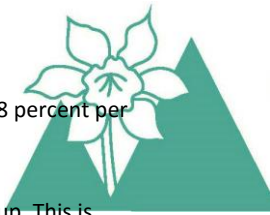




Financial information



Significant forecasting assumptions

General forecasting assumptions

External factors

There will be no unexpected changes to legislation or other external factors that alter the nature of services provided by the Council. It would be extraordinary for unexpected changes to legislation to be made. Most changes to legislation are known about well in advance.

Levels of service

Unless otherwise stated in the individual group of activity sections, service levels are generally assumed to remain the same as at present.

District population trends

A district population growth assumption of a constant 0.75 percent per annum from the June 2017 Estimated Resident Population (9,050) has been used. This is a total increase of 7.8 percent over the ten years.

The Statistics NZ prepares projections with low, medium, and high growth, and considers the medium projection to be the most suitable for assessing future population change.⁵¹ The low and high projections allow users to assess the impact on population size and structure resulting from lower growth and higher growth scenarios, respectively, based on different fertility, mortality, and net migration scenarios. They advise that the projections should be used as an indication of the overall trend, rather than as exact forecasts.

Their medium series projects an average increase of 0.5 percent per annum or 5.1 percent over the ten years to 2028. Their high series projects an average increase of 1.0 percent per annum or 10.8 percent over the ten years to 2028.

The Council uses .id consultants to provide more detailed forecasts of the most likely population and housing outcome based on current information on supply and demand. The

forecasts by .id⁵² show an average 1.1 percent per annum for 2018–2023 and 0.8 percent per annum for 2023–2028, an overall increase of 9.8 percent over the ten years.

Statistics NZ projects most of the increase will continue to be in the 65+ age group. This is most marked in their high series, increasing from 22 percent of the population to 31 percent in 2028. The forecasts by .id corroborate this trend.

Risk

Population growth across the District is at a significantly different rate (much faster or much slower) than assumed. The projections are highly sensitive to migration in and out of the District, and responses to external factors such as the neighbouring housing market and international migration, all of which is difficult to forecast.

The age distribution of the population is significantly different from that assumed, eg if there were a lesser increase in the younger age groups and an even greater increase in the older age groups. (and vice versa).

Level of uncertainty

Medium (short-term) and High (long-term)

Reasons and financial effect of uncertainty

The population growth assumption is based on a fairly low population growth. If population growth is higher than predicted then demand for services and facilities would increase and could mean that they might need to be replaced or introduced earlier than planned, and expenditure will be higher than forecast.

Different age distributions place different demands on the kinds of services, and their quality and location. This is unlikely to be significant and would be managed by the Council reprioritising their spending.

Number of rateable properties

The growth in rateable properties has slowed somewhat but continues to be positive. The number of rateable properties is assumed to reach about 5,500 by 2028, which is a growth of 12.7 percent over the ten years of the Plan. See table below.

⁵¹ Statistics NZ. *Sub-national Population Projections: 2013(base)–2043*

⁵² .id - the population experts. *Presentation of draft forecasts – February 2018*



Projected number of rateable properties as at 30 June										
2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
4,809	4,898	4,957	5,016	5,077	5,137	5,199	5,261	5,325	5,389	5,453

Risk

Growth does not meet this assumption.

Level of uncertainty

Medium

Reasons and financial effect of uncertainty

The growth estimate reflects recent changes in rateable properties and takes into account ongoing development in the district. Should such growth not continue as forecast then some projects responding to demand will be deferred or not go ahead, and expenditure will be lower than forecast. If growth is greater than predicted, then some projects will go ahead earlier than forecast, and expenditure will be higher than forecast.

Climate change

Human-induced climate change is real and occurring now. It is the biggest environmental challenge we face.^{53,54,55,56}

Action to reduce climate change and its effects is required now, within the timeframe of this Plan, even though the more severe effects of climate change may not become apparent until a later period.

The International Panel on Climate Change, the United Nations, and other international bodies (of which New Zealand is a member) warn that the world may be approaching a tipping point in terms of our ability to halt runaway climate change.

Changes required are reducing energy use (particularly that which creates carbon emissions), reforestation, and a return to localised, more traditional farming practices. This could be achieved partly through technology but more likely through fundamental changes to societal and economic structures. The behavioural shift will need education, support, and leadership.^{57,58}

Central government has said that it is responsible for the ‘mitigation’ of climate change (slowing down and reversing climate change), using an emissions trading scheme to encourage reduced carbon emissions.⁵⁹ It plans to have a Zero Carbon Act in place by 2019, with zero net carbon emissions by 2050, and an independent Climate Change Commission. It requires local government to provide for ‘adaptation’ (dealing with the effects of climate change), such as managing the effect of weather extremes.^{60,61} The Greater Wellington Regional Council has adopted a Climate Change Strategy⁶² for mitigation and adaptation in Wellington and Wairarapa.

Risk

The effect of climate change occurs more rapidly than anticipated.

Level of uncertainty

Medium

Reasons and financial effect of uncertainty

There is uncertainty about how quickly the effects will be felt and where. Predictions are that weather extremes will be more common and of a greater scale.^{63,64} In Wairarapa that will include hotter temperatures, more severe drought, wind, and storm events, and changing weather patterns. Rising sea levels and associated storm surges are less likely to directly affect Carterton District than its neighbours. Internationally, successive IPCC reports have underestimated the rate and severity of change.

⁵³ see for example IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp.

⁵⁴ Parliamentary Commissioner for the Environment. 2014. Changing climate and rising seas: understanding the science.

⁵⁵ NZ Climate Change Centre summary of NZ findings, see http://www.nzclimatechangecentre.org/sites/nzclimatechangecentre.org/files/images/research/NZCCC%20Summary_IPCC%20AR5%20NZ%20Findings_April%202014%20WEB.pdf

⁵⁶ Royal Society, 2017. Human Health Impacts of Climate Change for New Zealand

⁵⁷ see for example reports and case studies of the international association ICLEI—Local Governments for Sustainability

⁵⁸ ICLEI 2015, Seoul Declaration

⁵⁹ Climate Change Response Act 2002

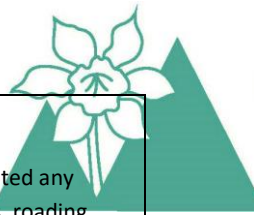
⁶⁰ Ministry for the Environment, 2008. Preparing for climate change: A guide for local government in New Zealand.

⁶¹ Climate Change Adaptation Technical Working Group, 2017. Adapting to Climate Change in New Zealand

⁶² Greater Wellington Regional Council, 2015. Climate Change Strategy: A strategy to guide the Wellington Regional Council's climate change response.

⁶³ NIWA's scenarios report, www.niwa.co.nz/our-science/climate/information-and-resources/clivar/scenarios

⁶⁴ NIWA, 2017. Climate change and variability—Wellington Region.



The impacts of climate change have been considered in each of the infrastructure asset management plans and in the infrastructure strategy. The Council will keep this subject under review as it will continue to be relevant for future ten year plans. It plans to assess its risk and capability to deal with significant adverse weather events.

Asset condition

Asset management plans have been prepared for major infrastructural assets, and include renewal and capital programmes. These plans include assessments of asset condition, lifecycle, and demand management. The Council considers that this planning information is reasonable and supportable. There are no unstated asset disposals that will impact significantly on the plan. There are no unstated asset acquisitions that will impact significantly on the plan.

Risk

Asset management plans are materially incomplete. Assumptions about condition and lifecycle are materially incorrect.

Level of uncertainty

Low to moderate

Reasons and financial effect of uncertainty

Asset management plans are updated regularly following 'best practice' as prescribed by the New Zealand Infrastructure Asset Management Manual. The asset inventories and condition ratings for roading infrastructure, which are the Council's most significant assets by a considerable margin, are stored and maintained in the RAMM database. It was audited by NZTA in 2016 and found to be adequately maintained.

NZTA subsidies

Subsidies from the NZTA have been assumed to continue at the approved rate of 53 percent.

Risk

Changes in subsidy rate, total subsidy dollars, and variation in criteria for inclusion in subsidised works programmes. The total subsidy dollars may not increase as assumed.

Level of uncertainty

Low. The next review point by government is in three years' time, before the next Ten Year Plan is prepared

Reasons and financial effect of uncertainty

In 2015, the Agency reviewed the subsidy and funding policies, and has not indicated any further changes to the subsidy rate. If the rate or dollar level of subsidy decreases, roading projects may be reprioritised, or scaled down, or they may be funded through a different source such as increased borrowing or rates.

Resource consents

The Council operates its infrastructure under a number of resource consents. It has been assumed that applications for renewal of those expiring over the next ten years will be approved:

- The Council's resource consent to take water from the Kaipaitangata Stream for the urban water supply expired in 2013. An application has been lodged to renew the consent. The consent for the supplementary bores expires in 2034.
- The consent for the discharge to air, land, and water in relation to the sewage treatment plant expires in 2053.
- Consents to take water for the water race network and to discharge back into a range of natural water courses expire in 2023.
- The district-wide comprehensive consent for discharges from the stormwater system expired in 2016.

Risk

GWRC will not approve the Council's application for new or renewed consents. Alternatively, it may place more restrictions on the activity sought, or require substantial monitoring or mitigation work. Consent conditions may also be affected by the current review of the Regional Council's Natural Resources Plan.

Level of uncertainty

Low. The Council has worked closely with the Regional Council to concurrently seek the renewal of resource consent and plan the development work at the sewage treatment facility and its associated irrigation. This has led to a strong, respectful relationship between the two councils. As a result, there is unlikely to any significant surprises.

Reasons and financial effect of uncertainty

Some increased costs for monitoring have already been included in the Plan, but these may be insufficient.



The future consent will likely restrict water take from the Kaipaitangata Stream during low flow/high demand periods, placing increased demand on bore water source and storage. During this Ten Year Plan, storage capacity will be increased at the main water treatment plant and at the supplementary facility. Council is also planning to locate and construct an alternative water source before the end of the ten year period.

Insurance

Insurance costs have varied significantly over recent years. The Council's broker has advised that the underlying adjustment by reinsurers to risk has levelled off, and increases are likely continue through the ten years of the Ten Year Plan in line with asset price level adjustments. Currently the Council has full cover for above ground assets, while infrastructural assets have limited cover provided by the Local Authority Protection Programme Disaster Fund (LAPP).

Risk

Reinsurance costs escalate beyond forecast budgets. Cover may not be available for certain assets or risks. LAPP may not be able to secure cover for the 40% balance not assured by central government. The central government has been considering removing the 40% it now covers.

Level of uncertainty

Low

Reasons and financial effect of uncertainty

Any further significant earthquake events in New Zealand in the next ten years would impact on renewal costs. The cost of insurance may be greater than forecast leading to unbudgeted expenditure. The cost of reinstating LAPP cover would be significant, funded by additional rates. The Council will need to consider the trade-off between self-insurance or paying higher insurance premiums, funded by additional rates.

Financial forecasting assumptions

Interest rates

The range of interest rates on term debt is assumed to be 5.2 percent, in line with existing loan facilities and current long-term rates on offer, and allowing a slight increase in long-term

interest rates. To allow for anticipated timing of capital expenditure, only half a year's interest expenditure is provided for on new loans.

The interest rate on investments is calculated at 3.0 percent.

Risk

Interest rates differ from those used in the calculations.

