total application of capital funding	2,433,583	513,563
(563,371)	Surplus / (deficit) of capital funding	(769,254)	(674,050)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Stormwater Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
<u>Sources of operating funding</u>			
21,365	General rates, UAGC, rates penalties	23,812	21,671
192,286	Targeted rates	212,447	195,042
-	Subsidies and grants - operating	-	-
-	Fees and charges	-	-
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
213,651	Total operating funding	236,259	216,713
<u>Applications of operating funding</u>			
58,436	Payments to staff and suppliers	55,971	59,823
32,151	Finance costs	15,281	30,844
27,533	Internal charges and overheads applied	68,736	29,486
118,120	Total applications of operating funding	139,988	120,153
95,531	Surplus / (deficit) of operating funding	96,270	96,560
<u>Sources of capital funding</u>			
10,250	Development and financial contributions	69,000	10,517
(20,699)	Increase / (decrease) in debt	(16,560)	(22,006)
(10,449)	Total sources of capital funding	52,440	(11,489)
<u>Applications of capital funding</u>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	300	-
85,082	Increase / (decrease) in reserves	148,410	85,071
85,082	Total application of capital funding	148,710	85,071
(95,531)	Surplus / (deficit) of capital funding	(96,270)	(96,560)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Waste Management Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
Sources of operating funding			
344,658	General rates, UAGC, rates penalties	416,664	358,433
149,457	Targeted rates	121,407	154,719
246,000	Fees and charges	328,864	252,396
65,600	Internal charges and overheads recovered	-	67,306
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
805,715	Total operating funding	866,935	832,854
Applications of operating funding			
680,658	Payments to staff and suppliers	651,276	698,304
86,373	Internal charges and overheads applied	33,430	95,505
767,031	Total applications of operating funding	684,706	793,809
38,684	Surplus / (deficit) of operating funding	182,229	39,045
Sources of capital funding			
-	Total sources of capital funding	-	-
Applications of capital funding			
-	Capital expenditure - meet additional demand	2,367	-
-	Capital expenditure - improve level of service	-	-
-	Capital expenditure - replace existing assets	5,523	-
38,683	Increase / (decrease) in reserves	174,339	39,045
38,683	Total application of capital funding	182,229	39,045
(38,683)	Surplus / (deficit) of capital funding	(182,229)	(39,045)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Water Supply Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
Sources of operating funding			
152,987	General rates, UAGC, rates penalties	207,176	157,959
1,584,479	Targeted rates	2,044,192	1,635,455
41,520	Fees and charges	13,918	42,766
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	1,249	-
1,778,986	Total operating funding	2,266,535	1,836,180
Applications of operating funding			
1,011,406	Payments to staff and suppliers	1,097,320	1,038,358
14,808	Finance costs	13,562	20,757
219,777	Internal charges and overheads applied	479,197	237,995
1,245,991	Total applications of operating funding	1,590,079	1,297,110
532,995	Surplus / (deficit) of operating funding	676,455	539,070
Sources of capital funding			
51,900	Development and financial contributions	134,000	53,457
18,527	Increase / (decrease) in debt	(29,606)	(28,924)
70,427	Total sources of capital funding	104,394	24,533
Applications of capital funding			
33,216	Capital expenditure - improve level of service	-	6,408
146,877	Capital expenditure - replace existing assets	704,002	155,394
423,328	Increase / (decrease) in reserves	76,847	401,801
603,421	Total application of capital funding	780,849	563,603
(532,994)	Surplus / (deficit) of capital funding	(676,455)	(539,070)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Administration and Support Funding Impact Statement For The Year Ended 30 June 2018

LTP 30 June 2017 \$		Actual 30 June 2018 \$	LTP 30 June 2018 \$
<u>Sources of operating funding</u>			
51,250	General rates, UAGC, rates penalties	76,977	52,583
-	Targeted rates	-	-
-	Subsidies and grants - operating	-	-
26	Fees and charges	1,514	26
1,832,414	Internal charges and overheads recovered	2,930,102	1,988,017
313,916	Local Authorities fuel tax, fines, infringement fees and other	89,463	336,331
2,197,606	Total operating funding	3,098,056	2,376,957
<u>Applications of operating funding</u>			
1,612,486	Payments to staff and suppliers	2,512,756	1,740,482
-	Finance costs	8,661	-
-	Internal charges and overheads applied	(52,330)	-
-	Other operating funding applications	-	-
1,612,486	Total applications of operating funding	2,469,087	1,740,482
585,120	Surplus / (deficit) of operating funding	628,969	636,475
<u>Sources of capital funding</u>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	(14,898)	-
-	Gross proceeds from sale of assets	17,662	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	Total sources of capital funding	2,765	-
<u>Applications of capital funding</u>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
158,260	Capital expenditure - replace existing assets	245,640	300,166
426,860	Increase / (decrease) in reserves	386,093	336,309
-	Increase / (decrease) of investments	-	-
585,120	Total application of capital funding	631,733	636,475
(585,120)	Surplus / (deficit) of capital funding	(628,969)	(636,475)
-	Funding balance	-	-

Notes to the Accounts

Note 1 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 2018. The financial statements were authorised for issue by Council on 24 October 2018.

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 and the Local Government (Financial Reporting and Prudence) Regulations 2014, 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 has expenditure less than \$30 million.

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.

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.

Summary of Significant Accounting Policies

Significant accounting policies are in the note to which they relate. Where they do not relate to a specific note, they are outlined below.

Borrowing costs

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

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 2017/18 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 9 provides information about the estimates and assumptions applied in determining the fair value of forestry assets held.

Property, Plant and Equipment

Note 11 provides information about the estimates and assumptions applied in determining the fair value of property, plant and equipment.

Standards issued and not yet effective and not early adopted

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

Impairment of revalued assets

In April 2017 the XRB issued *Impairment of Revalued Assets* which now clearly scopes revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

Under the amendment, a revalued amount can be impaired without having to revalue the entire class-of-asset to which the asset belongs. This amendment is effective for the 30 June 2020 financial statements, with early adoption permitted. The Council will adopt this amendment for the 2019/20 financial year.

