

PROSPECTIVE FINANCIAL STATEMENTS

INTRODUCTION

In this chapter of the Annual Plan, information is provided on the Forecasted Financial Statements. The Groups of Activities chapter also includes financial information that should be read in conjunction with this section.

The sections within this chapter include the following:

FORECASTING ASSUMPTIONS

This section identifies the assumptions that have been made in preparing forecast financial information for the year ahead.

SIGNIFICANT ACCOUNTING POLICIES

This details the significant accounting policies that have been applied in the preparation of the forecasted financial information.

FORECASTED FINANCIAL STATEMENTS

This section provides forecasted financial statements including:

- **Prospective comprehensive income:** This provides information on the surplus or deficit arising throughout the Plan impacting on the past and future comprehensive income. This aids the reader to differentiate between components of financial performance according to frequency, potential for gain and loss and predictability.
- **Prospective changes in equity:** Also known as net worth, equity is measured as the difference between the total value of assets and total liabilities. This statement presents a comprehensive measure of income. Accumulated equity represents the communities' investment in publicly owned assets resulting from past surpluses.
- **Prospective financial position:** This presents information about the economic resources controlled by the Council. This information is useful in assessing the Council's ability to generate cash, provide services and for assessing future borrowing needs.
- **Prospective cash flows:** Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day to day cash management. It provides information about cash generation through Council activities to repay debt or to reinvest to maintain operating capacity.

SUMMARY OF CAPITAL EXPENDITURE

This table outlines all capital projects planned for the 2010/11 year including how they are expected to be funded.

CAUTIONARY NOTE

Actual financial results achieved for the period covered are likely to vary from the information presented and these variations may be material

FORECASTING ASSUMPTIONS

Assumptions help to deal with the unknown of the future. The Council needs to make assumptions so it can understand the starting point used to prepare financial information, explain differences that may occur between what was forecast and what actually happens, and to ensure it appropriately identifies and evaluates possible risks.

The assumptions identified in this section provide an overview of those listed in the 2009-19 LTCCP. For more information, including a detailed breakdown of each assumption, refer to the LTCCP 2009-19, Volume 1, p.153.

Assumption	Risk	Risk Level
Projected growth change factors		
<p>Growth forecasting: The Council expects a medium growth population projection for the District. This includes a slight increase in population for Whakatane urban areas including Coastlands and Ohope, and decreases for most rural areas.</p>	The risk is that where actual growth differs substantially from the assumption, growth related projects and work programmes will need to be adjusted.	Medium
<p>Potential social changes: The Council acknowledges increasing socioeconomic vulnerability, particularly in rural parts of the District. It also assumes that the Whakatane urban area will age at a faster rate than the country as a whole.</p>	The risk is that where social change differs substantially from expectations the projects and work programmes may need to be adjusted to cater to changing community expectations and affordability.	High
<p>Potential climate change impacts: This assumption acknowledges that climate change is likely to impact on various activities of Council. The Council accepts the need to assess the potential effects of climate change as these are largely unknown at this stage.</p>	The risk is that the District may experience effects of climate change in the short term, before the Council has established a policy position and instituted adaptation measures.	Low
<p>Rating base: It is assumed that the number of rating units is expected to increase in line with the population growth assumptions. In addition it is assumed that rateable value will also increase. This will result in no additional rating burden on existing ratepayers.</p>	The risk is that the rating base will not increase as expected and there will be an additional rating burden on existing ratepayers.	Medium
Major cost components		
<p>Borrowing and expected interest rates: The Council has a portfolio of debt that matures at various times. As loans mature they will need to be refinanced.</p>	The risk is that interest rates will be higher than forecast. Where this is the case, the increased cost of servicing borrowings will need to be passed on to the ratepayer.	Medium
<p>Renewability or otherwise of external funding: It is assumed that the Council's portfolio of debt with differing maturity dates and new funding required, will be raised on favourable terms.</p>	The risk is the Council will be unable to raise new debt to fund approved capital works programmes. The risk is also that new debt raised will have unfavourable terms. A further risk is that Council will be unable to raise new debt to repay maturing debt on favourable terms.	Medium
<p>Cost factors: The Council needs to base probable financial information on "best estimates" of what the Council realistically expects to occur. For this reason, the Council factors inflation into its financial forecasts. The Business and Economic Research Limited (BERL) price change estimates have been used to prepare the prospective financial statements. Due to uncertainty over the proposed Emissions Trading Scheme, The Council has not factored in potential increases in costs that would result.</p>	The risk is that the actual price of inputs and outputs will not increase at the rate assumed and the actual cost will be higher or lower than calculated.	Medium

Assumption	Risk	Risk Level
<p>Level of service: The financial information included in the Annual Plan is based on levels of service established in the asset management plans and activity plans (for non asset based activities). The assumption is that the levels of service will not vary substantially from that set out in the Annual Plan.</p>	<p>The risk is that there will be an unexpected demand for increased levels of service which will have a significant financial impact.</p>	<p>Medium</p>
<p>Revaluation of assets: Revaluations will be undertaken in accordance with the Council's Significant Accounting Policies. Through this process the Council makes assumptions on the expected value of its assets at the date of revaluation.</p>	<p>The risk is that that there will be a material difference between estimated and actual revaluations of assets and/or that data collection of asset information finds more or higher value assets than currently recorded. This would result in a change to the depreciation expense.</p>	<p>Medium</p>
<p>Funding growth related development: Infrastructure required for growth related development such as storm water, wastewater, water supply, roading, car-parking, solid waste, reserves and community infrastructure – will be funded via development contributions. Payment for this work is done in two ways. Firstly, the Council could pay for the work to be done and receive the money from the developer when the subdivision is complete. Secondly, the Council could fund the provision of capital infrastructure with a debt to be repaid when development contributions are received.</p>	<p>The risk is that there is less growth than estimated and the amount spent on the provision of capital infrastructure to anticipate the rate of growth is unable to be paid for by development contributions. There is also the risk that the development contributions are significantly less than what is predicted, but that the work must proceed in advance of the predicted level of growth being achieved. A further risk is that there is a lag between increased cost of the capital work and being able to recover that development contribution.</p>	<p>Medium</p>
<p>Resource consents/ designations: The Council has programmed to apply for a number of resource consents for projects in this Annual Plan. It is assumed that the necessary consents with reasonable conditions will be granted in a timely manner as required.</p>	<p>The risk is that the consents could take longer to be granted than assumed, could include more stringent conditions than expected, or could fail to be granted. Where this occurs, projects may be delayed, may face increased costs, or may be discontinued due to cost or permission considerations.</p>	<p>High</p>
<p>Legislative demands on Council resources: The Council acknowledges that legislative changes are currently being progressed by Central Government that will affect the Annual Plan work programme. The Council's work programme has been designed/adjusted to account for the expected outcome of legislative change where possible. Information about the legislative context of the Council's activities can be found in the groups of activity chapter of this Annual Plan.</p>	<p>The risk is that there will be major unexpected changes to the legislation that will cause significant changes to the services, their costs and recovery by the Council.</p>	<p>High</p>
<p>Service delivery options: The assumption is that the current methods of service delivery will continue in the 2010/11 year. However, the Council is always reviewing methods of service delivery and if alternatives prove to be more cost effective, improve the levels of service to ratepayers, or reduce risk, they will be explored and implemented.</p>	<p>The risk is that more efficient and effective methods of service delivery will not be able to be implemented where the Council is unable to exit the existing method of service delivery.</p>	<p>Low</p>
<p>Failure of contractor services: The assumption is that the Council will be able to engage suitably qualified and experienced contractors where required and that all contractors engaged to provide services for Council will do so within the agreed standards, deadlines and cost.</p>	<p>The risk is that there will be a shortage of contractors or that contractors will not deliver services and/or products to the agreed standards and specification within the agreed time and price.</p>	<p>High</p>