Level of uncertainty

Medium

Reasons and financial effect of uncertainty

Higher interest rates than anticipated would increase the cost of borrowing and therefore the cost of loan-funded projects. This may make those capital projects and services less affordable. Overall, if the interest rates were 1% more than assumed this would add about \$60,000 to total expenditure in year 1 of the Plan through to \$200,000 in year 10.

Borrowing limits (expressed in terms of debt-to-assets and gross interest costs) are set out in the Liability Management Policy.

Revaluation of non-current assets

Revaluation assumptions have been included in the Ten Year Plan. These have been done following the Business and Economic Research Limited (BERL) forecasts of price level change adjusters.

Revaluation movements will be shown in the prospective financial statements in accordance with the revaluation policies of the 'Property, plant, and equipment', 'Revaluation', and 'Impairment' sections of the accounting policies.

Risk

Actual revaluation results differ from those in the forecast.

Level of uncertainty

Low

Reasons and financial effect of uncertainty

Where the actual inflation rate is different from that forecast, the actual revaluation will be different from that forecast.



The Ten Year Plan for each subsequent year is reviewed by way of the annual plan round and a new ten year plan is produced every three years.

Depreciation

Depreciation has been calculated on asset values at their latest revaluation date, and on additions at cost thereafter. The rates applied are listed in the 'Depreciation' section of the accounting policies. It is assumed that:

- existing depreciation will continue
- replacement assets (renewals) affect depreciation as follows:
 - asset renewal will equal that of the assets being replaced
 - new assets' depreciation will be the result of their estimated lives and values
 - depreciation on new and renewal programmes will impact in the year following the capital programme.

Risk

That more detailed analysis of planned capital works once complete may alter the depreciation expense. That asset lives may alter due to new technology improving asset lives.

Level of uncertainty

Low

Reasons and financial effect of uncertainty

The Council has asset management planning and upgrade programmes in place. Asset capacity and condition is monitored with replacement works being planned in accordance with standard asset management and professional practices. Depreciation is calculated in accordance with normal accounting and asset management practices.

Development and financial contributions

The Council assesses financial contributions under the Resource Management Act 1991. These contributions are used to help fund new capital infrastructure, particularly in response to growth. The legislation has changed and financial contributions will cease in April 2021.

This Ten Year Plan assumes that financial contributions will be replaced by development contributions under the Local Government Act, at a similar level of revenue.

Risk

The Council will not receive the same level of development contributions as it was able to under financial contributions.

Level of uncertainty

Low

Reasons and financial effect of uncertainty

Although development contributions are conceptually similar to financial contributions, the legislative changes also made the purposes for which they could be collected and applied more restrictive than they were previously. It is possible, therefore, that we may not be able to assess similar levels of contributions that that assumed in the Plan. It will become clearer as other councils adopt new contribution policies and are tested in court. Lower revenue from development contributions could mean funding growth-related capital expenditure by borrowing more, with associated increase in debt, financing expenses, and rates, or alternatively a reduction in levels of service.

Asset lives

Useful lives of assets are based on professional advice and experience captured in the asset management system. These are summarised in the depreciation note within the accounting policies.

Risk

Assets wear out earlier than estimated.

Level of uncertainty

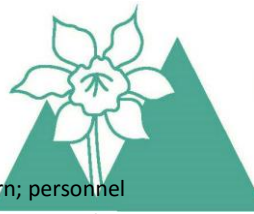
Low

Reasons and financial effect of uncertainty

Asset life is based on estimates of engineers, valuers, and asset managers. Capital projects can be brought forward in event of early expiration of assets (this would affect depreciation and interest, of which the amounts are unknown). Conversely, other assets may not need to be replaced until after the estimated useful life.

Sources of funds for future replacement of assets

This is detailed above in the section on Council groups of activities. The funding of the replacement of future assets is based on the following assumptions:



- In accordance with its revenue and financing policy and its financial strategy, the Council has, over the term of the Ten Year Plan, set revenue levels sufficient to fully fund depreciation of its assets and loan repayments, with the exception of roading (where approximately 47 percent of depreciation is funded) and where assets are loan-funded.
- The funding for the replacement of any individual asset will be funded from the following sources:
 - from prior year credit depreciation reserve balances
 - from the current year's cash arising from revenue funding of depreciation
 - infrastructure contributions under the development contributions or financial contributions policy
 - loan funding with a loan being the shorter of either a 20-year loan term or the life of the asset
 - special funds set aside for specific purposes identified by the Council.

Existing loan facilities are based on 20-year terms and mature every five years. It is assumed that these loans will be rolled by the bank on maturity for a further five years.

Risk

A planned funding source is unavailable.

Level of uncertainty

Low

Reasons and financial effect of uncertainty

As the Council operates a central treasury function, should one source of funding be unavailable for asset replacement, a further option would be available. Local authorities have the power to rate, and that makes them attractive borrowers to private bankers and investors. The Council has the further ability to indirectly borrow through the Local Government Funding Agency. It is likely that alternative sources of borrowing than that planned would be at similar interest expense.

Inflation

Expenditure for 2018/19 has been estimated based on 2017/18 estimated out-turn; personnel costs were increased by 2% and other operating costs (excluding interest, depreciation, and some other minor costs) were adjusted by the BERL⁶⁵ forecasts of price level change adjusters. Beyond this, inflation has been factored into the Plan using the BERL forecast changes as follows:

Year	Operating excluding Personnel	Capital	Personnel
2018/19	2.1%	2.1%	1.7%
2019/20	2.1%	2.2%	1.5%
2020/21	2.2%	2.2%	1.7%
2021/22	2.2%	2.2%	1.8%
2022/23	2.3%	2.4%	1.9%
2023/24	2.3%	2.3%	1.8%
2024/25	2.4%	2.5%	2.0%
2025/26	2.4%	2.4%	1.9%
2026/27	2.6%	2.7%	2.0%
2027/28	2.5%	2.7%	2.0%

Revenue has been estimated using the BERL adjuster for operating costs where an inflationary effect is anticipated. This excludes development and financial contributions (see separate assumption above), grants received for distribution, interest, and rates penalties.

Capital expenditure has been estimated using the BERL adjuster for capital costs.

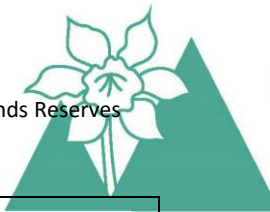
Risk

That actual inflation differs to that predicted, on which decisions are made.

Level of uncertainty

Medium

⁶⁵ Forecasts of Price Level Change Adjustors–2017 Update: Note to Society of Local Government Managers, Business and Economic Research Limited, September 2017



Reasons and financial effect of uncertainty

Where the actual inflation rate is different from that forecast, the cost of projects and expenditure will be different from that forecast. Higher than forecast inflation would likely mean higher operating and capital costs and higher revenue; higher capital expenditure could mean greater borrowing; and there would be pressure on rates to increase to cover these costs.

Each subsequent year of the ten-year plan is reviewed by way of the Annual Plan round and a new ten-year plan is produced every three years.

Investments and return on investments

The Council's Special Funds Reserves will be retained in their present form throughout the term of the Plan. Additions and withdrawals from the Funds have been accounted for each

year through the Plan where identified and required. A return on the Special Funds Reserves investment of 3.0 percent has been assumed.

Risk

That the actual return on investment differs to that budgeted.

Level of uncertainty

Medium

Reasons and financial effect of uncertainty

Movement in the investment fund is difficult to predict but best efforts have been used, using past results. The financial effect is unknown but unlikely to be significant.

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 forecasts of the Council comply with PBE standards.

The financial forecasts of the CDC are for the ten financial years from 1 July 2018 to 30 June 2028. The financial forecasts were authorised for issue by Council on 27 June 2018. The Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of Preparation

The prospective financial statements of the Carterton District Council have been prepared in accordance with the requirements of the Local Government Act 2002, section 93 and Part 1 of Schedule 10, and the information may not be appropriate for other purposes.

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

Statement of prospective financial information

The financial information contained in this document is a forecast for the purposes of PBE Financial Reporting Standard (FRS) 42. It has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecasts were prepared. The purpose for which

it has been prepared is to enable the public to participate in the decision making process as to the services to be provided by the Council to the community.

Council does not intend to update the prospective financial statements subsequent to the final presentation of the Ten Year Plan. It will however update the prospective financial statements relating to the financial year being considered within each subsequent Annual Plan to this Ten Year Plan.

The Ten Year Plan is in full compliance with PBE FRS 42.

The actual results achieved are likely to vary from the information presented. The variation may be material and will be dependent upon circumstances which arise during the forecast period.

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

The prospective 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The prospective 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 in the financial forecasts for the ten years from 2018/19 to 2027/28.

Significant Accounting Policies

Revenue

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

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

Revenue from exchange and non-exchange transactions

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

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

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

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

Rates revenue

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

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

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

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

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.

Other revenue

Government Grants

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

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

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

Provision of services

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



Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained. The fair value of vested assets is usually determined by reference to the cost of constructing the asset. Vested asset revenue is recognised as non-exchange revenue when the maintenance period (where the developer is responsible for addressing maintenance items) ends and the asset is at the required standard to be taken over by Council.

Sale of goods

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

Agency arrangements

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

Interest and dividends

Interest income is exchange revenue and 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 (e.g. traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

Other gains and losses

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

Development and financial contributions

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

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

Borrowing costs

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

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been 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 a successful applicant has been notified of the Council’s decision.

Income tax

Income tax expense includes current tax and deferred tax.

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

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

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

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



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

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

Leases

Finance leases

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

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

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

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

Operating leases

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

Cash and cash equivalents

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

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

Debtors and other receivables

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

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

Derivative financial instruments and hedge accounting

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

Other financial assets

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

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

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

- Fair value through surplus or deficit



- Loans and receivables
- Held to maturity investments
- Fair value through other comprehensive revenue and expenses

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

Impairment of financial assets

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

Loans and other receivables

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in

payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

Property, plant, and equipment

Property, plant and equipment consists of:

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

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

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

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

Revaluation

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

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



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

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset.

Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

Additions

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

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

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

Subsequent costs

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

Disposals

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

Depreciation

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

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

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

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

Intangible assets

Software acquisition

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

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

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

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



Easements

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

Resource consents

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

Carbon credits

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

Amortisation

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

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

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

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for

the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

Forestry assets

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

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

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

Creditors and other payables

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



Borrowings

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

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

Employee entitlements

Short-term employee entitlements

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

These include salaries and wages accrued up to balance date, annual leave earned 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 are 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.

Financial guarantee contracts

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

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

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



Equity

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

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

Restricted reserves

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

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

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

Council's objectives, policies, and processes for managing capital are described in note 29 of the 2017 Annual Report.

Asset revaluation reserves

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

Fair value through other comprehensive revenue and expense reserves

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

Goods and services tax (GST)

All items in the financial forecasts are stated exclusive of 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.

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.

Prospective statement of cash flows

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

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

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

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

Critical accounting estimates and assumptions

In preparing these prospective financial statements, the Council has made estimates and assumptions concerning the future. These are disclosed in the significant forecasting assumptions section on page 84.

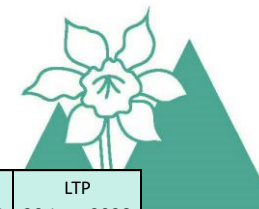
Critical judgments in applying Council's accounting policies

There are no notable critical judgements exercised by management in applying the Council's accounting policies for the ten financial years ending 30 June 2019 to 30 June 2028.