Financial Instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. This replaced PBE IPSAS29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for financial years beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard applicable to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the early recognition of impairment losses.

The Council is likely to adopt the new standard for the 30 June 2021 financial year. The Council has yet to assess the impact of the new standard.

Note 2 Revenue

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

	30-Jun 2018 \$	30-Jun 2017 \$
General rates	7,256,430	7,108,722
Targeted rates attributable to activities		
Water	1,781,553	1,477,293
Metered water charges	262,639	200,478
Sewerage	1,623,029	1,299,222
Stormwater	212,447	204,778
Waste management	121,407	189,503
Regulatory and planning	478,523	423,519
Total targeted rates	4,479,597	3,794,793
Total rates	11,736,027	10,903,516
 Rates penalties	 81,449	 67,909
Total revenue from rates and penalties	11,817,476	10,971,425
 Rating base	 30-Jun 2018 \$	 30-Jun 2017 \$
Capital value	2,786,588,200	2,271,573,900
Land value	1,478,435,700	1,230,170,800
Rating units	4,996	4,963

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 2018 \$	30-Jun 2017 \$
Rates revenue before remissions	11,828,535	10,983,161
<i>Council policy remissions:</i>		
Sports bodies	2,531	2,686
Other	8,528	9,050
Total remissions	11,059	11,736
Rates revenue after remissions	11,817,476	10,971,425

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.

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.

	30-Jun 2018	30-Jun 2017
	\$	\$
Lions Club of Carterton	14,398	-
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
Office for Seniors - through MSD	8,300	-
Summer reading grant	1,571	1,608
World War II memorial trust	500	500
Other donations	190	-
Total grants and subsidies	47,316	24,466

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.

	30-Jun 2018	30-Jun 2017
	\$	\$
Loss on revaluation	-	(226,124)
Gain/(loss) in fair value of forestry assets	155,290	31,317
Total gains/(losses)	155,290	(194,806)

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".

	30-Jun 2018	30-Jun 2017
	\$	\$
Roading Contributions	145,496	176,517
Infrastructural Contributions	333,000	344,165
Recreation Reserve Contribution	139,078	143,766
Total Contributions	617,573	664,449

Operating Leases as lessor

The Council leases land and buildings in the normal course of business. This property has been acquired to meet service requirements and where that requirement has not risen to meet available capacity, spare capacity is leased for grazing or community purposes. Most of these leases are for varying terms and are non-cancellable. The future minimum lease receipts under these lease arrangements are:

	30-Jun 2018	30-Jun 2017
Revenue Commitments: Non-cancellable leases as Lessor	\$	\$
- not Later than 1 year	19,581	41,314
- later than 1 year but not later than 5 years	212	19,793
- 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:	19,793	61,108

Note 3 Personnel

Personnel costs are those costs incurred on staff; their salaries and wages along with the employer contributions to approved superannuation schemes and Kiwisaver. Salary and wage costs include the adjustment made for leave entitlements earned or disbursed over the period.

	30-Jun 2018	30-Jun 2017
	\$	\$
Salaries and wages	3,943,758	3,579,627
Defined contribution plan employer contributions	135,583	111,685
Increase/(decrease) in employee entitlements/liabilities	45,952	63,346
Total personnel costs	4,125,293	3,754,658

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

Chief Executive and staff

For the year ended 30 June 2018, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$210,058 (2017: \$204,922). The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$197,538 and taxable allowances of \$12,520.

At balance date, the Council employed 50 (2017: 46) full-time employees, with the balance of staff representing 9.8 (2017: 10) full-time equivalent employees. A full-time employee is determined on the basis of a 35-hour working week.

For the year ended 30 June 2018 the Council made no severance payments (2017: \$3,500).

	30-Jun 2018
<i>Council employees remuneration by band</i>	
< \$60,000	40
\$60,000 - \$79,999	10
\$80,000 - \$99,999	10
\$100,000 - \$219,998	5
Total employees	65

	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
Total employees	64

Elected representatives

Council membership comprises the Mayor and eight councillors, being elected for three year terms. Their remuneration over the past 12 months was as tabled below.

	2018	2017
	\$	\$
<i>Elected representatives</i>		
J Booth (Mayor)	66,528	65,942
R Keys (Deputy Mayor)	22,809	20,829
R Carter	17,546	17,316
J Greathead	17,546	17,316
M Ashby	20,081	19,809
G Lang	17,546	17,316
B Deller	19,730	12,042
T O'Callaghan	17,546	12,042
R Vergunst	17,546	12,042
W Knowles	-	5,275
M Palmers	-	5,275
E Brazendale	-	6,877
Total elected members remuneration	216,876	212,081

E Brazendale was replaced by B Deller as the District Licensing Commissioner during the year.

Note 4 Other expenses

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 approved by the Council.

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.

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.

	30-Jun 2018	30-Jun 2017
Expenditure	\$	\$
Cancellable operating leases		
Rental expense of leased assets	470	903

Non-cancellable operating leases

For the year ended 30 June 2018 the Council had no non-cancellable operating leases (2017: \$nil).

Capital commitments

For the year ended 30 June 2018 the Council has no capital commitments (2017: \$nil).

Audit fees

The audit fee set by Audit New Zealand reflects their cost of undertaking the annual audit of this annual report. Additionally, an additional fee is charged to cover their cost of an audit of the Ten Year Plan which is reviewed and published every three years.

	30-Jun 2018	30-Jun 2017
	\$	\$
Fees to principal auditor		
- Audit fees for financial statement audit	90,896	89,556
- Audit fees for 2018–2028 Long Term Plan	86,000	-
	<u>176,896</u>	<u>89,556</u>

Note 5 Tax

Council becomes liable for income tax where income includes the results of trading activity of Council controlled entities (CCO) that operate separately to the Council. Carterton District Council does not have any CCO. Income tax expense, if Council were liable, includes current tax and deferred tax.