Assumption	Risk	Risk Level
<p>Preliminary cost estimates: The costs listed for some projects are preliminary estimates based on information available at the time. Final costs may be subject to significant fluctuations.</p>	<p>The risk is that costs will be substantially different from those estimated. In such an event further public consultation will be sought before any significant change in the budgeted costs for these projects are approved.</p>	<p>Medium</p>
Major Income components		
<p>Roading subsidy rates: The Council receives subsidies from the New Zealand Transport Agency for the operation and upkeep of the local road network in the District. This subsidy is termed Financial Assistance Rates (FARs). It is obtained through a number of criteria such as district valuation, kilometres of roads, ability to pay and other measures. An assumption is made on the level of financial assistance that will be obtained.</p>	<p>The risk is that the FAR will be adjusted downward or that policy priorities change and affect the availability of some subsidies. Where this is the case the relevant roading activity will need to be adjusted to meet Council's ability to pay and therefore impact on future levels of service.</p>	<p>Medium</p>
<p>Alternative funding sources: The Council has included a number of projects in the Annual Plan work programme that are expected to receive substantial subsidies from a number of funding sources. In order to access subsidies the relevant project must meet certain criteria for the funding scheme. The Council will seek to access subsidies for projects in the areas of Arts and Culture, Sanitary Works and Drinking Water Works.</p>	<p>The risk is that expected subsidy available to the Council will be reviewed downward because of changes to the funding scheme or its eligibility criteria. Where this is the case the relevant project will not be progressed or will need to be adjusted to meet the Council's ability to pay and therefore impact on future levels of service.</p>	<p>High</p>
<p>Divestment of assets: Revenue from the sale of assets has been included as a source of funds in this Annual Plan. This revenue will be used to retire debt and make principal repayments as the funds become available. The budgeted revenue from the sale of assets takes into account the expectation that not all the properties that Council is proposing to divest will be realised.</p>	<p>Should the revenue from these sales not generate the funds anticipated, the result will be an increase in the general and targeted rates to meet ongoing interest and principal repayments for these loans and impact on Treasury Policy limits.</p>	<p>High</p>
Statements of fact		
<p>Natural hazards: The District is at risk to a range of natural hazards such as earthquakes, flooding, debris flows, slips and volcanic activity. The Council has made some provisions for hazard recovery and is a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP). Central Government also shares responsibility alongside Local Government for disaster recovery and restoration activities after natural disasters have occurred.</p>	<p>The risk is that there will be a disaster event requiring emergency work that cannot be funded out of normal budgetary provisions. The potential effect of a disaster on the Council's financial position is dependent on the scale, duration and location of the event. The ability to fund costs related to a disaster may change through the financial year.</p>	<p>Medium</p>
<p>Fundamental business viability: The Council provides strategic planning, environmental management and functioning network and utility services, amongst others, in line with regulatory standards. This plan assumes that Council has adequate staff and sufficient and planned capacity for the suitable provision of services. Many services could not be provided without information technology. In terms of data, the Council needs to provide technology support for approximately 41 different types of activities.</p>	<p>The risk is that the Council is unable to employ adequate human resources or maintain sufficient ICT infrastructure to ensure that Council provides sufficient services to an acceptable standard.</p>	<p>Medium</p>

Assumption	Risk	Risk Level
<p>Business continuity: The Council requires substantial Information and Communication Technology (ICT) infrastructure to support continued operation and delivery of services. This Annual Plan assumes that the Council has the ICT infrastructure to support base services including in the event of a disaster.</p>	<p>The risk is that the Council's ability to function is severely disrupted in the event of a disaster affecting the District and that in the event of an ICT disaster, the Council will be unable to provide the necessary ICT services. The Council is undertaking a project to install core systems on another site.</p>	<p>High</p>
<p>Estimates of commitments and contingencies: Contingencies are built into cost estimates for projects and may range between 0% for fully scoped projects up to 30% for projects in concept or preliminary design – depending on the type of project. Cost estimates may change for a range of reasons, scope change, fuel prices or cost of construction materials are common examples. All cost estimates and contingencies are updated annually when further information is available and when detailed design has been completed.</p>	<p>The risk is that should any significant unforeseen commitment or contingency occur, expenditure and required rates may be impacted upon.</p>	<p>Medium</p>
<p>Creation and realisation of investments, reserves and assets: The Council will continue with the ownership of investments and reserves in accordance with its current practice, unless specified in the LTCCP. The capital expenditure programme represents creation of assets.</p>	<p>The risk is that should the Council sell its assets, the sale would only have a short term mitigating impact on rates increases if the proceeds of the sale went towards general rates rather than debt retirement.</p>	<p>Medium</p>
<p>Governance: Local government elections will be held in 2010 followed by a process of establishing committees and delegations.</p>	<p>The risk is that there could be unexpected changes in the governance structure that place additional cost burdens on the District.</p>	<p>Low</p>
<p>Change to GST level: GST is set to increase from 12.5% to 15% as of 1 October 2010.</p>	<p>The risk is that if the Council can not easily or fully transition to the new GST rate, the level of revenue budgeted for may not be realised.</p>	<p>Low</p>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the Annual Plan 2010/11 unless otherwise stated. The financial report consists of the financial statements of Whakatane District Council (the Council) as an individual entity.