Prospective total surplus/(deficit)

Council is projecting a surplus for the ten financial years ending 30 June 2019 to 30 June 2028.





CARTERTON DISTRICT COUNCIL

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE FOR THE TEN YEARS ENDING 30 JUNE

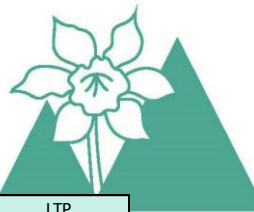
	Annual Plan 30 June 2018	LTP 30 June 2019	LTP 30 June 2020	LTP 30 June 2021	LTP 30 June 2022	LTP 30 June 2023	LTP 30 June 2024	LTP 30 June 2025	LTP 30 June 2026	LTP 30 June 2027	LTP 30 June 2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Revenue											
Rates	11,461,737	12,782,368	13,519,445	13,841,308	14,456,042	14,783,858	15,029,462	15,544,810	15,805,870	15,844,659	16,542,014
Rates penalties	25,000	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900	69,900
Finance revenue	73,924	138,544	147,342	156,793	174,694	190,839	203,240	220,099	231,766	249,025	266,009
Fees and charges	1,487,000	1,667,804	1,702,107	1,739,678	1,777,248	1,818,086	1,860,557	1,904,661	1,950,399	2,001,038	2,051,676
Recoveries	32,000	112,310	114,620	117,150	119,680	122,430	125,290	128,260	131,340	134,750	138,160
Commissions	48,000	49,008	50,016	51,120	52,224	53,424	54,672	55,968	57,312	58,800	60,288
NZTA subsidy	1,680,900	1,708,347	1,742,624	1,848,866	1,833,943	1,876,983	1,920,787	1,968,118	2,015,291	2,068,440	2,122,510
Petrol tax	62,500	63,813	65,125	66,563	68,000	69,563	71,188	72,875	74,625	76,563	78,500
Grants and subsidies	25,900	25,600	25,500	25,500	25,500	25,600	25,600	25,600	25,700	25,700	25,700
Rentals	149,599	146,473	149,485	152,785	156,084	159,671	163,401	167,274	171,291	175,739	180,186
Contributions	317,200	584,800	584,800	584,800	584,800	584,800	584,800	584,800	584,800	584,800	584,800
Miscellaneous revenue	37,500	41,657	42,515	43,454	44,393	45,414	46,476	47,579	48,722	49,988	51,254
Internal charges	-	-	-	-	-	-	-	-	-	-	-
Total operating income	15,401,260	17,390,623	18,213,479	18,697,916	19,362,509	19,800,568	20,155,373	20,789,944	21,167,016	21,339,401	22,170,997
Operating Expenditure											
Governance	709,195	841,192	931,458	837,516	862,512	985,238	898,367	911,612	1,057,890	952,627	982,433
Roads & footpaths	3,307,343	3,634,813	3,779,298	3,872,926	3,991,149	4,077,196	4,190,715	4,310,682	4,418,226	4,563,251	4,661,469
Water Supply	2,244,223	2,253,617	2,316,022	2,474,809	2,648,887	2,724,008	2,862,918	2,974,773	2,941,777	3,002,974	3,589,903
Sewerage	2,198,881	2,494,090	2,811,529	2,976,483	3,123,154	3,124,837	3,236,324	3,347,438	3,309,679	3,377,522	3,427,627
Stormwater	251,843	262,770	269,442	277,544	300,204	312,636	349,105	383,520	395,558	405,987	415,363
Waste management	778,723	970,830	1,002,143	1,018,403	1,052,463	1,073,595	1,089,956	1,115,739	1,141,342	1,169,818	1,197,086
Community support	4,001,781	4,072,760	4,191,827	4,218,612	4,340,060	4,400,524	4,366,430	4,488,513	4,559,824	4,445,983	4,403,942
Regulatory & planning	1,648,125	1,800,502	1,857,142	1,882,506	1,944,343	1,965,798	1,997,462	2,057,722	2,100,790	2,144,903	2,187,472
Bad debts	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total operating expenditure	15,180,115	16,370,573	17,198,860	17,598,799	18,302,772	18,703,833	19,031,277	19,629,999	19,965,084	20,103,064	20,905,296
Operating Surplus/(deficit)		1,020,050	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
Revaluation gains	-	226,124	-	-	-	-	-	-	-	-	-
Fair value gain/(losses)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) before tax	221,145	1,246,174	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
Taxation expense	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after tax	221,145	1,246,174	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
Note: Total expenditure includes -											
Personnel	3,738,480	3,967,388	4,094,344	4,165,757	4,241,137	4,320,485	4,399,833	4,487,115	4,574,398	4,665,648	4,760,865
Depreciation	4,081,638	4,200,490	4,477,875	4,614,494	4,940,908	4,872,091	4,956,233	5,210,654	5,135,162	5,079,575	5,307,673
Finance costs	573,300	603,955	738,932	802,257	856,393	898,826	965,566	991,384	951,361	912,199	1,120,132



CARTERTON DISTRICT COUNCIL

PROSPECTIVE STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE FOR THE TEN YEARS ENDING 30 JUNE

	Annual Plan 30 June 2018 \$	LTP 30 June 2019 \$	LTP 30 June 2020 \$	LTP 30 June 2021 \$	LTP 30 June 2022 \$	LTP 30 June 2023 \$	LTP 30 June 2024 \$	LTP 30 June 2025 \$	LTP 30 June 2026 \$	LTP 30 June 2027 \$	LTP 30 June 2028 \$
Surplus/(deficit) after tax	221,145	1,246,174	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
Increase/(decrease) in revaluation reserves	2,934,942	849,931	8,967,575	1,331,430	1,970,044	10,637,597	1,422,029	2,524,379	12,466,292	1,553,593	2,756,215
Financial assets at fair value through other comprehensive revenue and expense	1,000	-	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue and expense	2,935,942	849,931	8,967,575	1,331,430	1,970,044	10,637,597	1,422,029	2,524,379	12,466,292	1,553,593	2,756,215
Total comprehensive revenue and expense	3,157,087	2,096,104	9,982,194	2,430,547	3,029,781	11,734,332	2,546,125	3,684,323	13,668,224	2,789,929	4,021,915



CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF CHANGES IN EQUITY
FOR THE TEN YEARS ENDING 30 JUNE

	Annual Plan 30 June 2018	LTP 30 June 2019	LTP 30 June 2020	LTP 30 June 2021	LTP 30 June 2022	LTP 30 June 2023	LTP 30 June 2024	LTP 30 June 2025	LTP 30 June 2026	LTP 30 June 2027	LTP 30 June 2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Equity at start of year	170,470,541	194,146,972	196,243,076	206,225,271	208,655,818	211,685,599	223,419,931	225,966,056	229,650,380	243,318,603	246,108,532
Total comprehensive revenue and expense	3,157,087	2,096,104	9,982,194	2,430,547	3,029,781	11,734,332	2,546,125	3,684,323	13,668,224	2,789,929	4,021,915
Equity at end of year	173,627,629	196,243,076	206,225,271	208,655,818	211,685,599	223,419,931	225,966,056	229,650,380	243,318,603	246,108,532	250,130,447
<u>Components of equity</u>											
Retained earnings at start of year	112,377,136	113,242,721	114,216,288	115,333,946	115,465,890	114,866,375	114,178,106	113,790,054	113,141,170	112,979,351	112,727,796
Surplus/(deficit) after tax	221,145	1,246,174	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
Transfers (to)/from revaluation reserves											
Transfers (to)/from restricted/council created reserves	-	(272,607)	103,039	(967,173)	(1,659,253)	(1,785,003)	(1,512,148)	(1,808,828)	(1,363,751)	(1,487,891)	(954,942)
Retained earnings at end of year	112,598,281	114,216,288	115,333,946	115,465,890	114,866,375	114,178,106	113,790,054	113,141,170	112,979,351	112,727,796	113,038,555
Revaluation reserves at start of year	49,562,196	72,598,680	73,448,610	82,416,185	83,747,615	85,717,659	96,355,256	97,777,285	100,301,664	112,767,956	114,321,548
Transfers (to)/from Equity											
Financial asset revaluation gains	1,000		-	-	-	-	-	-	-	-	-
Revaluation gains	2,934,942	849,931	8,967,575	1,331,430	1,970,044	10,637,597	1,422,029	2,524,379	12,466,292	1,553,593	2,756,215
Revaluation reserves at end of year	52,498,138	73,448,610	82,416,185	83,747,615	85,717,659	96,355,256	97,777,285	100,301,664	112,767,956	114,321,548	117,077,763
Restricted/council created reserves at start of year	8,531,209	2,426,596	3,044,660	3,337,943	3,652,976	4,249,673	4,787,830	5,201,213	5,763,159	6,152,070	6,727,354
Transfers (to)/from reserves	-	618,064	293,283	315,033	596,697	538,157	413,384	561,946	388,910	575,284	566,135
Transfers (to)/from other reserves	(6,135,303)										
Restricted reserves at end of year	2,395,906	3,044,660	3,337,943	3,652,976	4,249,673	4,787,830	5,201,213	5,763,159	6,152,070	6,727,354	7,293,489
Other (Council created) reserves at start of year		5,878,975	5,533,518	5,137,196	5,789,336	6,851,892	8,098,739	9,197,504	10,444,386	11,419,227	12,331,834
Transfers (to)/from restricted/council created reserves	6,135,303	(345,457)	(396,322)	652,140	1,062,556	1,246,847	1,098,765	1,246,882	974,841	912,607	388,807
Other (Council created) reserves at end of year	6,135,303	5,533,518	5,137,196	5,789,336	6,851,892	8,098,739	9,197,504	10,444,386	11,419,227	12,331,834	12,720,640
Equity at end of year	173,627,629	196,243,076	206,225,271	208,655,818	211,685,599	223,419,931	225,966,056	229,650,380	243,318,603	246,108,532	250,130,447



CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF FINANCIAL POSITION
FOR THE TEN YEARS ENDING 30 JUNE

Assets

Current assets

Cash and cash equivalents	8,698,174	4,536,217	4,231,303	4,892,608	5,977,835	7,279,284	8,381,906	9,650,254	10,687,478	11,623,908	12,033,093
Investments	13,517	4,618,129	4,911,412	5,226,445	5,823,142	6,361,299	6,774,682	7,336,628	7,725,539	8,300,823	8,866,958
Debtors and other receivables	1,687,809	1,309,591	1,297,910	1,324,061	1,363,757	1,391,163	1,415,257	1,452,315	1,478,103	1,495,081	1,542,516

Total current assets

Non-current assets

Investments	50,399	51,208	51,208	51,208	51,208	51,208	51,208	51,208	51,208	51,208	51,208
Intangible assets	660,210	1,126,826	1,164,312	1,156,632	1,098,812	1,049,974	998,917	971,892	930,532	887,005	952,812
Forestry assets	490,855	536,852	536,852	536,852	536,852	536,852	536,852	536,852	536,852	536,852	536,852
Property, plant and equipment	176,707,466	200,193,509	211,368,140	214,104,693	216,331,719	227,106,779	229,899,163	231,051,834	242,535,230	243,156,943	254,626,576