	30-Jun 2018	30-Jun 2017
	\$	\$
Total surplus/(deficit) before tax	2,539,053	1,292,993
Income tax @ 28%	710,935	362,038
Add/(less) tax effect of non-taxable income/expenditure	<u>(710,935)</u>	<u>(362,038)</u>
Income tax expense	<u>-</u>	<u>-</u>

Note 6 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.

	30-Jun 2018	30-Jun 2017
	\$	\$
Cash at bank and on hand	6,464,507	1,704,666
Short term deposits with maturities less than 3 months	-	1,000,000
Special fund bank accounts	19,104	23,870
Total cash and cash equivalents	6,483,611	2,728,536
<i>Weighted average effective interest rate</i>	1.00%	2.04%

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 \$19,104 (2017 \$23,870).

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

Note 7 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).

	30-Jun 2018	30-Jun 2017
	\$	\$
<i>Receivables under exchange transactions</i>		
Amounts due from customers for contract work	-	-
Prepayments	79,618	55,756
	79,618	55,756
<i>Receivables under non-exchange transactions</i>		
Rates receivables	568,814	495,848
Other receivables	1,033,509	530,205
Goods and services tax	123,518	96,639
Sundry debtors	14,307	165,397
Related party receivables	-	-
Loans to related parties	-	-
	1,819,765	1,343,845
Less provision for impairment	(82,757)	(75,405)
Total debtors and other receivables	1,737,008	1,268,440

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

	30-Jun 2018	30-Jun 2017
	\$	\$
At 1 July	75,405	61,590
Additional provisions made during the year	8,900	19,905
Receivables written off during the period	(1,548)	(6,090)
At 30 June	82,757	75,405

Note 8 Investments

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.

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.

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.

Application of the above policies is reflected in the following table:

	30-Jun 2018 \$	30-Jun 2017 \$
Loans and receivables		
Cash and cash equivalents		
- Cash at bank and on hand	6,464,507	1,704,666
- Short term funds	-	1,000,000
- Special funds	19,104	23,870
Investments	3,188,448	4,333,039
Debtors and other receivables	1,737,008	1,268,440
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
Total loans and receivables	11,409,068	8,330,015
Fair value through comprehensive revenue and expense		
Other financial assets:		
- local authority stock		
- unlisted shares	49,082	50,208
- listed shares		
Total fair value through equity	49,082	50,208

Investments comprise term deposits having terms greater than 90 days. The following table identifies the nature of these term deposits.

Term and other cash deposits with maturities greater than 90 days

Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months	5,785	2,000,000
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months	3,182,663	2,333,039
Total Term Deposits	3,188,448	4,333,039
The carrying value of special fund term deposits approximates their fair value.		

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.

Note 9 Forestry

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.

	30-Jun 2018 \$	30-Jun 2017 \$
Balance at 1 July	536,852	490,855
Increases due to purchases	40,583	14,680
Gains/(losses) arising from changes in fair value less estimated point (155,290	31,317
Balance at 30 June	732,725	536,852

Through its investment in Kaipaitangata Forest, the Council owns 261 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2018-2042.

Valuation assumptions

Independent registered valuer, Forest Enterprises Limited, has valued forestry assets as at 30 June 2018. 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 2018. A discount rate of 9.5% was used to discount the present value of expected pre-tax cash flows to value the forestry assets for the year ended 30 June 2018. This is the same rate as applied for the year to 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 10 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.

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 3–35 years, and are stated at cost less accumulated amortisation and impairment losses. In 2017/18, \$557,838 reflecting the accumulated cost of investigations and process development preparatory to the issue of a resource consent for the treatment and disposal of wastewater, was capitalised. A new resource consent was issued in January 2018 for a period of 35 years.

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.

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.

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	3–35 years	2.3–33.33%

Impairment of 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.

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
Balance at 1 July 2017	\$	\$	\$	\$	\$
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
Year ended 30 June 2018	\$	\$	\$	\$	\$
Additions	-	-	19,004	557,838	576,842
Amortisation charge	-	(4,311)	(9,803)	(30,863)	(44,977)
Closing carrying amount	115,048	3,837	37,794	651,757	808,436
Balance 30 June 2018	\$	\$	\$	\$	\$
Cost	115,048	215,591	55,350	1,096,145	1,482,134
Accumulated amortisation and impairment	-	(211,754)	(17,556)	(444,388)	(673,698)
Closing carrying amount	115,048	3,837	37,794	651,757	808,436

	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

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

Note 11 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.

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. There is no capitalisation of borrowing costs (interest or other financial charges) relating to assets whose acquisition is funded through borrowing where these costs are incurred in the period prior to the asset being commissioned for operational service.

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.

Depreciation charged in line with these policies was applied across the activities undertaken by Council as follows:

	LTP	30-Jun	30-Jun
	30-Jun-2018	2018	2017
	\$	\$	\$
Governance	2,358	1,947	1,385
Roads and footpaths	1,382,980	1,649,073	1,351,516
Water supply	557,465	542,712	529,581
Sewerage	648,996	286,492	385,620
Stormwater	92,153	87,325	116,743
Waste management	32,463	28,798	427
Community support	746,866	696,239	668,372
Regulatory and planning	27,217	23,417	27,556
Administration and support services	268,568	227,739	216,027
Total depreciation	3,759,066	3,543,742	3,297,226

Impairment of property, plant and equipment

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.