A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Entities reporting

The financial statements are for the Council as a separate legal entity. The Council is designated as a public benefit entity for financial reporting purposes.

Statutory base

The Council is a local authority registered under the Local Government Act 2002. This Act requires compliance with New Zealand generally accepted accounting practice.

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Financial Reporting Act 1993.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment, investment property and biological assets subject to agricultural activity.

Critical accounting estimates

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

B) PRINCIPLES OF CONSOLIDATION

i: Joint ventures

The Council and the Ministry of Transport are 50/50 venturers in Whakatane Airport, which is a jointly controlled entity. The Council's interest in this jointly controlled entity is carried at cost in the Council's financial statements.

C) FOREIGN CURRENCY TRANSLATION

i: Functional and presentation currency

The Council's financial statements are presented in New Zealand dollars, which is the Council's functional and presentation currency.

ii: Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

D) REVENUE RECOGNITION

Revenue comprises the fair value for the sale of goods and services, net of rebates and discounts. Revenue is recognised as follows:

i: Rates

Rates are recognised when levied. Penalties and discounts relating to rates are included where applicable.

ii: Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued.

iii: Licences and permits

Revenue derived from licences and permits are recognised on application.

iv: Development & financial contributions

Development contributions that impose specific and narrowly defined obligations on the Council are recognised as liabilities and released to revenue when the liability is extinguished. Other contributions are recognised when received and no longer refundable

v: Sales of goods

Sales of goods are recognised when the Council sells a product to the customer.

vi: Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

vii: Commission sales

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

The Council collects rating revenue on behalf of Environment Bay of Plenty (Bay of Plenty Regional Council) on an ongoing basis. This income is not included in the Statement of Financial Performance as it does not belong to the Council. It is however, included as a receipt and payment in the Statement of Cash Flows.

viii: Rental revenue

Rental revenue is recognised in the period that it relates to.

ix: Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Council reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

x: Dividend income

Dividend income is recognised when the right to receive payment is established.

xi: Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

xii: Grants and subsidies

Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Other grants and subsidies are recognised when receivable.

E) INCOME TAX

The Council is exempt from income tax except Council's interest in the Whakatane Airport as a Joint Venture which is taxable and some port activities.

F) GOODS AND SERVICES TAX (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

G) LEASES**i: The Council is the lessee**

Leases of property, plant and equipment, where the Council has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

ii: The Council is the lessor

When assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

H) IMPAIRMENT OF ASSETS

Items of property, plant and equipment and intangible assets with finite useful lives are reviewed at each balance sheet date to determine whether there is any indication that the asset might be impaired. Where such an indication exists, the asset is tested for impairment by comparing its carrying value to its recoverable amount. Intangible assets with indefinite useful lives, intangible assets not yet available for use and goodwill are tested for impairment annually. 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 the asset's fair value less costs to sell and its value in use. Where the future economic benefits of the asset are not primarily dependent on its ability to generate net cash inflows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

J) RECEIVABLES

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective

interest rate. The amount of the provision is recognised in the income statement.

K) INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost, adjusted when applicable for any loss of service potential.

L) NON CURRENT ASSETS HELD FOR SALE

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

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset is recognised at the date of derecognition. Non current assets are not depreciated or amortised while they are classified as held for sale. Non current assets classified as held for sale are presented separately from the other assets in the balance sheet.

M) INVESTMENTS AND OTHER FINANCIAL ASSETS

i: Financial assets at fair value through profit or loss

This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

ii: 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 arise when the Council provides money, goods or services directly to a debtor with no

intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets.

iii: Held-to-maturity investments

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

iv: Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date the date on which the Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or

prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

N) DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Council designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges). The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed. Movements in the hedging reserve in shareholders' equity are shown.

i: Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

ii: Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, plant)

or a non financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

iii: Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

O) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Council is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

P) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

- Infrastructural assets, which are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function (for example wastewater reticulation includes reticulation piping and wastewater pump stations).
- Restricted assets, which are buildings, parks and reserves owned by the Council, which cannot be disposed of because of legal or other restrictions, and provide a benefit or service to the community.
- Other assets, which include land, buildings, plant, library books, artefacts, equipment and motor vehicles.

Items of property, plant and equipment are initially recognised at cost, which includes purchase price plus directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue.

Infrastructural assets are revalued annually by external independent valuers.

Land and buildings (except for investment properties) are shown at fair value (which is based on periodic valuations by external independent valuers that are performed with sufficient regularity to ensure that the carrying value does not differ materially from fair value) less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revalued assets are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Depreciation commences when the asset is available for use.

The expected lives, in years, of major classes of fixed assets are as follows:

OPERATIONAL ASSETS:

Artefacts	N/A
Land	N/A
Buildings	40-100
Vehicles	5
Plant and machinery – heavy	8-12.5
Plant and machinery – light	2-5
Furniture and fittings	10
Library Books	7
Office equipment (including IT)	2-7

Infrastructure Assets:

Roading	
Land – road reserve	N/A
Road formation	To be assessed
Pavement base course	22-90
Sealed pavement surface	2-20
Unsealed roads	2-7
Traffic control device	50
Road signs and markers	7-15
Kerbs and channels and cesspits	40-60
Surface water channel	15-50
Street railings	10-20
Traffic islands	50
Street lighting	10-50
Footpaths	20-50
Bridges – concrete	100
Bridges – wooden	30

OPERATIONAL ASSETS:

Car-parks	50
Wharves (concrete)	50

Water:

Treatment plant – structure	70-90
Treatment plant – contents	15-50
Pump stations – structure	80-100
Pump stations – contents	10-50
Reservoirs – concrete and wooden	70-90
Water lines and service lines	50-80
Valves and hydrants	30-65
Water meters	15-25

Sewer:

Sewer lines and service lines	60-80
Manholes	70-80
Pump station – structure	60-70
Pump station – contents	12-25
Ponds – structure	60
Ponds – plant and equipment	15-25

Stormwater:

Stormwater lines	80
Manholes	70-80
Open drains and channels	50-90
Pump stations – structure	80-100
Pump station – contents	12-40
Retention dams	80-90
Floodgates	50

Refuse:

Whakatane landfill	8.5
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Council policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Q) INVESTMENT PROPERTY

Investment property is held for long term rental yields and capital appreciation and is not occupied by the Council or held to meet service delivery objectives. Properties leased to third parties under operating leases will generally be classified as investment property unless:

the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation

the occupants provide services that are integral to the operation of the owner's business and/or these services could not be provided efficiently and effectively by the lessee in another location

the property is being held for future delivery of services

the occupier uses services of the owner and those services are integral to the reasons for their occupancy of the property.

Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in the income statement as part of other income.

R) INTANGIBLE ASSETS

i: Computer software

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, which varies from 3 to 10 years. Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 10 years.

Cost associated with developing or maintaining computer software are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software

development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding 10 years.

ii: Easements

Easements are recognised at cost, being purchase price and any directly attributable costs in bringing the asset to its intended use. Easements have an indefinite useful life and consequently are not amortised, but are instead tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

S) BIOLOGICAL ASSETS

i: Forests

Forest assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the balance sheet at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the income statement together with the change in fair value for each accounting period.

The valuation of forests is based on discounted cash flow models where the fair value is calculated using cash flows from continued operations; that is, based on sustainable forest management plans taking into account growth potential. The yearly harvest from forecast tree growth is multiplied by expected wood prices and the costs associated with forest management, harvesting and distribution are then deducted to derive annual cash flows.

The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational and market restrictions. Forest assets are valued separately from the underlying freehold land.

T) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

U) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest

method. All borrowing costs are expensed. 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 sheet date.

V) PROVISIONS

Provisions are recognised when: the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

i: Landfill post-closure costs

The Council, as operator of the Whakatane and Murupara landfills, has a legal obligation under the resource consent, to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure costs arises. The provision is based on all the costs involved to remediate and monitor the landfill post-closure. A provision has been made for those old landfill sites now closed in Te Teko, Matata, Taneatua, Awatapu and Murupara.

Provision is made for the present value of closure and post-closure costs. The calculations assume no change in the legislative requirements or technological changes for the closure and post-closure treatment. The discount rate used reflects current market assessments of the time value of money.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits. Components of the capitalised landfill asset are depreciated over their useful lives, generally being the life of the landfill or a particular cell.

W) EMPLOYEE BENEFITS

i: Wages & salaries, annual leave & sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of

employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii: Long service leave and gratuities

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The council does not have any gratuities payable.

iii: Retirement benefit obligations

The council currently has one employee on a defined benefit scheme. Under the defined benefit scheme, the employee is entitled to benefits on retirement, disability or death from the Council's multi-employer benefit scheme. The Council has insufficient information and cannot follow defined benefit accounting, so the scheme is accounted for as a defined contribution plan. Contributions are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset if a cash refund or a reduction in the future payments is available.

X) PUBLIC EQUITY

Public equity is the community's interest in the Council as measured by the value of total assets, less total liabilities. Public equity is segregated and classified into a number of reserves to enable clearer identification of the specified uses the Council makes of its accumulated surpluses. Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned.

Restricted reserves are those reserves 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. Restricted reserves may be legally restricted. Transfer from these reserves may be made only for certain specified purposes or if certain specified conditions are met.

Council-created reserves are part of the accumulated balance and are established at the will of the Council. The Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserves are where land, buildings and forestry have been revalued, with the increase in asset value being credited to an asset revaluation reserve.

Y) INTERNAL TRANSACTIONS

Each significant activity is stated after the recording of internal costs and revenues. In order to present a true and fair view in the cost of services statements of Council, the support service costs have been fully allocated to the activities. This method has no effect on the operating result for the year. All significant internal transactions have been eliminated in the financial statements.

FORECAST FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

2009/10 Annual Plan \$000		LTCCP 2010/11 \$000	Annual Plan 2010/11 \$000	Variance 2010/11 \$000
INCOME				
19,613	Revenue from Activities	29,281	23,999	5,282
5,773	General Rates * Note 1 (overpage)	6,473	7,265	(792)
23,873	Targeted Rates * Note 2 - (overpage)	26,699	24,879	1,819
716	Vested Assets	740	740	0
918	Development Contributions	943	918	25
211	Finance Income *	143	90	53
51,105	Total Income	64,279	57,892	6,386
EXPENDITURE				
22,988	Other Expenses	24,707	24,174	533
9,764	Personnel Costs	10,545	10,344	201
12,173	Depreciation and amortisation expense	13,372	13,976	(604)
1,493	Finance Costs*	2,266	2,252	14
46,418	Total Expenditure	1,068	50,745	144
4,687	Net Surplus/(Deficit)	13,390	7,148	6,242
Other comprehensive income				
17,922	Gains on asset revaluation	18,854	18,854	0
0	Gains on revaluation of Investment property	1,735	1,735	0
22,609	Total comprehensive income for the year	33,979	27,737	6,242

* Excludes Internal Borrowing Interest.

NOTES TO THE STATEMENT OF PROSPECTIVE COMPREHENSIVE INCOME

2009/10 Annual Plan \$000		LTCCP 2010/11 \$000	Annual Plan 2010/11 \$000	Variance 2010/11 \$000
* Note 1: General Rates By Activity				
2,345	Leadership	2,403	2,309	94
667	Community Safety	851	1,036	(185)
589	Environmental Sustainability	606	747	(141)
363	Hazard Management	420	354	66
950	Arts and Culture	1,212	1,160	52
714	Recreation and Community Facilities	750	1,127	(377)
369	Community Property	410	380	30
189	Waste	199	115	84
0	Transport Networks and Safety	0	0	0
25	Water-related services	27	32	(6)
479	Reportable Council-controlled organisations	550	191	359
6,691	Total General Rates	7,428	7,451	(24)
(918)	Less Corporate & District Activities Funds Applied	(954)	(690)	(265)
0	Plus operating reserve balances repaid	0	504	(504)
5,773	General Rates Levied	6,473	7,265	(792)