Total non-current assets

Total assets

Liabilities

Current liabilities

Creditors and other payables	1,871,521	1,618,350	1,684,156	1,711,205	1,764,901	1,837,734	1,856,510	1,905,051	1,983,140	2,013,454	2,070,378
Employee entitlements	257,373	338,471	350,085	356,021	362,334	369,024	375,685	383,126	390,539	398,325	406,485
Borrowings	442,826	736,618	792,935	859,646	915,510	1,021,027	1,119,441	1,185,431	1,257,119	1,462,392	1,654,453

Total current liabilities

Non-current liabilities

Employee entitlements		65,280	66,586	67,917	69,276	70,661	72,074	73,516	74,986	76,486	78,016
Borrowings	12,109,081	13,370,537	14,442,103	15,641,891	16,385,706	17,058,182	18,668,219	17,853,479	16,920,555	15,992,629	24,270,235

Total non-current liabilities

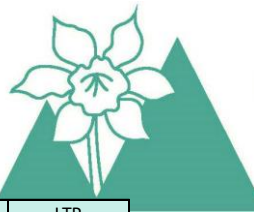
Equity

Public equity	112,598,281	114,216,288	115,333,946	115,465,890	114,866,375	114,178,106	113,790,054	113,141,170	112,979,351	112,727,796	113,038,555
Restricted reserves	2,395,906	3,044,660	3,337,943	3,652,976	4,249,673	4,787,830	5,201,213	5,763,159	6,152,070	6,727,354	7,293,489
Revaluation reserves	52,498,138	73,448,610	82,416,185	83,747,615	85,717,659	96,355,256	97,777,285	100,301,664	112,767,956	114,321,548	117,077,763
Other reserves	6,135,303	5,533,518	5,137,196	5,789,336	6,851,892	8,098,739	9,197,504	10,444,386	11,419,227	12,331,834	12,720,640

Total equity

Total liabilities and equity

	173,627,629	196,243,076	206,225,271	208,655,818	211,685,599	223,419,931	225,966,056	229,650,380	243,318,603	246,108,532	250,130,447
	188,308,430	212,372,332	223,561,137	227,292,499	231,183,326	243,776,559	248,057,985	251,050,982	263,944,942	266,051,819	278,610,014



CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF CASH FLOWS
FOR THE TEN YEARS ENDING 30 JUNE

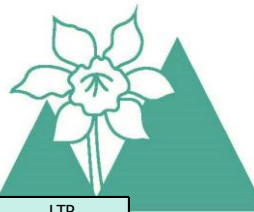
	Annual Plan 30 June 2018 \$	LTP 30 June 2019 \$	LTP 30 June 2020 \$	LTP 30 June 2021 \$	LTP 30 June 2022 \$	LTP 30 June 2023 \$	LTP 30 June 2024 \$	LTP 30 June 2025 \$	LTP 30 June 2026 \$	LTP 30 June 2027 \$	LTP 30 June 2028 \$
Cash flows from Operating Activities											
Cash was received from:											
Receipts from rates revenue	11,486,737	12,721,291	13,485,356	13,826,422	14,427,612	14,768,697	15,018,104	15,520,976	15,793,796	15,842,865	16,509,762
Grants, subsidies and donations	1,706,800	1,733,947	1,768,124	1,874,366	1,859,443	1,902,583	1,946,387	1,993,718	2,040,991	2,094,140	2,148,210
Petrol tax	62,500	63,813	65,125	66,563	68,000	69,563	71,188	72,875	74,625	76,563	78,500
Finance revenue	73,924	138,544	147,342	156,793	174,694	190,839	203,240	220,099	231,766	249,025	266,009
Other revenue	1,952,941	2,730,235	2,719,213	2,707,621	2,753,065	2,801,480	2,852,361	2,905,218	2,960,050	3,019,830	3,081,080
	15,282,902	17,387,830	18,185,160	18,631,765	19,282,814	19,733,162	20,091,279	20,712,885	21,101,229	21,282,423	22,083,561
Cash was applied to:											
Payments to suppliers & employees	10,317,571	11,493,269	11,863,326	12,107,733	12,404,103	12,812,009	13,042,627	13,330,538	13,751,590	14,031,690	14,370,878
Finance expenditure	573,300	603,955	738,932	802,257	856,393	898,826	965,566	991,384	951,361	912,199	1,120,132
	10,890,871	12,097,223	12,602,258	12,909,990	13,260,496	13,710,835	14,008,193	14,321,921	14,702,951	14,943,889	15,491,009
Net cash flow from operating activities	4,392,031	5,290,606	5,582,902	5,721,776	6,022,317	6,022,327	6,083,087	6,390,964	6,398,278	6,338,534	6,592,552
Cash flows from Investing Activities											
Cash was received from:											
Sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Term investments, shares & advances	-	4,618,129	4,618,130	4,911,412	5,226,446	5,823,143	6,361,299	6,774,683	7,336,629	7,725,539	8,300,823
Forestry investment	-	-	-	-	-	-	-	-	-	-	-
	-	4,618,129	4,618,130	4,911,412	5,226,446	5,823,143	6,361,299	6,774,683	7,336,629	7,725,539	8,300,823
Cash was applied to:											
Purchase of property, plant and equipment	5,620,984	7,999,491	6,722,418	6,011,936	5,140,071	4,960,715	6,275,531	3,811,921	4,110,907	4,104,168	14,086,898
Term investments, shares & advances	-	4,618,130	4,911,412	5,226,446	5,823,143	6,361,299	6,774,683	7,336,629	7,725,539	8,300,823	8,866,958
Forestry investment	-	-	-	-	-	-	-	-	-	-	-
	5,620,984	12,617,621	11,633,830	11,238,382	10,963,214	11,322,014	13,050,214	11,148,550	11,836,446	12,404,991	22,953,857
Net cash flow from investing activities	(5,620,984)	(7,999,492)	(7,015,700)	(6,326,970)	(5,736,768)	(5,498,872)	(6,688,915)	(4,373,867)	(4,499,817)	(4,679,452)	(14,653,033)
Cash flows from Financing Activities											
Cash was received from:											
Proceeds from borrowings	2,160,000	4,658,469	1,864,502	2,059,434	1,659,325	1,693,503	2,729,477	370,691	324,195	534,467	9,932,059
	2,160,000	4,658,469	1,864,502	2,059,434	1,659,325	1,693,503	2,729,477	370,691	324,195	534,467	9,932,059
Cash was applied to:											
Repayment of borrowings	442,824	630,126	736,618	792,935	859,646	915,510	1,021,027	1,119,441	1,185,431	1,257,119	1,462,392
	442,824	630,126	736,618	792,935	859,646	915,510	1,021,027	1,119,441	1,185,431	1,257,119	1,462,392
Net cash flow from financing activities	1,717,176	4,028,343	1,127,884	1,266,499	799,679	777,993	1,708,450	(748,750)	(861,236)	(722,652)	8,469,667
Net increase/(decrease) in cash held	488,223	1,319,457	(304,914)	661,305	1,085,228	1,301,449	1,102,622	1,268,347	1,037,225	936,430	409,185
Add cash at start of year (1 July)	8,209,951	3,216,759	4,536,217	4,231,303	4,892,608	5,977,835	7,279,284	8,381,906	9,650,254	10,687,478	11,623,908
Balance at end of year (30 June)	8,698,174	4,536,217	4,231,303	4,892,608	5,977,835	7,279,284	8,381,906	9,650,254	10,687,478	11,623,908	12,033,093
Represented by:											
Cash and cash equivalents and bank overdrafts	8,698,174	4,536,217	4,231,303	4,892,608	5,977,835	7,279,284	8,381,906	9,650,254	10,687,478	11,623,908	12,033,093



CARTERTON DISTRICT COUNCIL

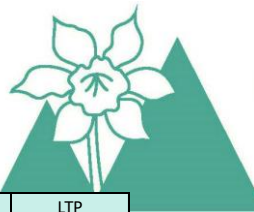
PROSPECTIVE RECONCILIATION OF NET SURPLUS TO OPERATING ACTIVITIES FOR THE TEN YEARS ENDING 30 JUNE

	Annual Plan 30 June 2018 \$	LTP 30 June 2019 \$	LTP 30 June 2020 \$	LTP 30 June 2021 \$	LTP 30 June 2022 \$	LTP 30 June 2023 \$	LTP 30 June 2024 \$	LTP 30 June 2025 \$	LTP 30 June 2026 \$	LTP 30 June 2027 \$	LTP 30 June 2028 \$
Surplus/(deficit) after tax	221,146	1,246,174	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
Add/(Less) non cash expenses											
Revaluation (gains)/losses	-	(226,124)	-	-	-	-	-	-	-	-	-
Depreciation & amortisation funded	4,081,638	4,200,490	4,477,875	4,614,494	4,940,908	4,872,091	4,956,233	5,210,654	5,135,162	5,079,575	5,307,673
Bad debts	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
	4,121,638	4,014,366	4,517,875	4,654,494	4,980,908	4,912,091	4,996,233	5,250,654	5,175,162	5,119,575	5,347,673
Add/(Less) items classified as investing or financing activities											
	-	-	-	-	-	-	-	-	-	-	-
Plus/(less) movements in working capital											
(Increase)/decrease in debtors and other receivables	(118,358)	(2,793)	(28,319)	(66,151)	(79,696)	(67,406)	(64,094)	(77,059)	(65,788)	(56,978)	(87,435)
Increase/(decrease) in creditors and other payables	167,605	75,454	65,807	27,048	53,696	72,833	18,776	48,541	78,089	30,314	56,924
Increase/(decrease) in employee entitlements	-	(42,594)	12,920	7,268	7,671	8,075	8,075	8,883	8,883	9,286	9,690
	49,247	30,066	50,408	(31,835)	(18,329)	13,502	(37,242)	(19,635)	21,184	(17,377)	(20,821)
Net cashflow from operating activities	4,392,031	5,290,606	5,582,902	5,721,776	6,022,317	6,022,327	6,083,087	6,390,964	6,398,278	6,338,534	6,592,552