Note 11 Property, plant and equipment- contd

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	01-Jul	01-Jul	01-Jul	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2017	2017	2017							2018	2018	2018
30-Jun-18	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	5,763,646	-	5,763,646	61,500	-	-	-	-	-	5,825,146	-	5,825,146
Roads, streets & footpaths	144,069,624	-	144,069,624	2,057,380	-	-	-	-1,644,177	-	146,127,004	-1,644,177	144,482,827
Water systems - treatment plant & facilities	1,750,214	-81,105	1,669,109	156,003	-	-	-	-111,870	-	1,906,217	-192,975	1,713,243
Water systems - other	6,213,820	-419,750	5,794,070	722,059	-	-	-	-401,594	-	6,935,879	-821,344	6,114,536
Sewerage systems - treatment plant & facilities	1,897,923	-72,615	1,825,308	35,858	-	-	-	-108,376	-	1,933,780	-180,991	1,752,789
Sewerage systems - other	4,413,308	-184,991	4,228,317	264,740	-	-	-	-155,506	-	4,678,048	-340,497	4,337,550
Stormwater systems	5,521,359	-87,187	5,434,172	109,756	-	-	-	-87,325	-	5,631,115	-174,512	5,456,603
	169,629,893	-845,648	168,784,245	3,407,296	-	-	-	-2,508,848	-	173,037,189	-3,354,496	169,682,693
<i>Operational assets</i>												
Land	7,269,623	-	7,269,623	7,888	-	-	-	-	2,518,889	9,796,400	-	9,796,400
Buildings	11,240,419	-806,036	10,434,384	81,662	-	-	-	-408,060	3,125,814	13,233,800	-	13,233,800
Fixtures & fittings	2,399,519	-1,060,812	1,338,708	330,757	-	-	-	-228,226	-	2,730,277	-1,289,038	1,441,239
Office equipment	606,238	-416,294	189,944	60,220	-	-	-	-73,005	-	666,459	-489,299	177,160
Library collections	407,097	0	407,097	67,645	-	-	-	-83,072	-	474,742	-83,071	391,671
Motor vehicles	1,028,172	-653,683	374,490	108,267	3,304	-38,341	38,341	-77,011	-	1,101,403	-692,353	409,051
Plant & equipment	1,664,467	-1,067,215	597,252	92,343	-3,304	-50,091	50,091	-119,544	-	1,703,415	-1,136,668	566,747
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	477,516	-	477,516	6,762	-	-	-	-	-	484,278	-	484,278
	25,307,052	-4,004,038	21,303,014	755,546	-	-88,432	88,432	-988,917	5,644,704	30,404,774	-3,690,428	26,714,345
Heritage assets	46,499	-1,999	44,500	-	-	-	-	-1,000	3,000	46,500	-	46,500
				-	-	-	-	-	-	-	-	-
Work in progress	1,562,662	-	1,562,662	415,683	-1,099,311	-	-	-	-	879,034	-	879,034
Total assets	196,546,106	-4,851,686	191,694,420	4,578,525	-1,099,311	-88,432	88,432	-3,498,765	5,647,703	204,367,497	-7,044,924	197,322,573

Note 11 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
	01-Jul	01-Jul	01-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	-	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	-	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 11: Property, plant and equipment – cont'd

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 12 Valuation of Property, plant and equipment

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 Angela Scott (BBS (VPM), MPINZ) and Jaime Benoit BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2018. 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 Angela Scott (BBS (VPM), MPINZ) and Jaime Benoit BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2018. Heritage assets are also included in this category. Additions are recorded at valuation.

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

	30 June 2018
	\$
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

Angela Scott and Jaime Benoit of QV Asset & Advisory - land, buildings & heritage assets (30/6/18) 23,076,700

Colin Gerrard and Ian Martin of AECOM Limited - library collections (30/6/17) 407,097

Impairment

There were no impairment losses in 2018 (2017 \$nil).

Work in progress

The total amount of property, plant and equipment in the course of construction is \$879,034 (2017 \$1,562,662). Work in progress is disclosed in note 11.

Finance leases

The net carrying amount of plant and equipment held under finance leases is \$44,778 (2017 \$57,851).

Vested assets

Land for future use as a road was vested to the Council. The value of the land vested at 30 June 2018 and held as work in progress is \$Nil. (2017 \$61,500).

The land vested in 2016/17 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 13 Creditors and other payables

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

	30-Jun 2018 \$	30-Jun 2017 \$
<i>Payables under exchange transactions</i>		
Trade payables	745,563	846,014
Deposits and bonds	56,421	41,036
Accrued expenses	250,358	232,808
	<u>1,052,341</u>	<u>1,119,857</u>
<i>Payables under non-exchange transactions</i>		
Revenue in advance	136,200	133,887
Rates in advance	164,008	121,547
	<u>300,208</u>	<u>255,434</u>
Total creditors and other payables	<u>1,352,549</u>	<u>1,375,291</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 14 Employee Entitlements

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.

	30-Jun 2018 \$	30-Jun 2017 \$
Accrued pay	81,892	73,013
Annual leave	327,755	282,474
Long service leave	76,983	82,993
Time off in lieu	5,667	7,866
Retirement gratuities	-	-
Sick leave	-	-
Total employee entitlements	<u>492,298</u>	<u>446,345</u>
Comprising:		
Current	431,991	382,102
Non-current	60,307	64,243
Total employee entitlements	<u>492,298</u>	<u>446,345</u>

Note 15 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.

	30-Jun 2018	30-Jun 2017
Current	\$	\$
Bank overdraft	-	-
Secured loans	480,829	1,912,881
Debentures	-	-
Lease liabilities	18,982	16,985
Total current borrowings	499,811	1,929,866
Non-Current		
Secured loans	8,762,843	6,088,829
Debentures	-	-
Lease liabilities	38,869	57,851
Total non-current borrowings	8,801,712	6,146,680

The range of interest rates applying to the above loans is 4.44% to 5.82% with a weighted average of 4.68% (2017 4.63%). Loans are secured by way of rates

Fixed-rate debt

The Council's secured debt of \$9,243,672 (2017 \$8,001,710) is issued at fixed rates of interest

Security

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

	2018 \$	2017 \$
Less than one year	499,811	1,912,881
<i>weighted average effective interest rate</i>	4.64%	4.54%
Later than one year but not more than five years	7,387,312	6,088,829
<i>weighted average effective interest rate</i>	4.67%	4.65%
Later than five years	1,414,400	-
<i>weighted average effective interest rate</i>	4.44%	0.00%

Internal Borrowing

The Council will use internal loans where appropriate to provide financing for capital expenditure where these are sustainable within cash flows.