2009/10 Annual Plan \$000		LTCCP 2010/11 \$000	Annual Plan 2010/11 \$000	Variance 2010/11 \$000
* Note 2: Targeted Rates By Activity				
380	Leadership	406	404	2
0	Community Safety	0	0	0
0	Environmental Sustainability	0	0	0
515	Hazard Management	651	656	(5)
1,411	Arts and Culture	1,742	1,453	289
3,364	Recreation and Community Facilities	3,670	3,535	135
0	Community Property	0	0	0
3,446	Waste	3,371	4,353	(982)
7,039	Transport Networks and Safety	8,134	6,403	1,731
7,448	Water-related services	8,442	7,026	1,415
271	Reportable Council-controlled organisations	282	277	5
23,873	Total Targeted Rates	26,699	24,109	2,590
0	Plus operating reserve balances repaid	0	771	(771)
23,873	Targeted Rates Levied	26,699	24,879	1,819

RECONCILIATION OF ACTIVITY COST OF SERVICES TO PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

2009/10 Annual Plan \$000		LTCCP 2010/11 \$000	Annual Plan 2010/11 \$000	Variance 2010/11 \$000
TOTAL OPERATING INCOME				
ACTIVITY COST OF SERVICE STATEMENTS				
2,725	Leadership	2,867	2,772	95
2,712	Community Safety	2,928	2,896	31
1,704	Environmental Sustainability	1,759	1,600	160
893	Hazard Management	1,179	1,175	4
2,540	Arts and Culture	4,778	3,411	1,367
8,428	Recreation and Community Facilities	7,155	7,531	(375)
1,122	Community Property	1,040	1,039	1
5,396	Waste	7,531	6,496	1,035
13,952	Transport Networks and Safety	17,372	13,543	3,829
9,306	Water-related services	15,292	14,040	1,252
1,234	Reportable Council-controlled organisations	1,329	826	503
1,025	Corporate & District Activities	1,068	2,507	(1,439)
51,039	Total Operating Income	64,300	57,834	6,465
51,105	Total Income as per proposed Statement of Financial Performance	64,279	57,892	6,386
(66)	Variance	21	(58)	79
716	Vested Assets	740	740	
(650)	Revenue from Internal Borrowing	(761)	(682)	(79)
TOTAL OPERATING EXPENDITURE				
ACTIVITY COST OF SERVICE STATEMENTS				
2,731	Leadership	2,860	2,777	82
2,612	Community Safety	2,824	2,790	34
2,219	Environmental Sustainability	2,366	2,271	96
852	Hazard Management	1,049	1,072	(23)
2,510	Arts and Culture	3,138	2,834	304
6,230	Recreation and Community Facilities	6,741	7,933	(1,192)
1,066	Community Property	1,007	1,455	(448)
5,083	Waste	6,276	5,051	1,225
12,570	Transport Networks and Safety	13,181	13,982	(801)
9,635	Water-related services	10,540	9,923	617
1,360	Reportable Council-controlled organisations	1,468	845	623
200	Corporate & District Activities	201	496	(294)
47,068	Total Operating Expenditure	51,650	51,427	223
46,418	Total Expenditure as per proposed Statement of Financial Performance	50,889	50,745	144
650	Variance	761	682	79
(650)	Cost of Internal Borrowing	(761)	(682)	(79)
Other comprehensive income				
17,922	Gains on asset revaluation	18,854	18,854	0
0	Gains on revaluation of Investment property	1,735	1,735	0
22,609	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	33,979	27,737	6,242

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

2009/10 Annual Plan \$000		LTCCP 2010/11 \$000	Annual Plan 2010/11 \$000	Variance 2010/11 \$000
467,131	Accumulated Funds at the start of the year	471,818	471,818	480,701
4,687	Net Surplus for the year	13,390	7,148	6,242
0	Gains on Revaluation of Investment Property	1,735	1,735	0
471,818	Accumulated Funds at the End of the year	486,943	480,701	486,943
90,096	Asset Revaluation Reserves at the Start of the year	108,018	108,018	126,872
17,922	Revaluation of Assets	18,854	18,854	0
108,018	Asset Revaluation Reserves at the End of the year	126,872	126,872	126,872
579,836	Equity at the End of the Year	613,816	607,574	6,242

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

2009/10 Annual Plan \$000		LTCCP 2010/11 \$000	Annual Plan 2010/11 \$000	Variance 2010/11 \$000
Public Equity				
459,515	Retained Earnings	474,424	468,398	6,026
12,303	Restricted Equity	12,519	12,303	216
108,018	Asset Revaluation Reserves	126,872	126,872	0
579,836	Total Public Equity	613,816	607,574	6,242
Current Assets				
1,160	Cash and Cash Equivalents	2,433	627	1,806
180	Other Current Assets	186	180	6
7,168	Trade and other Receivables	7,308	7,168	140
8,508	Total Current Assets	9,926	7,975	1,952
Non Current Assets				
0	Term Investments	0	0	0
51,043	Investment Property	52,778	52,778	0
554,530	Property, Plant & Equipment	593,407	589,210	4,198
605,573	Total Non Current Assets	646,186	641,988	4,198
614,082	Total Assets	656,112	649,963	6,149
Current Liabilities				
8,200	Trade and Other Payables	8,479	7,466	1,013
200	Employee Benefit Liabilities	207	200	7
2,305	Borrowings	3,095	3,192	(97)
10,705	Total Current Liabilities	11,781	10,859	922
Non Current Liabilities				
2,800	Provisions	2,660	2,800	(140)
20,741	Borrowings	27,856	28,731	(875)
23,541	Total Non Current Liabilities	30,516	31,531	(1,015)
579,836	Net Assets	613,816	607,574	6,242

PROSPECTIVE STATEMENT OF CASHFLOWS

2009/10 Annual Plan \$000		LTCCP 2010/11 \$000	Annual Plan 2010/11 \$000	Variance 2010/11 \$000
Cash Flow from operating activities				
Cash will be provided from				
29,646	Rates and Service Charges	33,172	32,145	1,027
918	Development Contributions	943	918	25
1,784	Sundry Income	2,236	1,934	301
7,952	User Fees	9,235	7,452	1,782
9,877	Subsidies & Grants	17,811	14,612	3,199
211	Interest Income - External	143	90	53
4,743	Regional Council Rates	5,307	5,307	0
55,133	Total Operating Cash Provided	68,846	62,459	6,387
Cash was applied to				
32,752	Suppliers and Employees	35,251	35,251	0
1,493	Interest on Public Debt	2,266	2,252	14
4,743	Regional Council Rates	5,307	5,307	0
38,988	Total Operating Cash Applied	42,824	42,810	15
16,144	Net Cashflows from operating activities	1,068	19,650	6,372
Cash Flow from investing activities				
Cash will be provided from				
3,097	Proceeds from sale of property, plant and equipment	3,242	485	2,757
3,097	Total Investing Cash Provided	3,242	485	2,757
Cash will be spent on				
24,039	Purchase of property, plant and equipment	35,897	29,546	6,351
0	Purchase of investments	0	0	0
24,039	Total Investing Cash Applied	35,897	29,546	6,351
(20,941)	Net Cashflows from investing activities	(32,655)	(29,061)	(3,594)
Cash Flow from financing activities				
Cash will be provided from				
9,821	Loans raised	12,936	12,521	415
9,821	Total Financing Cash Provided	12,936	12,521	415
Cash will be spent on				
4,726	Repayment of public debt	5,031	3,643	1,388
4,726	Total Financing Cash Applied	5,031	3,643	1,388
5,094	Net Cashflows from financing activities	7,905	8,878	(973)
297	Net increase (decrease) in cash held	1,272	(534)	1,806
863	Plus opening cash balance	1,160	1,160	0
1,160	Closing Cash Position	2,433	627	1,806