CARTERTON DISTRICT COUNCIL
FUNDING IMPACT STATEMENT
FOR THE TEN YEARS ENDING 30 JUNE

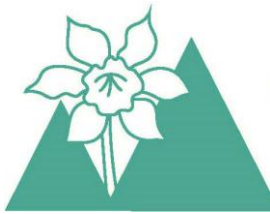
	Annual Plan 30 June 2018 \$	LTP 30 June 2019 \$	LTP 30 June 2020 \$	LTP 30 June 2021 \$	LTP 30 June 2022 \$	LTP 30 June 2023 \$	LTP 30 June 2024 \$	LTP 30 June 2025 \$	LTP 30 June 2026 \$	LTP 30 June 2027 \$	LTP 30 June 2028 \$
Operating Funding											
Sources of operating funding											
General rates, UAGC and rates penalties	7,132,435	8,214,105	8,589,193	8,594,737	8,895,905	9,142,075	9,126,197	9,405,330	9,716,281	9,626,340	9,734,800
Targeted rates	4,354,302	4,638,163	5,000,152	5,316,471	5,630,037	5,711,683	5,973,165	6,209,379	6,159,489	6,288,219	6,877,114
Subsidies and grants for operational purposes	752,049	779,935	821,127	838,689	856,251	875,440	895,292	915,909	937,388	961,058	984,729
Fees and charges	1,487,000	1,947,312	1,987,366	2,031,234	2,075,102	2,122,784	2,172,374	2,223,871	2,277,275	2,336,402	2,395,528
Interest and dividends from investments	74,424	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other	403,523	272,295	283,844	296,308	317,222	336,642	352,449	372,845	388,180	409,500	430,545
Total operating funding	14,129,309	15,851,811	16,681,682	17,077,439	17,774,518	18,188,624	18,519,478	19,127,334	19,478,613	19,621,519	20,422,715
Applications of operating funding											
Payments to staff and suppliers	10,525,176	11,284,078	11,709,802	11,909,799	12,233,220	12,660,667	12,837,228	13,155,711	13,606,311	13,839,040	14,205,242
Finance costs	573,300	603,955	738,932	802,257	856,393	898,826	965,566	991,384	951,361	912,199	1,120,132
Other operating funding applications	-	282,050	272,250	272,250	272,250	272,250	272,250	272,250	272,250	272,250	272,250
Total applications of operating funding	11,098,476	12,170,083	12,720,985	12,984,306	13,361,864	13,831,742	14,075,044	14,419,345	14,829,923	15,023,489	15,597,623
Surplus/(deficit) of operating funding	3,030,833	3,681,728	3,960,698	4,093,134	4,412,654	4,356,882	4,444,435	4,707,989	4,648,691	4,598,030	4,825,092
Capital Funding											
Sources of capital funding											
Subsidies and grants for capital expenditure	954,751	954,012	946,997	1,035,677	1,003,192	1,027,143	1,051,095	1,077,809	1,103,603	1,133,082	1,163,481
Development and financial contributions	317,200	584,800	584,800	584,800	584,800	584,800	584,800	584,800	584,800	584,800	584,800
Increase/(decrease) in debt	467,174	4,028,343	1,127,884	1,266,499	799,679	777,993	1,708,450	(748,750)	(861,236)	(722,652)	8,469,667
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total capital funding	1,739,125	5,567,155	2,659,681	2,886,976	2,387,670	2,389,937	3,344,345	913,860	827,167	995,229	10,217,948
Applications of capital funding											
Capital expenditure - meet additional demand	451,000	65,344	417,200	426,400	141,570	216,310	376,530	222,300	407,320	447,720	9,864,030
Capital expenditure - improve level of service	979,900	4,776,883	1,921,571	2,168,073	1,737,489	1,772,003	2,794,457	457,622	411,154	424,596	429,420
Capital expenditure - replace existing assets	4,190,084	3,157,264	4,383,647	3,417,463	3,261,013	2,972,403	3,104,543	3,131,999	3,292,433	3,231,852	3,793,448
Increase/(decrease) in reserves	(851,026)	1,249,392	(102,039)	968,173	1,660,253	1,786,103	1,513,248	1,809,928	1,364,951	1,489,091	956,142
Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	4,769,958	9,248,883	6,620,378	6,980,109	6,800,324	6,746,819	7,788,779	5,621,849	5,475,858	5,593,259	15,043,040
Surplus/(deficit) of Capital Funding	(3,030,833)	(3,681,728)	(3,960,698)	(4,093,134)	(4,412,654)	(4,356,882)	(4,444,435)	(4,707,989)	(4,648,691)	(4,598,030)	(4,825,092)
Funding balance	-	-	-	-	-	-	-	-	-	-	-



CARTERTON DISTRICT COUNCIL

PROSPECTIVE RECONCILIATION OF NET SURPLUS/(DEFICIT) TO COUNCIL FUNDING IMPACT STATEMENT FOR THE TEN YEARS ENDING 30 JUNE

	Annual Plan 30 June 2018 \$	LTP 30 June 2019 \$	LTP 30 June 2020 \$	LTP 30 June 2021 \$	LTP 30 June 2022 \$	LTP 30 June 2023 \$	LTP 30 June 2024 \$	LTP 30 June 2025 \$	LTP 30 June 2026 \$	LTP 30 June 2027 \$	LTP 30 June 2028 \$
Surplus/(deficit) after tax per Statement of Financial Performance	221,146	1,246,174	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
Surplus/(deficit) before vested assets and internal interest	221,146	1,246,174	1,014,619	1,099,117	1,059,737	1,096,735	1,124,096	1,159,945	1,201,932	1,236,336	1,265,700
less Capital grants, subsidies and donations	(954,751)	(954,012)	(946,997)	(1,035,677)	(1,003,192)	(1,027,143)	(1,051,095)	(1,077,809)	(1,103,603)	(1,133,082)	(1,163,481)
less Development and financial contributions	(317,200)	(584,800)	(584,800)	(584,800)	(584,800)	(584,800)	(584,800)	(584,800)	(584,800)	(584,800)	(584,800)
less Gain in asset revaluations		(226,124)	-	-	-	-	-	-	-	-	-
add Depreciation not included in the FIS	4,081,638	4,200,490	4,477,875	4,614,494	4,940,908	4,872,091	4,956,233	5,210,654	5,135,162	5,079,575	5,307,673
Surplus/(deficit) of operating funding	3,030,833	3,681,728	3,960,698	4,093,134	4,412,654	4,356,882	4,444,435	4,707,989	4,648,691	4,598,030	4,825,092
Balance as per Council FIS surplus/(deficit) of funding	3,030,833	3,681,728	3,960,698	4,093,134	4,412,654	4,356,882	4,444,435	4,707,989	4,648,691	4,598,030	4,825,092



CARTERTON DISTRICT COUNCIL

DEPRECIATION PER GROUP OF ACTIVITIES

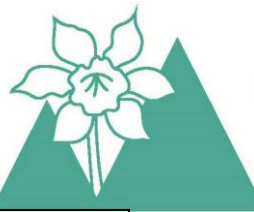
This table shows the depreciation expense charged to each group of activities.

ANNUAL DEPRECIATION EXPENSE	Annual Plan 30 June 2018	LTP 30 June 2019	LTP 30 June 2020	LTP 30 June 2021	LTP 30 June 2022	LTP 30 June 2023	LTP 30 June 2024	LTP 30 June 2025	LTP 30 June 2026	LTP 30 June 2027	LTP 30 June 2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance	2,178	3,304	3,646	3,332	4,619	4,723	3,492	3,626	3,575	2,852	2,769
Roads and footpaths	1,399,350	1,504,314	1,540,103	1,587,021	1,624,177	1,661,567	1,720,055	1,758,916	1,798,466	1,871,641	1,911,262
Water supply	700,378	546,862	555,639	650,529	728,060	729,704	795,401	834,324	767,647	788,444	1,094,556
Sewerage	787,801	701,910	849,706	921,666	978,653	916,875	981,190	1,027,452	963,635	997,661	1,034,152
Stormwater	122,861	124,167	127,296	132,788	138,446	146,476	161,768	176,074	185,821	193,830	202,085
Waste management	37,601	29,519	30,003	26,739	23,842	23,259	30,085	29,081	28,851	28,979	29,513
Community support	744,463	617,434	662,496	643,335	672,510	682,456	591,415	619,452	615,255	421,518	313,577
Regulatory and planning	32,615	38,713	48,236	51,107	56,751	54,219	56,637	61,359	63,098	64,582	76,636
Administration and support services	254,391	634,267	660,751	597,974	713,850	652,811	616,190	700,370	708,814	710,070	643,123
Total depreciation	4,081,638	4,200,490	4,477,875	4,614,494	4,940,908	4,872,091	4,956,233	5,210,654	5,135,162	5,079,575	5,307,673

Statement of special funds reserves

The Council maintains special funds reserves as a sub-part of its equity. Schedule 10, clause 16 of the Local Government Act 2002 requires certain information to be included in the Ten Year Plan about these reserves. The Act defines 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 following statement presents movements over the ten years of the Plan for each of the reserves. An explanation of the purpose and activities of each reserve is included in the Council's investment policy (see appendix A).



CARTERTON DISTRICT COUNCIL

PROSPECTIVE STATEMENT OF SPECIAL FUNDS RESERVES FOR THE TEN YEARS ENDING 30 JUNE

	Annual Plan 30 June 2018	LTP 30 June 2019	LTP 30 June 2020	LTP 30 June 2021	LTP 30 June 2022	LTP 30 June 2023	LTP 30 June 2024	LTP 30 June 2025	LTP 30 June 2026	LTP 30 June 2027	LTP 30 June 2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant Purchase & Renewal Fund											
Opening Balance	1,629	1,660	1,710	1,810	1,910	2,010	2,110	2,210	2,310	2,410	2,510
Deposits	52	50	100	100	100	100	100	100	100	100	100
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1,681	1,710	1,810	1,910	2,010	2,110	2,210	2,310	2,410	2,510	2,610
Recreation Reserve Levy Fund											
Opening Balance	473,775	487,606	683,914	877,304	1,097,947	1,325,192	1,554,677	1,772,102	2,019,547	2,274,393	2,531,818
Deposits	117,561	200,395	214,245	220,645	227,245	233,945	240,245	247,445	254,845	262,345	269,545
Withdrawals	-	(4,088)	(20,855)	(2)	-	(4,460)	(22,820)	-	-	(4,920)	(25,262)
Closing Balance	591,336	683,914	877,304	1,097,947	1,325,192	1,554,677	1,772,102	2,019,547	2,274,393	2,531,818	2,776,101
Roading Emergency Works Fund											
Opening Balance	242,579	248,627	258,377	266,177	274,177	282,377	290,877	299,577	308,577	317,877	327,377
Deposits	7,763	9,750	7,800	8,000	8,200	8,500	8,700	9,000	9,300	9,500	9,800
Withdrawals	(80,000)	-	-	-	-	-	-	-	-	-	-
Closing Balance	170,342	258,377	266,177	274,177	282,377	290,877	299,577	308,577	317,877	327,377	337,177
Rural Water Contingency Fund											
Opening Balance	59,007	60,327	62,027	63,927	65,827	67,827	69,827	71,927	74,127	76,327	78,627
Deposits	6,888	1,700	1,900	1,900	2,000	2,000	2,100	2,200	2,200	2,300	2,400
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	65,895	62,027	63,927	65,827	67,827	69,827	71,927	74,127	76,327	78,627	81,027
Waste Disposal Fund											
Opening Balance	87,189	89,252	119,640	153,316	188,636	225,700	264,564	305,356	348,104	392,936	440,036
Deposits	30,790	30,388	33,676	35,320	37,064	38,864	40,792	42,748	44,832	47,100	49,468
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	117,979	119,640	153,316	188,636	225,700	264,564	305,356	348,104	392,936	440,036	489,504
Creative NZ Fund											
Opening Balance	2,802	2,865	-	-	-	-	-	-	-	-	-
Deposits	90	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	(2,865)	-	-	-	-	-	-	-	-	-
Closing Balance	2,892	-	-	-	-	-	-	-	-	-	-



CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF SPECIAL FUNDS RESERVES
FOR THE YEAR ENDED 30 JUNE 2018

	Annual Plan 30 June 2018	LTP 30 June 2019	LTP 30 June 2020	LTP 30 June 2021	LTP 30 June 2022	LTP 30 June 2023	LTP 30 June 2024	LTP 30 June 2025	LTP 30 June 2026	LTP 30 June 2027	LTP 30 June 2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sport New Zealand Rural Travel Fund											
Opening Balance	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-	-	-
Keep Carterton Beautiful Fund											
Opening Balance	5,324	5,403	5,578	5,778	5,978	6,178	6,378	6,578	6,778	6,978	7,178
Deposits	170	175	200	200	200	200	200	200	200	200	200
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	5,494	5,578	5,778	5,978	6,178	6,378	6,578	6,778	6,978	7,178	7,378
Water Race Resource Consent Fund											
Opening Balance	12,000	12,384	12,749	13,149	13,549	13,949	14,349	14,749	15,149	15,649	16,149
Deposits	12,384	365	400	400	400	400	400	400	500	500	500
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	24,384	12,749	13,149	13,549	13,949	14,349	14,749	15,149	15,649	16,149	16,649
Clareville Grave Maintenance Fund											
Opening Balance	2,542	2,523	2,598	2,698	2,798	2,898	2,998	3,098	3,198	3,298	3,398
Deposits	81	75	100	100	100	100	100	100	100	100	100
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	2,623	2,598	2,698	2,798	2,898	2,998	3,098	3,198	3,298	3,398	3,498
Memorial Square Trust Fund											
Opening Balance	7,600	7,745	8,020	8,220	8,420	8,720	9,020	9,320	9,620	9,920	10,220
Deposits	243	275	200	200	300	300	300	300	300	300	300
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	7,843	8,020	8,220	8,420	8,720	9,020	9,320	9,620	9,920	10,220	10,520
WWII Memorial Trust Fund											
Opening Balance	64,032	66,141	67,141	68,141	69,141	70,141	71,141	72,141	73,141	74,141	75,141
Deposits	2,049	3,100	3,000	3,000	3,000	3,100	3,100	3,100	3,200	3,200	3,200
Withdrawals	-	(2,100)	(2,000)	(2,000)	(2,000)	(2,100)	(2,100)	(2,100)	(2,200)	(2,200)	(2,200)
Closing Balance	66,081	67,141	68,141	69,141	70,141	71,141	72,141	73,141	74,141	75,141	76,141



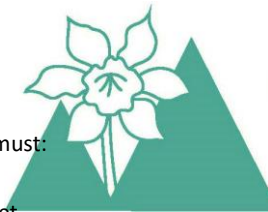
CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF SPECIAL FUNDS RESERVES
FOR THE YEAR ENDED 30 JUNE 2018

	Annual Plan 30 June 2018	LTP 30 June 2019	LTP 30 June 2020	LTP 30 June 2021	LTP 30 June 2022	LTP 30 June 2023	LTP 30 June 2024	LTP 30 June 2025	LTP 30 June 2026	LTP 30 June 2027	LTP 30 June 2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Longbush Domain Board Fund											
Opening Balance	3,095	3,200	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100
Deposits	-	100	100	100	100	100	100	100	100	100	100
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	3,095	3,300	3,400	3,500	3,600	3,700	3,800	3,900	4,000	4,100	4,200
West Taratahi Hall Board											
Opening Balance	25,398	30,939	31,889	32,889	33,889	34,889	35,889	36,989	38,089	39,189	40,389
Deposits	-	950	1,000	1,000	1,000	1,000	1,100	1,100	1,100	1,200	1,200
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	25,398	31,889	32,889	33,889	34,889	35,889	36,989	38,089	39,189	40,389	41,589
Election Contingency Fund											
Opening Balance	9,911	37,244	38,394	39,594	40,794	41,994	43,294	44,594	45,894	47,294	48,694
Deposits	317	1,150	1,200	1,200	1,200	1,300	1,300	1,300	1,400	1,400	1,500
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	10,228	38,394	39,594	40,794	41,994	43,294	44,594	45,894	47,294	48,694	50,194
Workshop Depot Upgrade Fund											
Opening Balance	23,524	23,973	24,723	25,423	26,223	27,023	27,823	28,623	29,523	30,423	31,323
Deposits	753	750	700	800	800	800	800	900	900	900	900
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	24,277	24,723	25,423	26,223	27,023	27,823	28,623	29,523	30,423	31,323	32,223
Combined District Plan Fund											
Opening Balance	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-	-	-	-	-	-
Roading Contribution Fund											
Opening Balance	442,001	444,225	652,367	866,215	1,086,457	1,313,404	1,547,154	1,787,898	2,035,843	2,291,191	2,554,236
Deposits	115,544	208,145	213,845	220,245	226,945	233,745	240,745	247,945	255,345	263,045	270,945
Withdrawals	(300,000)	(3)	3	(3)	1	5	(1)	(0)	2	0	(3)
Closing Balance	257,545	652,367	866,215	1,086,457	1,313,404	1,547,154	1,787,898	2,035,843	2,291,191	2,554,236	2,825,178



CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF SPECIAL FUNDS RESERVES
FOR THE YEAR ENDED 30 JUNE 2018

	Annual Plan 30 June 2018	LTP 30 June 2019	LTP 30 June 2020	LTP 30 June 2021	LTP 30 June 2022	LTP 30 June 2023	LTP 30 June 2024	LTP 30 June 2025	LTP 30 June 2026	LTP 30 June 2027	LTP 30 June 2028
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure Contributions Reserve Fund											
Opening Balance	692,314	712,693	876,685	708,453	526,182	609,923	623,780	515,402	515,610	325,296	308,109
Deposits	135,554	225,260	228,110	222,810	225,310	225,710	222,510	222,510	217,010	216,510	215,810
Withdrawals	-	(61,268)	(396,341)	(405,081)	(141,569)	(211,853)	(330,887)	(222,302)	(407,324)	(233,696)	(239,968)
Closing Balance	827,868	876,685	708,453	526,182	609,923	623,780	515,402	515,610	325,296	308,109	283,951
Waingawa Infrastructure Contributions Reserve Fund											
Opening Balance	146,145	149,524	154,024	158,624	163,424	168,324	173,324	178,524	183,924	189,424	195,124
Deposits	4,677	4,500	4,600	4,800	4,900	5,000	5,200	5,400	5,500	5,700	5,900
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	150,822	154,024	158,624	163,424	168,324	173,324	178,524	183,924	189,424	195,124	201,024
Belvedere Hall Fund											
Opening Balance	1,180	1,832	1,892	1,992	2,092	2,192	2,292	2,392	2,492	2,592	2,692
Deposits	-	60	100	100	100	100	100	100	100	100	100
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	1,180	1,892	1,992	2,092	2,192	2,292	2,392	2,492	2,592	2,692	2,792
Waingawa Industrial Zone Services Deficit Fund											
Opening Balance	37,737	38,432	39,632	40,832	42,032	43,332	44,632	45,932	47,332	48,732	50,232
Deposits	1,208	1,200	1,200	1,200	1,300	1,300	1,300	1,400	1,400	1,500	1,500
Withdrawals	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	38,945	39,632	40,832	42,032	43,332	44,632	45,932	47,332	48,732	50,232	51,732
Special Funds Reserves - Summary											
Opening Balance	2,339,782	2,426,596	3,044,660	3,337,943	3,652,976	4,249,673	4,787,830	5,201,213	5,763,159	6,152,070	6,727,354
Deposits	436,124	688,388	712,476	722,120	740,264	756,564	769,192	786,348	798,432	816,100	833,568
Withdrawals	(380,000)	(70,324)	(419,193)	(407,087)	(143,567)	(218,407)	(355,808)	(224,402)	(409,522)	(240,816)	(267,433)
Closing Balance	2,395,906	3,044,660	3,337,943	3,652,976	4,249,673	4,787,830	5,201,213	5,763,159	6,152,070	6,727,354	7,293,489



Funding impact statement

The revenue and financing mechanisms to be used to cover the estimated expenses of the Council are covered in the Revenue and Financing Policy.

The method and impact of both general and targeted rates is covered in the ‘Rating System’ section that follows.

Definition of ‘separately used or inhabited part of a rating unit’

Any part of a rating unit separately used or inhabited by the owner or any other who has the right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.

Rating system

Introduction

Clause 20 of Schedule 10 of the Local Government Act 2002 requires a funding impact statement for the year to which the annual plan relates.

A funding impact statement table is presented on page 107, which identifies:

- the sources of funding to be used by the Council
- the amount of funds expected to be produced from each source
- how the funds are to be applied.

If the sources of funding include a general rate, the funding impact statement must:

- include particulars of the valuation system on which the general rate is to be assessed, eg land, annual, or capital value
- state whether a uniform annual general charge is to be included and, if so, how the charge is to be calculated and the Council’s definition of a separately used or inhabited part of a rating unit if the charge is to be calculated on that basis
- state whether the general rate is to be set differentially and, if so, state the category or categories that will be used for differentiating the general rate within the meaning of Section 14 of the Local Government (Rating) Act 2002 and the objectives of the differential rate in terms of the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land in each category.

If the sources of funding include a targeted rate, the funding impact statement must:

- specify the activity or groups of activities for which a targeted rate will be set
- specify any category or categories of rateable land that will be used to set a targeted rate on a differential basis or determine whether a property will be liable for a targeted rate
- state any factor or factors that will be used to calculate liability for a targeted rate
- state the Council’s definition of a separately used or inhabited part of a rating unit if the rate is to be calculated on that basis
- state the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land in each category if the targeted rate is to be set differentially
- state whether lump sum contributions will be invited in respect of the targeted rate
- state the basis for setting charges for water supply if it is to be by volume of water consumed, eg as a fixed charge per unit of water consumed or supplied or according to a scale of charges.

General rates

The Council proposes to set a general rate based on the capital value of each rating unit in the District.

The general rate will be set on a differential basis over three rating categories as follows:

General rates—differential factor	
Residential	1.0
Commercial	2.0
Rural	0.8

where—

- Residential means
 - all rating units used primarily for residential purposes within the residential zone of the Carterton District as depicted in the District Plan
 - all rating units located in the commercial and industrial zones of Carterton District, as depicted in the District Plan, that are used primarily for residential purposes
 - all rating units associated with utility services (water, telecommunications, etc) that are located in the urban area.



- Commercial means
 - all rating units in the commercial zone of Carterton District, including the Carterton Character Area, as depicted in the District Plan, and all rating units outside the said commercial zone that have existing use rights or resource consent to undertake commercial land use activities under the Resource Management Act 2001
 - all rating units in the industrial zone of Carterton District, as depicted in the District Plan, and all rating units outside the said industrial zone that have existing use rights or resource consent to carry out industrial land use activities under the Resource Management Act 1991.
- Rural means
 - all rating units within the rural zone of Carterton District, as depicted in the District Plan, but excluding those rating units that hold and are exercising existing use rights or resource consent to carry out commercial or industrial land use activities under the Resource Management Act 1991
 - all rating units associated with utility services (water, telecommunications, etc) that are located in the rural area.

Uniform Annual General Charge

The Council proposes to set a Uniform Annual General Charge on each rating unit in the District to fully fund Governance activities and to fund Community Support activities up to the maximum possible under section 21 of the Local Government (Rating) Act 2002.

The Uniform Annual General Charge is calculated as one fixed amount per rating unit.

Targeted rates

Regulatory and planning service rate

The Council proposes to set a regulatory and planning service rate for regulatory, resource management, and district planning services on every rating unit in the District, calculated on capital value.

Urban sewerage rate

The Council proposes to set a differential targeted rate for the Council's urban sewerage and treatment and disposal of sewage services of a fixed amount per separately used or inhabited

part of a rating unit in relation to all land in the district to which the Council's urban sewerage service is provided or available.

The rate applied is as follows:

- a charge per separately used or inhabited part of a rating unit that is able to be connected
 - a charge per separately used or inhabited part of a rating unit connected
- The Council also proposes to set a rate (pan charge) per water closet or urinal within each separately used or inhabited part of a rating unit after the first one for rating units with more than one water closet or urinal.