	2018 \$	2017 \$
Internal loans		
As at 1 July	1,250,000	1,250,000
Loans advanced	-	-
Repayments	(1,250,000)	-
As at 30 June	-	1,250,000

The internal loan was raised in 2015/16 for sewerage and sewage treatment. This loan was refinanced through external borrowing in June 2018. 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 4.2%, which equates to \$52,500 for the 2018 year. (2017 \$52,125). There were no new internal loans made in 2017/18.

Fair values of non-current borrowing

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

Financial Instruments– both current and non-current

Application of the policies outlined for these financial instruments is reflected in the following:

FINANCIAL LIABILITIES	30-Jun 2018 \$	30-Jun 2017 \$
Financial liabilities at amortised cost		
Creditors and other payables	1,352,549	1,375,291
Borrowings:		
- finance leases	57,851	74,836
- secured loans	9,243,672	8,001,710
- debentures	-	-
Total financial liabilities at amortised cost	10,654,072	9,451,838

Note 16 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

	2018 \$	2017 \$
Public equity		
As at 1 July	113,021,576	112,421,319
<i>Transfers to:</i>		
Restricted and other reserves:		
Special Reserves	(831,295)	(692,736)
<i>Transfers from:</i>		
Restricted and other reserves		
Depreciation reserves	346,060	
Targeted rate reserves	147,518	
Transfers from revaluations reserve		
Surplus / (deficit) for the year	2,539,053	1,292,993
As at 30 June	115,222,912	113,021,576

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.

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.

Council's objectives, policies and processes for managing capital are described in note 20.

Restricted reserves

As at 1 July	2,370,472	2,300,737
<i>Transfers to:</i>		
Public equity		
<i>Transfers from:</i>		
Public equity to Special Reserves	831,295	69,735
As at 30 June	3,201,767	2,370,472
 Restricted reserves consist of:		
Restricted reserves	3,105,036	2,231,069
Hall Board reserves	24,946	57,359
Trusts	70,631	74,036
Other trusts	1,154	8,008
Total restricted reserves	3,201,767	2,370,472

Other reserves

Other reserves include the depreciation reserves that in part fund replacement of infrastructural and operational assets used by the Council to provide services.

Other reserves

As at 1 July	5,934,099	5,311,098
<i>Transfers to:</i>		
Public equity from		
Depreciation reserves	(346,060)	
Targeted rate reserves	(147,518)	
<i>Transfers from:</i>		
Public equity		623,001
As at 30 June	5,440,521	5,934,099

Revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value, as well as the fair value of shares held by the Council in other entities.

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.

Revaluation reserves

As at 1 July	69,663,738	45,839,469
Revaluation gains / (losses)	5,646,576	23,824,269
Transfer to public equity on disposal of property, plant, and equipment	-	-
As at 30 June	75,310,314	69,663,738

Asset revaluation reserves consist of:

Infrastructure assets

Roads, streets and footpaths	57,595,454	57,595,454
Water systems	5,857,692	5,857,692
Sewerage systems	-	-
Stormwater systems	3,505,742	3,505,742

Operational assets

Land	3,654,621	1,135,732
Buildings	4,399,071	1,273,256
Forestry	-	-
Library collections	261,973	261,973
Landfill	-	-

Restricted assets

Heritage assets	26,474	23,474
Total asset revaluation reserves	75,301,026	69,653,322

Fair value revaluation reserves consist of:

As at 1 July	10,416	8,605
Net revaluation gains / (losses) in Hall Board Fund Accounts	-	-
Net revaluation gains / (losses) in shares held (note 8)	(1,127)	1,811
Total fair value revaluation reserve	9,288	10,416
Total revaluation reserves	75,310,314	69,663,738

Note 17 Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	30-Jun 2018 \$	30-Jun 2017 \$
Surplus/(deficit) after tax	2,539,053	1,292,993
Add/(less) non-cash items:		
Depreciation and amortisation	3,543,742	3,297,226
Gifted assets	-	-
Bad debts	-	19,905
Assets vesting in council	-	(54,000)
Rates remissions		11,736
(Gains)/losses in fair value of forestry assets	(155,290)	(31,317)
(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>3,388,452</u>	<u>3,463,379</u>
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	(17,662)	(3,291)
(Gains)/losses on disposal of forestry assets	-	-
	<u>(17,662)</u>	<u>(3,291)</u>
Add/(less) movements in working capital items:		
Trade and other receivables	(468,568)	64,041
Inventories	-	-
Creditors and other payables	(22,742)	(97,077)
Provisions	-	-
Employee entitlements	45,952	53,208
	<u>(445,359)</u>	<u>20,173</u>
Net cash inflow/(outflow) from operating activities	<u>5,464,484</u>	<u>4,773,254</u>

Note 18: Contingencies

There were no contingencies at 30 June 2018.

Note 19: Insurance of assets

	Carrying amount at 30 June 2018 \$	Carrying amount at 30 June 2017 \$
The Local Government Act 2002 requires that from 2014 the annual report include information about the insurance of assets.		
Insurance contracts		
Material damage		
<i>Subject to range of deductibles- \$5,000 for most claims, and 5% of site value for earthquakes.</i>	23,853,467	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	569,764
Motor vehicle		
<i>Insured for market value. Carrying amount has been used for this disclosure.</i>	409,049	392,479
Risk sharing arrangements		
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	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>		
Self-insured		
To cover deductibles and uninsured assets	21,889,667	21,889,667
Total assets insured	61,315,058	61,062,521

Note 20: 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 21: 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 2018	30-Jun 2017
Equipment purchase and renewal fund	\$	\$
Opening balance	1,608	1,560
Deposits	40	48
Withdrawals	-	-
Closing balance	1,648	1,608
Recreation and reserve account		
Opening balance	370,045	360,356
Deposits	151,047	153,456
Withdrawals	(65,880)	(143,766)
Closing balance	455,212	370,045
Roading emergency fund		
Opening balance	320,864	312,298
Deposits	91,014	8,566
Withdrawals	-	-
Closing balance	411,878	320,864
Rural water contingency fund		
Opening balance	53,439	51,930
Deposits	6,686	1,509
Withdrawals	-	-
Closing balance	60,125	53,439
Waste disposal fund		
Opening balance	58,462	56,780
Deposits	63,238	1,682
Withdrawals	-	-
Closing balance	121,700	58,462