SUMMARY OF CAPITAL EXPENDITURE

Project. Description	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	2010/11	
	LTCCP* \$	Annual Plan \$	Annual Plan \$	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates	Total							
TRANSPORT NETWORKS AND SAFETY																			
FINANCIALLY ASSISTED LOCAL ROADS																			
Lr211 Unsealed Road Metalling	298,000	251,125	138,119	0	0	0	113,006	0	0	0	0	251,125							
Lr212 Sealed Road Resurface - Chip Seals	2,200,000	2,337,000	1,285,350	0	0	0	1,051,650	0	0	0	0	2,337,000							
Lr212 Sealed Road Resurfacing	350,000	276,750	152,213	0	0	0	124,538	0	0	0	0	276,750							
Lr213 Drainage Renewals - Culverts	145,000	184,500	101,475	0	0	0	83,025	0	0	0	0	184,500							
Lr213 Drainage Renewals - Kerb & Channel	379,000	352,600	193,930	0	0	0	158,670	0	0	0	0	352,600							
Lr214 Pavement Rehab - Taneatua Rd	160,000	0	0	0	0	0	0	0	0	0	0	0							
Lr214 Pavement Rehab - Thornton Rd	226,000	0	0	0	0	0	0	0	0	0	0	0							
Lr214 Pavement Rehab - Awati North	126,000	0	0	0	0	0	0	0	0	0	0	0							
Lr214 Pavement Rehab - Matahi Rd	225,000	230,625	101,475	25,369	0	0	103,781	0	0	0	0	230,625							
Lr215 Structures Component Replacements	130,000	183,475	100,911	0	0	0	82,564	0	0	0	0	183,475							
Lr222 Traffic Renewals - Carriage Light	123,000	126,075	69,341	0	0	0	56,734	0	0	0	0	126,075							
Lr222 Traffic Services Renewals - Signs	142,300	115,825	63,704	0	0	0	52,121	0	0	0	0	115,825							
Lr231 Associated Improvements - Shoulder Reconstruction	29,000	29,725	0	14,268	3,567	11,890	0	0	0	0	0	29,725							
Lr231 Associated Improvements - Taneatua Rd	32,000	0	0	0	0	0	0	0	0	0	0	0							
Lr231 Associated Improvements - Thornton Rd	28,000	0	0	0	0	0	0	0	0	0	0	0							
Lr231 Associated Improvements - Awati North	19,000	0	0	0	0	0	0	0	0	0	0	0							
Lr231 Associated Improvements - Matahi Rd Seal Wide	250,000	256,250	0	123,000	30,750	102,500	0	0	0	0	0	256,250							
Lr231 Associated Improvements - Matahi Rd Rehab	45,000	45,125	0	21,660	5,415	18,050	0	0	0	0	0	45,125							
Lr311 Road Studies	150,000	150,000	0	0	0	112,500	0	0	0	37,500	0	150,000							
Lr322 Bridge Replace - Matahi Valley Rd	138,000	0	0	0	0	0	0	0	0	0	0	0							
Lr322 Bridge Replace - Luttrells Rd #126	15,000	15,375	4,766	3,229	0	7,380	0	0	0	0	0	15,375							
Lr322 Bridge Replace - Quay St Bridge	230,000	0	0	0	0	0	0	0	0	0	0	0							
Lr324 Road Recon - Matahi Realign	300,000	0	0	0	0	0	0	0	0	0	0	0							
Lr324 Road Recon - Landing Rd	700,000	0	0	0	0	0	0	0	0	0	0	0							

* LTCCP 2010/11 Figures are stated exclusive of inflation in 2009/10 dollars

Project Description	2010/11	2010/11	2010/11	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates	Total
	LTCCP* \$	Annual Plan \$	Annual Plan \$									
WASTE												
WASTE DISPOSAL												
Ruatahuna Transfer Station Construction	250,000	50,000	50,000	0	38,000	12,000	0	0	0	0	0	50,000
Burma Road Landfill Gas Management	496,722	496,722	496,722	496,722	0	0	0	0	0	0	0	496,722
Burma Road Landfill Retirement	75,000	75,000	75,000	0	75,000	0	0	0	0	0	0	75,000
Proposed Landfill Resource Consent	1,000,000	250,000	250,000	0	65,000	60,000	125,000	0	0	0	0	250,000
Construction of Organic Waste Composting Plant	1,175,000	1,175,000	1,175,000	0	893,000	282,000	0	0	0	0	0	1,175,000
Construction Of Plant (Subsidised)	500,000	500,000	500,000	0	0	0	500,000	0	0	0	0	500,000
ACTIVITY TOTAL: WASTE DISPOSAL	3,496,722	2,546,722	2,546,722	496,722	1,071,000	354,000	625,000	0	0	0	0	2,546,722
WASTE RECYCLING												
Whakatane Recycling Plant Minor Works	15,000	0	0	0	0	0	0	0	0	0	0	0
ACTIVITY TOTAL: WASTE RECYCLING	15,000	0	0	0	0	0	0	0	0	0	0	0
GROUP TOTAL: WASTE	3,511,722	2,546,722	2,546,722	496,722	1,071,000	354,000	625,000	0	0	0	0	2,546,722
COMMUNITY SAFETY												
CCTV	15,000	0	0	0	0	0	0	0	0	0	0	0
GROUP TOTAL: COMMUNITY SAFETY	15,000	0	0	0	0	0	0	0	0	0	0	0
ARTS AND CULTURE												
LIBRARY												
Library Books Mixed Collection Renewal	118,450	118,450	118,450	118,450	0	0	0	0	0	0	0	118,450
Library Refurbishment (Stage 2) Loan Funded	636,000	462,391	462,391	0	462,391	0	0	0	0	0	0	462,391
Library Refurbishment (Stage 2) Grant Funded	0	413,000	413,000	0	0	0	413,000	0	0	0	0	413,000
Library Refurbishment (Subsidy Funded)	33,071	0	0	0	0	0	0	0	0	0	0	0
Library Retrofit (Subsidy Funded)	500,000	0	0	0	0	0	0	0	0	0	0	0
ACTIVITY TOTAL: LIBRARY	1,287,521	993,841	993,841	118,450	462,391	0	413,000	0	0	0	0	993,841