For the purposes of this rate:

- 'connected' means the rating unit is connected to the Council's urban sewerage service
- 'able to be connected' means the rating unit is not connected to the Council's urban sewerage drain but is within 30 metres of such a drain
- a separately used or inhabited part of a rating unit used primarily as a residence for one household is treated as not having more than one water closet or urinal.

Waingawa sewerage rate

The Council proposes to charge a targeted rate of a fixed amount on every separately used or inhabited part of a rating unit that is connected to the Waingawa sewerage service.

Additionally, the Council proposes to set a differential targeted rate based on capital value on all properties connected or able to be connected to the Waingawa sewerage service. The rate will be set on a differential basis over two rating categories:

- all rating units located in the Waingawa industrial zone of Carterton District, as depicted in the District Plan, that are used primarily for residential purposes
- all other rating units in the Waingawa industrial zone of Carterton District.

For the purposes of this rate:

- 'connected' means a rating unit that is connected to the reticulated sewerage service
- 'able to be connected' means a rating unit that can be connected to the sewerage service, but is not, and is a property situated within 30 metres of such a drain.



The purpose of this rate is to fund the operation and maintenance of the Waingawa sewerage service.

Stormwater rate

The Council proposes to set a stormwater rate on all rating units within the urban area and is calculated on land value. For the purposes of this rate the 'urban area' includes rating units:

- within the residential zone of the Carterton District as depicted in the District Plan
- adjacent to the residential zone where stormwater from the property drains to the Council's urban stormwater system.

Refuse collection and kerbside recycling rate

The Council proposes to set a refuse collection and kerbside recycling rate for kerbside refuse and recycling collection on every separately used or inhabited part of a rating unit to which the Council's collection service is provided or available.

Urban water rate

The Council proposes to charge a targeted urban water rate of a fixed amount on every separately used or inhabited part of a rating unit that has been fitted with a water meter or meters and is connected to the Council's urban water supply system.

Additionally, the Council proposes to charge a targeted metered water rate per cubic metre of water supplied, as measured by meter, for water consumed over 225 cubic metres per year. This rate will be invoiced separately from land rates.

The Council proposes to charge a targeted urban water rate of a fixed amount per separately used or inhabited part of a rating unit for rating units that are not yet connected but are able to be connected to the urban water supply.

For the purposes of this rate:

- 'connected' means a rating unit to which water is supplied
- 'able to be connected' means a rating unit to which water can be, but is not, supplied being a property situated within 100 metres of the water supply.

The purpose of this rate is to fund the operation and maintenance of the urban water supply.

Rural water race rate

Carterton Water Race Systems

The Council proposes to charge a single targeted rate on a differential basis, calculated on land area, on rating units within both the Carrington and Taratahi water race system classified areas as follows:

- Class A land area 200 metres either side of the centreline of the water race
- Class B land area from 200 to 500 metres either side of the centreline of the water race
- Class C land area able to be irrigated from water drawn from natural watercourses fed from the Carrington Water Race System, calculated from conditions of the applicable resource consent.

Additionally, the Council proposes to set a rural water services rate on every rating unit situated in both the Carrington and Taratahi Water Race Classified Areas for provision of the service. The amount is a rate per rating unit. For the purposes of this rate 'provision of the service' means the provision of water for stock or domestic use, including where:

- the water race channel passes over the ratepayer's property
- the water race is piped through the ratepayer's property
- water is extracted from the water race on a neighbouring property.

Waingawa water rate

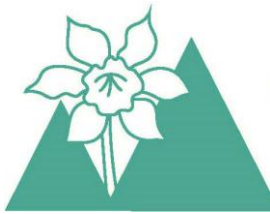
The Council proposes to charge a targeted rate of a fixed amount on every separately used or inhabited part of a rating unit that has been fitted with a water meter or meters and is connected to the Waingawa Water Supply service.

Additionally, the Council proposes to charge a targeted rate per cubic meter of water supplied, as measured by meter. This rate will be invoiced separately from other rates.

For the purposes of this rate:

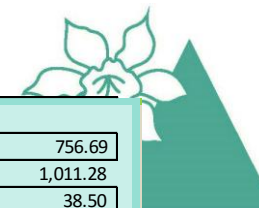
- 'connected' means a rating unit to which water is supplied.

The purpose of this rate is to fund the operation and maintenance of the Waingawa Water Supply service.



Examples—some examples are provided below of the general and targeted rates for a range of rateable land types and property values.

Example properties		capital value \$	land value \$	water over allowance cubic metres	rates total \$	rates % increase	rates \$ increase
rating category	features						
Residential	low value	238,000	102,000	-	\$3,044.47	10.4%	\$ 285.97
Residential	medium value	388,000	150,000	15	\$3,465.36	10.5%	\$ 328.58
Residential	high value	478,000	163,000	50	\$3,746.93	10.4%	\$ 351.84
Commercial	2 toilets	471,000	261,000	100	\$5,617.07	0.5%	\$ 25.25
Commercial - rural	water and sewerage connected	179,000	na	-	\$3,854.78	6.8%	\$ 246.33
Rural 1	no water race	4,018,000	na	na	\$8,669.59	4.5%	\$ 371.59
Rural 2	no water race	1,674,000	na	na	\$4,201.92	5.0%	\$ 200.11
Rural - single water race	8 hectares serviced by Carrington water race	700,000	na	na	\$2,763.01	7.3%	\$ 188.50
Rural - single water race	17 hectares serviced by Taratahi water race	1,116,000	na	na	\$3,764.82	4.6%	\$ 165.04



Residential		multiplier	GST inclusive
General-residential	Capital value 238,000	x 0.0021137	= 503.05
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 238,000	x 0.0002151	= 51.19
Urban sewerage			711.83
Stormwater	Land value 102,000	x 0.0009600	= 97.92
Refuse collection and kerbside recycling			44.54
Urban water-connection			624.66
Metered water	Cubic metres -	x \$1.70	= -
	over 225		
Total			3,044.47

Residential		multiplier	GST inclusive
General-residential	Capital value 388,000	x 0.0021137	= 820.10
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 388,000	x 0.0002151	= 83.45
Urban sewerage			711.83
Stormwater	Land value 150,000	x 0.0009600	= 144.01
Refuse collection and kerbside recycling			44.54
Urban water-connection			624.66
Metered water	Cubic metres 15	x \$1.70	= 25.50
	over 225		
Total			3,465.36

Residential		multiplier	GST inclusive
General-residential	Capital value 478,000	x 0.0021137	= 1,010.33
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 478,000	x 0.0002151	= 102.81
Urban sewerage			711.83
Stormwater	Land value 163,000	x 0.0009600	= 156.49
Refuse collection and kerbside recycling			44.54
Urban water-connection			624.66
Metered water	Cubic metres 50	x \$1.70	= 85.00
	over 225		
Total			3,746.93

Commercial		multiplier	GST inclusive
General-commercial	Capital value 471,000	x 0.0042273	= 1,991.06
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 471,000	x 0.0002151	= 101.30
Urban sewerage	No. pans 2	x \$711.83	= 1,423.65
Stormwater	Land value 261,000	x 0.0009600	= 250.57
Refuse collection and kerbside recycling			44.54
Urban water-connection			624.66
Metered water	Cubic metres 100	x \$1.70	= 170.00
	over 225		
Total			5,617.07

Commercial - rural		multiplier	GST inclusive
General-commercial	Capital value 179,000	x 0.0042273	= 756.69
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 179,000	x 0.0002151	= 38.50
Urban sewerage	No. pans 2	x \$711.83	= 1,423.65
Stormwater	Land value N/A rural	x 0.0009600	= -
Refuse collection and kerbside recycling			N/A rural
Urban water-connection			624.66
Metered water	Cubic metres -	x \$1.70	= -
	over 225		
Total			3,854.78

Rural 1		multiplier	GST inclusive
General-rural	Capital value 4,018,000	x 0.0016909	= 6,794.13
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 4,018,000	x 0.0002151	= 864.19
Total			8,669.59

Rural 2		multiplier	GST inclusive
General-rural	Capital value 1,674,000	x 0.0016909	= 2,830.60
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 1,674,000	x 0.0002151	= 360.04
Total			4,201.92

Rural - Taratahi		multiplier	GST inclusive
General-rural	Capital value 1,116,000	x 0.0016909	= 1,887.07
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 1,116,000	x 0.0002151	= 240.03
Total			3,138.38

Single water race		multiplier	GST inclusive
Class A	Hectares 1	x \$234.01	= 234.01
Class B	Hectares 15.0000	x \$25.39160	= 380.87
Class C	Hectares 2.0000	x \$5.78190	= 11.56
	Hectares	x \$134.54639	= -
Total			3,764.82

Rural - Carrington		multiplier	GST inclusive
General-rural	Capital value 700,000	x 0.0016909	= 1,183.65
Uniform Annual General Charge			1,011.28
Regulatory and planning services	Capital value 700,000	x 0.0002151	= 150.56
Total			3,145.49

Single water race		multiplier	GST inclusive
Class A	Hectares 1	x \$234.01	= 234.01
Class B	Hectares 7.0000	x \$25.39160	= 177.74
Class C	Hectares 1.0000	x \$5.78190	= 5.78
	Hectares	x \$134.54639	= -
Total			2,763.01



Rates and charges 2018/19

The following rates and charges should be read in conjunction with the funding impact statement on the previous pages.

	GST inclusive 2018/19	Rates required \$ incl GST
General rates—capital value		
Residential	0.21137 cents in the \$	\$1,749,331
Commercial	0.42273 cents in the \$	\$391,899
Rural	0.16909 cents in the \$	\$2,989,887
Uniform Annual General Charge	\$1,011.28	\$4,234,719
Regulatory and planning services—capital value	0.02151 cents in the \$	\$579,745
Urban sewerage		
Connected	\$711.83	\$1,850,039
Able to be connected (half charge)	\$355.91	\$37,015
Pan charge	\$711.83	\$96,808
Waingawa sewerage—capital value		
Connected	\$272.81	\$4,135
Connected or able to be connected commercial properties in the Waingawa industrial zone	0.35802 cents in the \$	\$67,276
Connected or able to be connected residential properties in the Waingawa industrial zone	0.17901 cents in the \$	-

	GST inclusive	Rates required \$ incl GST
Stormwater—land value	0.096 cents in the \$	\$283,226
Refuse collection and kerbside recycling	\$44.54	\$110,151
Urban water		
Connected	\$624.66	\$1,654,726
Able to be connected	\$312.33	\$31,545
Metered water in excess of 225 cubic metres	\$ 1.70/cubic metre	\$70,449
Rural water rate		
Rural water services rate	\$234.01	\$117,942
Class A	\$ 25.3916 per ha	\$201,128
Class B	\$ 5.7819 per ha	\$20,369
Class C	\$ 134.54639 per ha	\$64,986
Waingawa water		
Connected	\$136.54	\$9,315
Metered water	\$ 2.73/cubic metre	\$135,027



Financial prudence disclosure statement for period commencing 1 July 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 long term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). The words to be used in this statement, the format, and the graphs are all specified in the regulations. Refer to the regulations for more information, including definitions of some of the terms used.