	30-Jun 2018	30-Jun 2017
Creative New Zealand fund		
Opening balance	2,775	2,697
Deposits	62	78
Withdrawals	(1,683)	-
Closing balance	1,154	2,775
Sport New Zealand rural travel fund		
Opening balance	-	1,500
Deposits	-	-
Withdrawals	-	(1,500)
Closing balance	-	-
Keep Carterton Beautiful fund		
Opening balance	5,233	5,075
Deposits	161	158
Withdrawals	(5,395)	-
Closing balance	(0)	5,233
Clareville grave maintenance trust		
Opening balance	2,442	2,432
Deposits	3	10
Withdrawals	-	-
Closing balance	2,445	2,442
Memorial Square fund		
Opening balance	7,502	7,278
Deposits	189	224
Withdrawals	-	0
Closing balance	7,691	7,502
WWII Memorial trust		
Opening balance	64,092	62,149
Deposits	5,262	1,943
Withdrawals	(1,168)	-
Closing balance	68,186	64,092

	30-Jun 2018	30-Jun 2017
Longbush Domain fund		
Opening balance	3,200	3,095
Deposits	1,414	105
Withdrawals	-	-
Closing balance	4,614	3,200
West Taratahi Hall fund		
Opening balance	30,939	25,398
Deposits	-	5,541
Withdrawals	(12,604)	-
Closing balance	18,335	30,939
Election contingency fund		
Opening balance	36,927	36,004
Deposits	1,104	923
Withdrawals	-	-
Closing balance	38,032	36,927
Workshop depot upgrade fund		
Opening balance	23,220	22,526
Deposits	585	694
Withdrawals	-	-
Closing balance	23,805	23,220
Combined district plan reserve		
Opening balance	-	-
Deposits	77,411	-
Withdrawals	-	-
Closing balance	77,411	-
Roading contribution fund		
Opening balance	628,681	609,396
Deposits	164,292	195,802
Withdrawals	-	(176,517)
Closing balance	792,973	628,681

	30-Jun 2018	30-Jun 2017
Infrastructure contributions fund		
Opening balance	577,139	562,115
Deposits	349,956	364,677
Withdrawals	-	(349,652)
Closing balance	927,095	577,139
Waingawa infrastructure contributions fund		
Opening balance	144,847	140,827
Deposits	4,282	4,020
Withdrawals	-	-
Closing balance	149,129	144,847
Belvedere Hall fund		
Opening balance	1,832	1,180
Deposits	166	652
Withdrawals	-	-
Closing balance	1,998	1,832
Waingawa industrial zone services deficit fund		
Opening balance	37,224	36,139
Deposits	1,113	2,098
Withdrawals	-	(1,013)
Closing balance	38,337	37,224
Special funds reserves - summary		
Opening balance	2,370,472	2,300,737
Deposits	918,024	735,684
Withdrawals	(86,729)	(665,949)
Closing balance	3,201,767	2,370,472

Note 22: 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 Limited. One engagement occurred in 2017/18 where the company was engaged to repair an external fitting at the Holiday Park, costing \$124.00. There were no engagements in 2016/17. Engagements are made on an arms-length basis under commercial terms. An arms-length transaction occurs when conducted on normal commercial terms between two independent parties as part of an organisation's ordinary course of business.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2017 \$nil).

	30-Jun 2018	30-Jun 2017
	\$	\$
Mayor & Councillors		
Remuneration	216,876	212,081
Full-time equivalent members	9	9
Chief Executive		
Remuneration	210,058	204,922
Full-time equivalent members	1	1
Total key management personnel remuneration	426,934	417,003
Total full-time equivalent personnel	10	10

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

Note 23: Events after balance date

There have been no events subsequent to 30 June 2018 that require disclosure or adjustment to the financial statements.

Note 24: Explanation of major variances against budget

Explanations for major variations from the Council's estimated figures in the 2017/18 Annual Plan are as follows:

Statement of Financial Performance

The increase in operating surplus over planned was the result of higher than expected revenues (\$1.7 million) and lower than expected expenditure (\$0.6 million). The increase in revenue reflected infrastructure and other development contributions and receipts from fees and charges, primarily building consents; both reflecting continued higher levels of developmental activity within the District. Operationally, the warmer than anticipated weather impacted on urban water deliveries with greater dependency upon the artesian 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 small changes in staff levels. Finally the delays to the issue of resource consents for wastewater treatment and disposal lead to deferred capital spend resulting in lower depreciation and borrowing costs.

Statement of Other Comprehensive Revenue and Expense

All land and buildings held by Council were this year revalued to reflect current replacement values. The revaluation was positive and increased 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 land and buildings 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 levels remain below planned reflecting the delay in construction of the wastewater treatment and disposal improvements. By contrast, the value of assets held by the Council to support services have significantly increased in value (\$21 million) over that planned through market revaluation over the last two years.

Statement of Cashflows

The gain in cash holdings was higher than planned, arising from the higher revenue receipts but lower than expected capital expenditure. The total cash gain was \$3.75 million with cash holdings of \$6.6 million at year-end.

Financial prudence benchmarks

Annual report disclosure statement for year ending 30 June 2018

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.