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Project Description	2010/11	2010/11		Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates	Total
	LTCPP* \$	Annual Plan \$	Annual Plan \$									
MUSEUM AND GALLERY												
Re-Fit Of Current Museum Display Cabinets Including New Exhibition Furniture And Interior Lighting.	40,000	40,000	40,000	40,000	0	0	0	0	0	0	0	40,000
Heritage Collections, Archive & Research Facility Retro-Fit	1,000,000	145,000	0	0	0	0	145,000	0	0	0	0	145,000
ACTIVITY TOTAL: MUSEUM AND GALLERY	1,040,000	185,000	40,000	40,000	0	0	145,000	0	0	0	0	185,000
GROUP TOTAL: ARTS AND CULTURE	2,327,521	1,178,841	158,450	462,391	0	0	558,000	0	0	0	0	1,178,841
COMMUNITY PROPERTY												
HALLS												
Urban Halls - Renewals	32,966	32,966	32,966	0	0	0	0	0	0	0	0	32,966
Renew and Replace Urban Hall Furniture and Equipment	8,000	8,000	8,000	0	0	0	0	0	0	0	0	8,000
Halls - Flood Damage 2010	0	45,000	0	0	0	0	45,000	0	0	0	0	45,000
ACTIVITY TOTAL: HALLS	40,966	85,966	40,966	0	0	0	45,000	0	0	0	0	85,966
PENSIONER HOUSING												
Annual Allocation And Programme For Improving Disabled Access To Council Facilities	20,000	20,000	0	0	0	0	0	20,000	0	0	0	20,000
Annual Refurbishment	60,000	60,000	0	0	0	0	0	60,000	0	0	0	60,000
Renewal - Allandale Court	34,362	0	0	0	0	0	0	0	0	0	0	0
Renewal - Hardy Flats	4,176	0	0	0	0	0	0	0	0	0	0	0
Renewal - Lovelock Court	52,806	52,806	52,806	0	0	0	0	0	0	0	0	52,806
Renewal - Murphy Flats	8,772	0	0	0	0	0	0	0	0	0	0	0
Renewal - Veronica Flats	29,550	6,000	6,000	0	0	0	0	0	0	0	0	6,000
ACTIVITY TOTAL: PENSIONER HOUSING	209,666	138,806	58,806	0	0	0	0	80,000	0	0	0	138,806
COMMERCIAL PROPERTY												
Renewal - Commercial Property	18,000	18,000	0	0	0	0	0	0	0	0	18,000	18,000
ACTIVITY TOTAL: COMMERCIAL PROPERTY	18,000	18,000	0	0	0	0	0	0	0	0	18,000	18,000
GROUP TOTAL: COMMUNITY PROPERTY	268,632	242,772	99,772	0	0	0	45,000	80,000	0	0	18,000	242,772

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Project. Description	2010/11	2010/11	2010/11	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates	Total
	LTCCP* \$	Annual Plan \$	Annual Plan \$									
RECREATION AND COMMUNITY FACILITIES												
PARKS AND RESERVES												
Edgecumbe Domain, College Rd And Rugby Field Fg. Establish Picnic Area	5,232	5,232	2,616	0	0	0	0	2,616	0	0	0	5,232
Matata Reserves	30,498	30,498	30,498	0	0	0	0	0	0	0	0	30,498
Hope Playground Development, Maraetotara	10,000	10,000	0	0	1,100	0	0	8,900	0	0	0	10,000
Whakatane Harbour Beautification	101,200	101,200	0	0	0	0	0	101,200	0	0	0	101,200
Drinking Foundation Installations	8,970	8,970	0	0	987	0	0	7,983	0	0	0	8,970
Rural Playgrounds	10,000	10,000	8,900	0	1,100	0	0	0	0	0	0	10,000
Coastal Land Aquisition	253,750	253,750	0	225,838	27,913	0	0	0	0	0	0	253,750
Playground Renewals	5,060	5,060	5,060	0	0	0	0	0	0	0	0	5,060
Amenity Lighting Renewals	10,120	10,120	10,120	0	0	0	0	0	0	0	0	10,120
Landscaping Wairere falls	25,300	0	0	0	0	0	0	0	0	0	0	0
Coastlands - Renewals Community Reserves	4,336	4,336	4,336	0	0	0	0	0	0	0	0	4,336
Ohope- Renewals Community Reserves	72,302	40,802	40,802	0	0	0	0	0	0	0	0	40,802
Whakatane- Renewals Community Reserves	35,013	19,650	19,650	0	0	0	0	0	0	0	0	19,650
Renewals - Coastlands	1,944	1,944	1,944	0	0	0	0	0	0	0	0	1,944
Renewals - Murupara	7,296	0	0	0	0	0	0	0	0	0	0	0
Edgecumbe - Renewals Local Reserves	11,602	2,500	2,500	0	0	0	0	0	0	0	0	2,500
Matata - Renewals Local Reserves	8,282	8,282	8,282	0	0	0	0	0	0	0	0	8,282
Murupara - Renewals Local Reserves	3,483	3,483	3,483	0	0	0	0	0	0	0	0	3,483
Te Mahoe - Renewals Local Reserves	2,990	2,990	2,990	0	0	0	0	0	0	0	0	2,990
Te Teko - Renewals Local Reserves	5,913	5,913	5,913	0	0	0	0	0	0	0	0	5,913
Waimana - Renewals Local Reserves	3,207	5,510	5,510	0	0	0	0	0	0	0	0	5,510
Whakatane - Renewals Local Reserves	26,761	3,000	3,000	0	0	0	0	0	0	0	0	3,000
Ohope - Renewals Rooding Reserve	10,420	0	0	0	0	0	0	0	0	0	0	0
Whakatane - Renewals Rooding Reserve	87,943	15,000	15,000	0	0	0	0	0	0	0	0	15,000
Whakatane - Renewals Significant Sites	30,051	30,051	30,051	0	0	0	0	0	0	0	0	30,051
Coastlands - Renewals Utility Reserves	5,175	5,175	5,175	0	0	0	0	0	0	0	0	5,175

