



## **OUR COSTS IN DETAIL**

Ngā mahinga whānui

## OUR COSTS IN DETAIL

This chapter of the Annual Plan provides a break down of some of our costs in more detail and provides further information about how these costs are calculated and distributed. This chapter is a culmination of all the information contained within this Annual Plan.

### FORECAST FINANCIAL STATEMENTS

Our Forecast Financial Statements are included to give you an overview of the Council's forecasted financial position for this year. This information should be read alongside the financial information contained in the 'Our Work in Detail' Chapter.

The Statements include:

- Prospective Statement of Comprehensive Income.
- Prospective Statement of Changes in Equity.
- Prospective Statement of Financial Position.
- Prospective Statement of Cash Flows.
- Statement of Reserve Balances.

### KEY CAPITAL PROJECTS

This table outlines the key capital projects we have planned to complete over the course of this Annual Plan. More information about the projects is contained in the 'Our Work in Detail' chapter of this Annual Plan.

### STATEMENT OF ACCOUNTING POLICIES

This statement outlines the principles against which we have prepared our financial statements.

## FORECAST FINANCIAL STATEMENTS

The following forecast financial statements are provided to give you an indication of our predicted financial position during the 2013/14 year. Please note that actual results are likely to differ from those presented as situations change.

Variances to what we said in the LTP are shown in the right hand columns of the financial statements. A number of the variances in the Prospective Statement of Changes in Equity, Prospective Statement of Finance Position and Prospective Statement of Cash Flows have arisen due to the use of actual figures for the close of the 2011/12 financial year when preparing forecasts for the 2013/14 financial year. More information on variances in the Prospective Statement of Comprehensive Income can be found in the financial strategy section and the Our Work in Detail chapter of this Annual Plan.

### Prospective Statement of 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 predictability.

### Prospective Statement of 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 Statement of 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 Statement of 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.

## STATEMENT CONCERNING BALANCING THE BUDGET

The Council will not produce a balanced budget in the 2013/14 year or in each of the 10 years of the LTP. Having considered the overall impact of our financial management policies and decisions we believe it remains financially prudent.

In setting the budget we have had regard for the following matters:

- Maintaining levels of service.
- Maintaining service capacity and integrity of assets.
- Intergenerational equity.
- Compliance with the Council's revenue and financing policies.

The main reasons for the surplus are:

- NZTA grants for roading are largely used to fund capital expenditure in the Roads and Footpaths activity
- Other Central Government grants and subsidies are shown as income, whereas the capital items they fund are not included in the Prospective Statement of Comprehensive Income.

Surpluses are reduced by:

- The policy to fund depreciation on infrastructural assets based on their 25 year renewal requirement.
- Reserves which may be used to fund expenditure.

The Council has set the expenditure and revenue at levels it considers appropriate to meet the funding needs of the District over the next year and to meet the needs of the community.

## PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>INCOME</b>				
12,481	Revenue from activities (including volumetric charges for water supply)	13,043	14,040	997
6,347	Subsidies and Grants	7,463	10,961	3,498
15,286	General Rates <sup>Note 1</sup>	15,908	16,049	141
18,934	Targeted Rates (excluding volumetric charges for water supply) <sup>Note 2</sup>	19,742	19,206	(536)
216	Vested Assets	224	224	-
-	- Gains on revaluation of Investment Property	1,277	1,277	-
465	Development Contributions	483	465	(18)
40	Finance Income*	40	8	(32)
<b>53,769</b>	<b>Total Income</b>	<b>58,180</b>	<b>62,230</b>	<b>4,050</b>
<b>EXPENDITURE</b>				
24,615	Other Expenses	25,889	25,265	(624)
10,793	Personnel Costs	11,102	12,027	925
16,764	Depreciation and Amortisation <sup>Note 3</sup>	18,274	16,707	(1,567)
2,517	Finance Costs*	2,749	2,340	(409)
<b>54,689</b>	<b>Total Expenditure</b>	<b>58,014</b>	<b>56,339</b>	<b>(1,675)</b>
<b>(920)</b>	<b>Net Surplus (Deficit)</b>	<b>166</b>	<b>5,891</b>	<b>5,725</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
11,362	Gains on asset revaluation	9,932	5,932	(4,000)
<b>10,442</b>	<b>Total comprehensive income for the year</b>	<b>10,098</b>	<b>11,823</b>	<b>1,725</b>