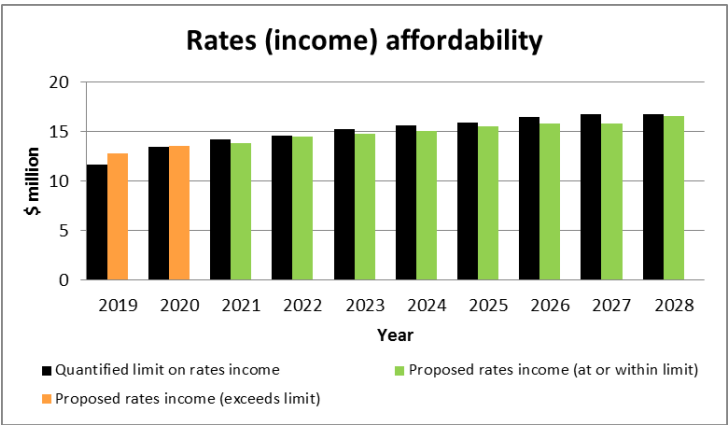
Rates affordability benchmark

The council meets the rates affordability benchmark if—

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

Rates (income) affordability

A graph is required that compares the council’s planned rates with the quantified limit on rates contained in the financial strategy included in this long-term plan. The financial strategy does not contain a quantified limit.

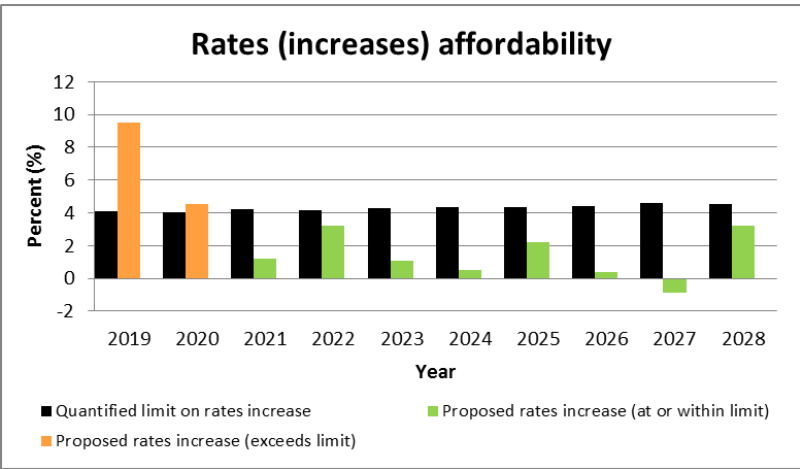


However, for the purposes of compliance with the regulations, a rates (income) affordability graph is presented based on applying the limits cumulatively to the 2017/18 Annual Plan rates. The rates (income) affordability limit has been calculated as the prior year average rate, plus the BERL local government cost index plus 2 percent, multiplied by the forecast number of rating units.

In 2019 and 2020 the limit is exceeded because of the impact of the significant capital expenditure on the treatment and disposal of sewage.

Rates (increases) affordability

The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is the percentage change in average rates⁶⁶ must not exceed the increase in the BERL local government cost index plus 2 percent.



In 2019 and 2020 the limit is exceeded because of the impact of significant capital expenditure on the treatment and disposal of sewage.

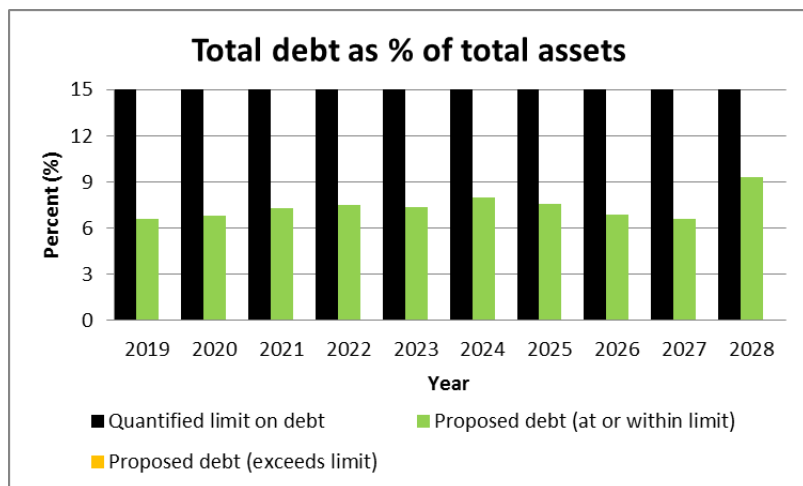
⁶⁶ The average rates is the total rates income divided by the total number of forecast rateable properties.



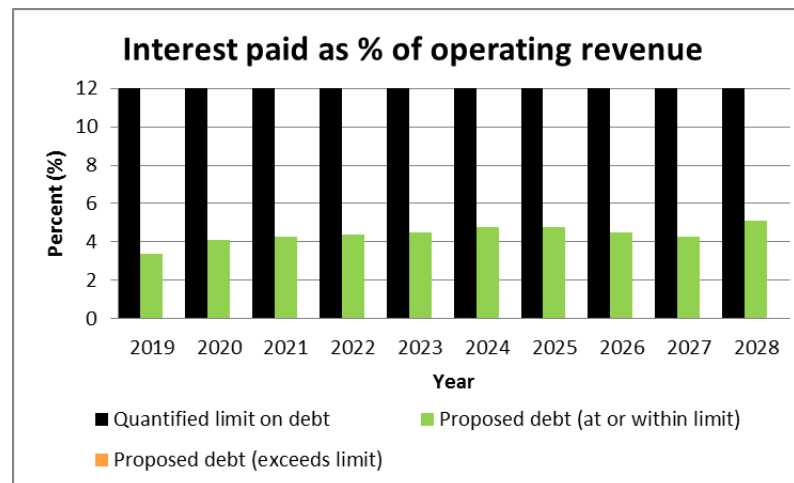
Debt affordability benchmark

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

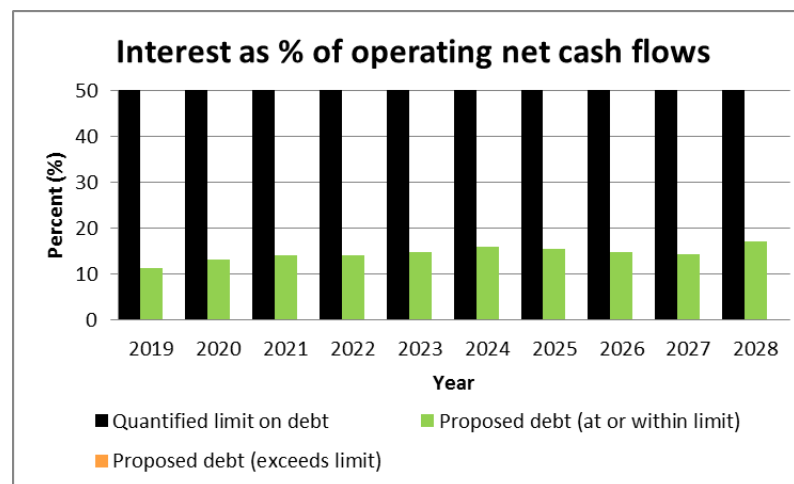
The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that total debt as a percentage of total assets must not exceed 15 percent.



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



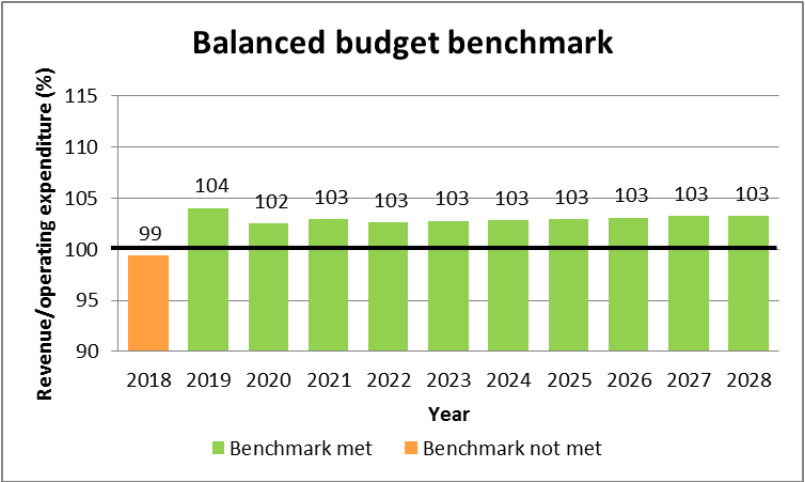
Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, page 121



and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

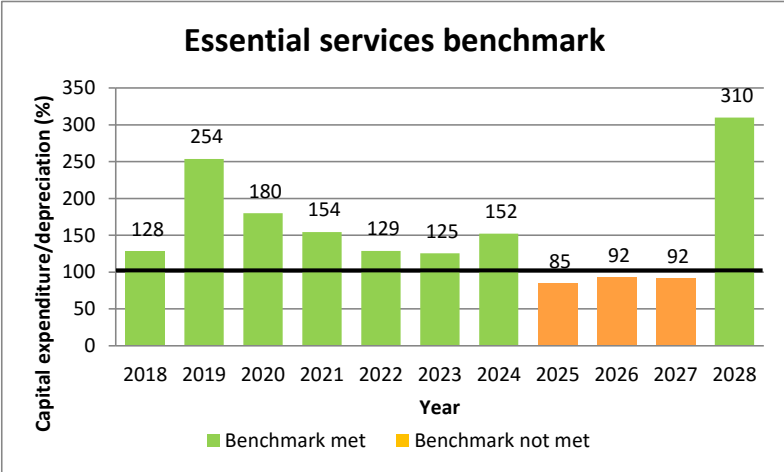


The planned result for 2017/18 anticipated lower fees and charges to cover related expenditure. This related to charges for trade waste as matters involving causality were being discussed. Increased revenue from trade waste is expected from 2018/19.

Essential services benchmark

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

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

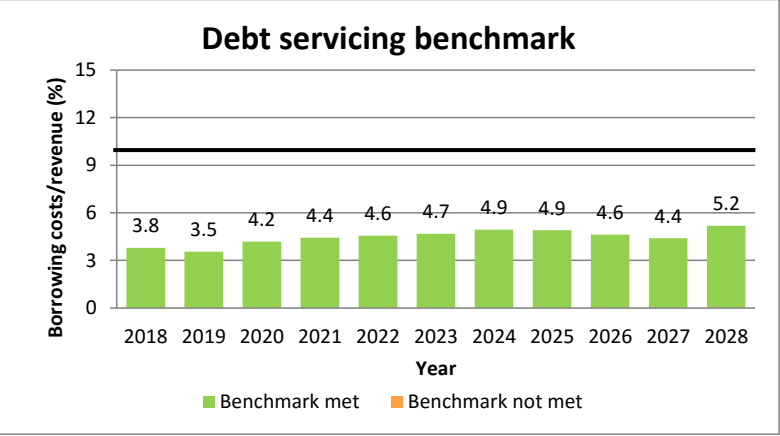


Significant capital expenditure is planned for sewerage treatment and disposal in the first half of the Plan, and for water supply in years 2–6 and in year 10. There is no significant expenditure planned in years 7–9. Over the ten years though, total capital expenditure will be 157% of the depreciation expense, well above the 100% benchmark.

Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned 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 more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its revenue.





Independent auditor's report

To the readers of Carterton District Council's 2018 28 Long Term Plan

I am the Auditor General's appointed auditor for Carterton District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 27 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long term, integrated decision making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 120 to 123 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the

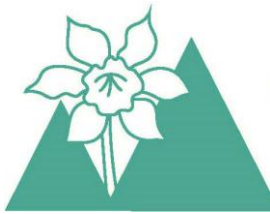
International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

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



Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.

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