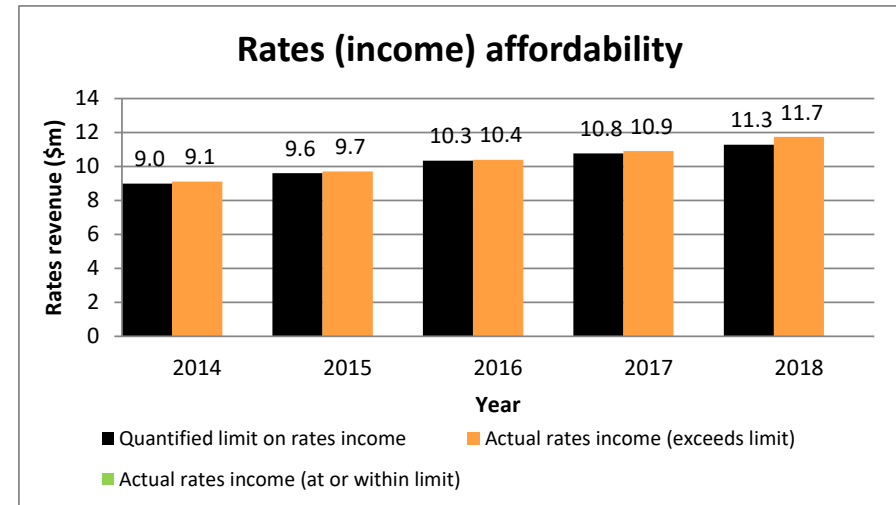
Rates affordability benchmark

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.

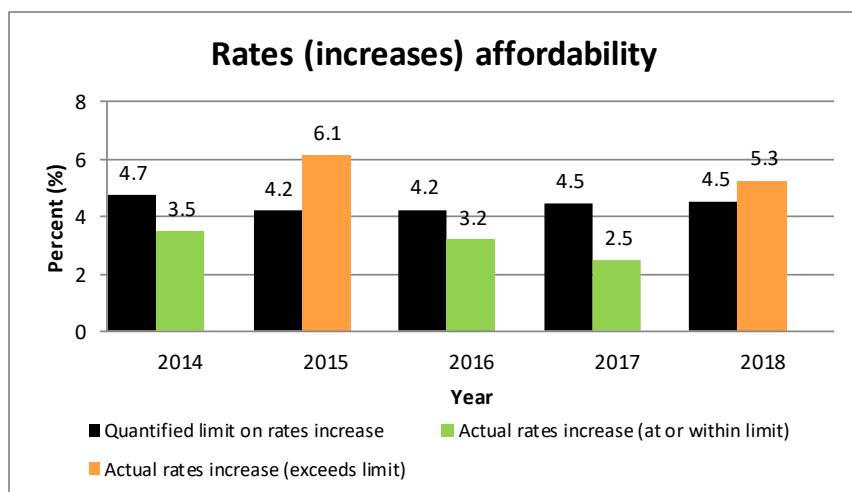


Carterton District Council has not set a definite dollar value as its quantified level for rates income; rather the Council has set the quantified level applicable each year at the agreed budgeted rates income level set in the Long Term Plan, as amended and approved each year through the Annual Plan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

In the graph above, the 2014 to 2015 limits exclude water-by-meter rates, as do the actuals for 2014 to 2015. The limits and actuals for 2016 to 2018 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 rates²² must not exceed the increase in the opening BERL local government cost index plus 2 percent.

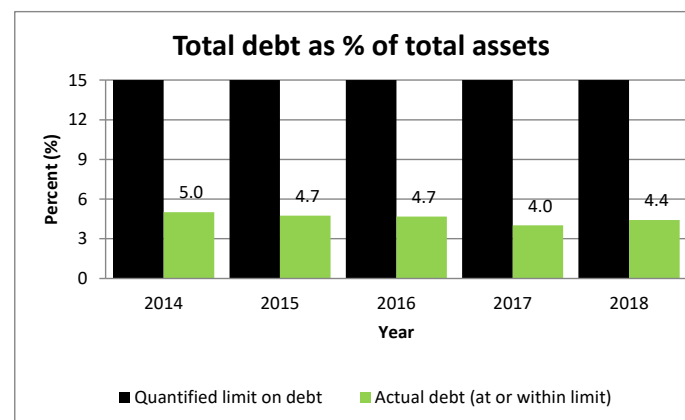


²² The average rates is the total rates income divided by the total number of rates assessments.

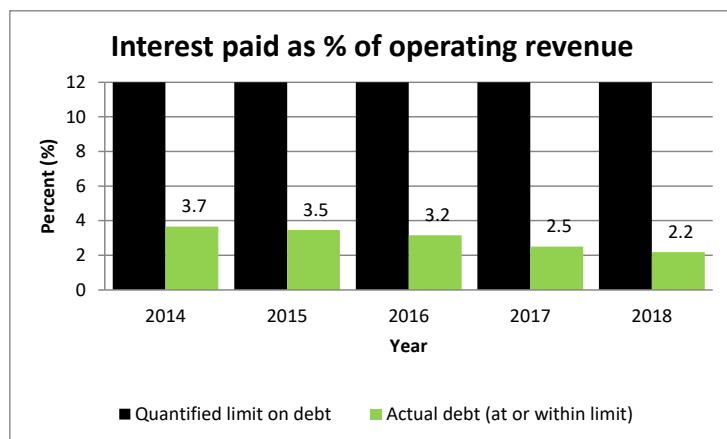
Debt affordability benchmark

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

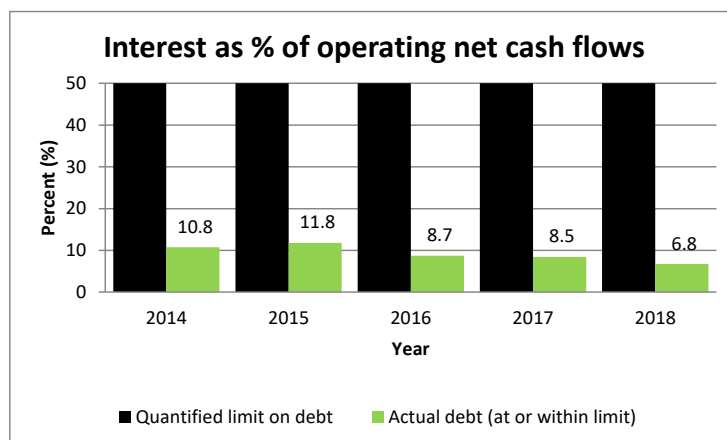
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that total debt as a percentage of total assets must not exceed 15 percent.



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.