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Project Description	2010/11	2010/11									
	LTCCP* \$	Annual Plan \$	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates	Total
Murupara – Renewals Utility Reserves	1,770	1,770	1,770	0	0	0	0	0	0	0	1,770
Ohope – Renewals Utility Reserves	7,192	7,192	7,192	0	0	0	0	0	0	0	7,192
Upgrade Pikowai Camp Water Supply	0	22,000	22,000	0	0	0	0	0	0	0	22,000
Ohauwhaki - Replace Front Shade Sails	0	7,500	7,500	0	0	0	0	0	0	0	7,500
Parks and Reserves -Flood Damage 2010	0	165,000	165,000	0	0	0	0	0	0	0	165,000
ACTIVITY TOTAL: PARKS AND RESERVES	785,810	786,928	409,292	225,838	31,099	0	120,699	0	0	0	786,928
SPORTS FIELDS											
Renewals - Galatea	20,625	20,625	20,625	0	0	0	0	0	0	0	20,625
Renewals - Matata	3,375	3,375	3,375	0	0	0	0	0	0	0	3,375
Renewals - Ohope	6,825	6,825	6,825	0	0	0	0	0	0	0	6,825
Renewals - Te Teko	15,795	22,100	22,100	0	0	0	0	0	0	0	22,100
Renewals - Whakatane	137,009	137,009	137,009	0	0	0	0	0	0	0	137,009
Renewals - Resurface Cutler Crescent Courts	0	55,000	40,150	14,850	0	0	0	0	0	0	55,000
ACTIVITY TOTAL: SPORTS FIELDS	183,629	244,934	230,084	14,850	0	0	0	0	0	0	244,934
CEMETERIES AND CREMATORIUM											
Whakatane Cemetery Berms	11,212	11,212	0	0	1,233	0	0	9,979	0	0	11,212
Renewals - Taneatua	5,681	5,681	5,681	0	0	0	0	0	0	0	5,681
Renewals - Waimana	8,432	4,520	4,520	0	0	0	0	0	0	0	4,520
ACTIVITY TOTAL: CEMETERIES AND CREMATORIUM	25,325	21,413	10,201	0	1,233	0	0	9,979	0	0	21,413
PUBLIC CONVENIENCES											
Renewals - Galatea	1,656	1,656	1,656	0	0	0	0	0	0	0	1,656
Renewals - Matata	11,620	11,620	11,620	0	0	0	0	0	0	0	11,620
Renewals - Murupara	2,955	2,955	2,955	0	0	0	0	0	0	0	2,955
Renewals - Ohope	18,103	18,103	18,103	0	0	0	0	0	0	0	18,103
Renewals - Taneatua	2,472	2,472	2,472	0	0	0	0	0	0	0	2,472
Renewals - Te Mahoe	1,728	1,728	1,728	0	0	0	0	0	0	0	1,728
Renewals - Te Teko	1,227	1,227	1,227	0	0	0	0	0	0	0	1,227

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Project Description	2010/11	2010/11	2010/11	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates	Total
	LTCCP* \$	Annual Plan \$	Annual Plan \$									
REALLOCATED ACTIVITIES												
OPERATIONS BUSINESS UNIT												
Replacement of Parks Small Plant Items	1,000	1,000	1,000	1,000	0	0	0	0	0	0	0	1,000
Plant Replacement	44,700	14,700	14,700	14,700	0	0	0	0	0	0	0	14,700
Digger	36,000	56,500	56,500	0	56,500	0	0	0	0	0	0	56,500
Operational Business Unit Furniture	0	5,000	5,000	5,000	0	0	0	0	0	0	0	5,000
ACTIVITY TOTAL: OPERATIONS BUSINESS UNIT	81,700	77,200	77,200	20,700	56,500	0	0	0	0	0	0	77,200
VEHICLE/PLANT												
Vehicle Replacements Council-Wide (Renewals Funded)	263,100	132,426	132,426	132,426	0	0	0	0	0	0	0	132,426
ACTIVITY TOTAL: VEHICLE AND PLANT	263,100	132,426	132,426	132,426	0	0	0	0	0	0	0	132,426
CORPORATE PROPERTY												
New Generator	0	35,000	26,250	26,250	0	0	0	0	0	0	8,750	35,000
Renewal - Civic Centre	12,820	12,820	12,820	12,820	0	0	0	0	0	0	0	12,820
Renewal - Operational Facilities - Other	1,875	1,875	1,875	1,875	0	0	0	0	0	0	0	1,875
Replacement Of Screens, Furniture And Fittings At Civic Centre And Other Operational Centres	20,000	20,000	20,000	20,000	0	0	0	0	0	0	0	20,000
ACTIVITY TOTAL: CORPORATE PROPERTY	34,695	69,695	60,945	60,945	0	0	0	0	0	0	8,750	69,695
GROUP TOTAL: REALLOCATED ACTIVITIES	379,495	279,321	214,071	214,071	56,500	0	0	0	0	0	8,750	279,321
REPORTABLE COUNCIL CONTROLLED ORGANISATIONS												
WHAKATANE AIRPORT												
Pavement Resurfacing	100,000	100,000	100,000	100,000	0	0	0	0	0	0	0	100,000
Runway Lighting And Navigational Aids Renewal	8,000	8,000	8,000	8,000	0	0	0	0	0	0	0	8,000
Airport Designations	30,000	30,000	0	0	30,000	0	0	0	0	0	0	30,000
ACTIVITY TOTAL: WHAKATANE AIRPORT	138,000	138,000	108,000	108,000	30,000	0	0	0	0	0	0	138,000
GROUP TOTAL: REPORTABLE COUNCIL CONTROLLED ORGANISATIONS	138,000	138,000	108,000	108,000	30,000	0	0	0	0	0	0	138,000
COUNCIL TOTAL	34,968,118	29,545,801	7,187,995	7,187,995	9,583,606	489,914	11,508,366	292,699	9,979	446,491	26,750	29,545,801

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