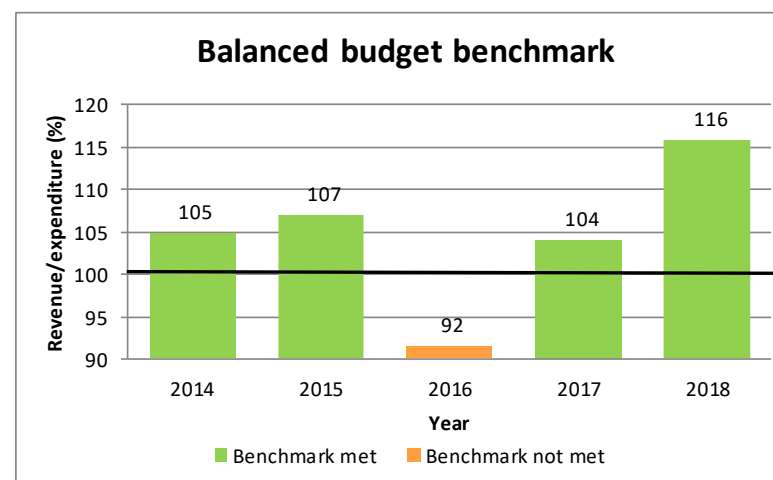
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



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).

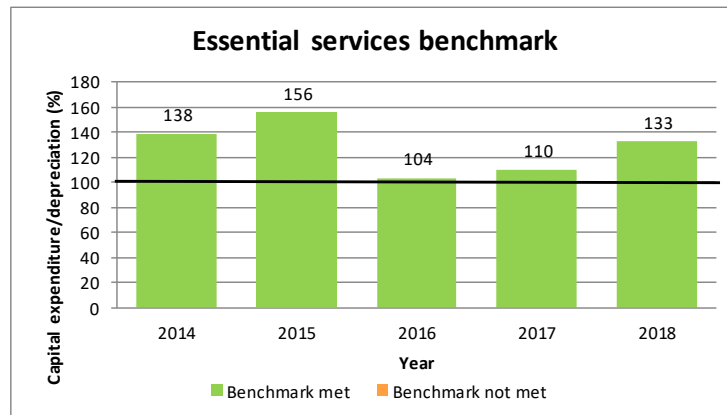
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

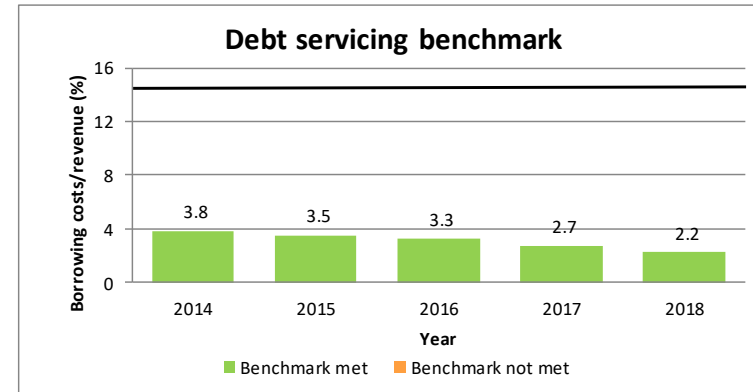
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

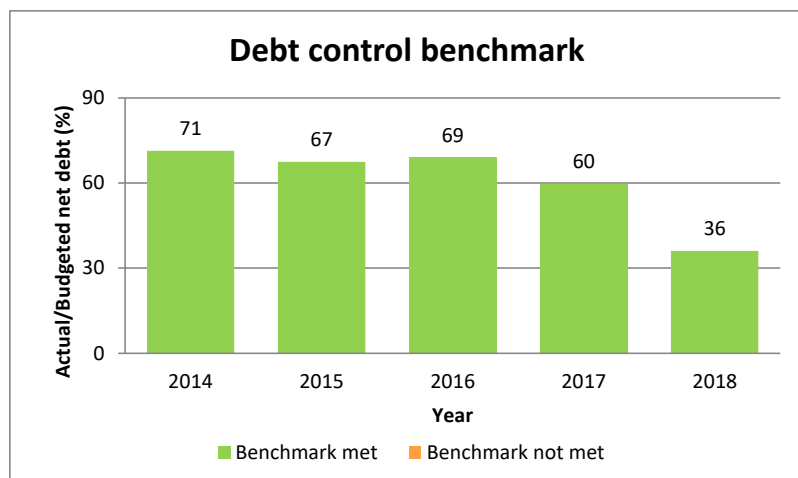
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



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).

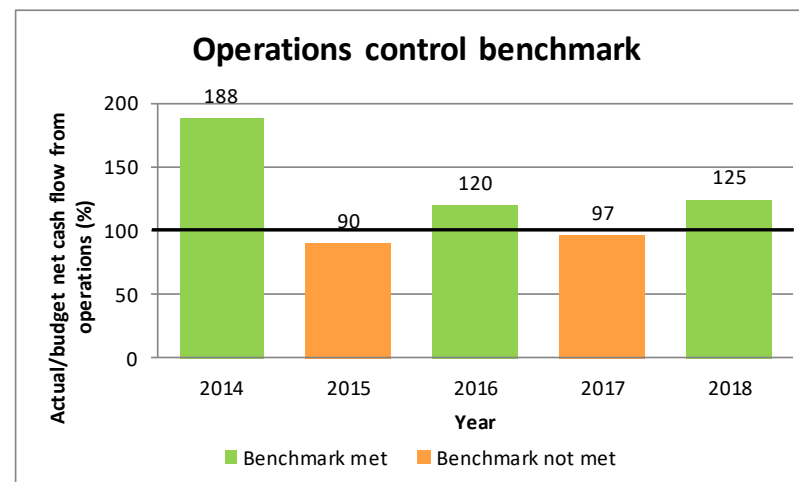
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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 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). In 2017/18, other revenue was again significantly higher than planned whereas expenditure across most areas was in line with planned other than in sewerage where actual expenditure was less than planned due to lower than planned borrowing and delayed capital spend.