\*Excludes Internal borrowing costs

## NOTES TO THE PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>NOTE 1: GENERAL RATES BY ACTIVITY</b>				
2,271	Leadership	2,425	2,454	29
1,339	Community Safety	1,437	1,641	204
873	Environmental Sustainability	1,055	1,057	2
3,038	Arts and Culture	3,125	3,102	(23)
5,729	Recreation and Community Facilities	5,884	5,642	(242)
631	Community Property	623	632	9
501	Waste	500	1,024	524
	- Roads and Footpaths	-	-	-
	- Water Supply	-	-	-
253	Stormwater Drainage	367	342	(25)
14	Sewerage Treatment and Disposal	14	18	4
56	Reportable Council-controlled organisations	58	56	(2)
442	Corporate and District Activities Funds Applied	280	310	30
140	Add operating reserve balances repaid	140	(230)	(370)
<b>15,286</b>	<b>General Rates per Whole of Council FIS</b>	<b>15,908</b>	<b>16,049</b>	<b>141</b>
586	Less Penalties	567	580	13
<b>14,700</b>	<b>General Rates Levied per Rating Statement</b>	<b>15,341</b>	<b>15,469</b>	<b>128</b>

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>NOTE 2: TARGETED RATES BY ACTIVITY</b>				
263	Leadership	280	264	(16)
	- Community Safety	-	-	-
	- Environmental Sustainability	-	-	-
	- Arts and Culture	-	-	-
331	Recreation and Community Facilities	347	369	22
	- Community Property	-	-	-
3,883	Waste	3,656	3,786	130
7,897	Roads and Footpaths	8,188	7,667	(521)
2,029	Water Supply	2,169	1,942	(227)
2,313	Stormwater Drainage	2,340	2,532	192
2,133	Sewerage Treatment and Disposal	2,675	2,561	(114)
85	Reportable Council-controlled organisations	87	85	(2)
<b>18,934</b>	<b>Total Targeted Rates per Whole of Council FIS</b>	<b>19,742</b>	<b>19,206</b>	<b>(536)</b>
3,041	Volumetric charges for water supply	3,251	2,914	(337)
<b>21,975</b>	<b>Targeted Rates Levied per Rating Statement</b>	<b>22,993</b>	<b>22,120</b>	<b>(873)</b>

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>NOTE 3: DEPRECIATION AND AMORTISATION</b>				
	- Leadership	-	-	-
41	Community Safety	42	41	(1)
	- Environmental Sustainability	-	-	-
312	Arts and Culture	322	312	(10)
1,595	Recreation and Community Facilities	1,655	1,608	(47)
771	Community Property	795	772	(23)
80	Waste	97	64	(33)
8,006	Roads and Footpaths	8,608	6,728	(1,880)
1,893	Water Supply	2,006	1,941	(65)
931	Stormwater Drainage	976	950	(26)
1,349	Sewerage Treatment and Disposal	2,006	1,941	(65)
38	Reportable Council-controlled organisations	39	38	(1)
1,748	Corporate & District Activities Funds Applied	1,728	2,312	584
<b>16,764</b>	<b>Total Depreciation and Amortisation</b>	<b>18,274</b>	<b>16,707</b>	<b>(1,567)</b>

## RECONCILIATION OF FUNDING IMPACT STATEMENT TO THE PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>TOTAL OPERATING INCOME</b>				
<b>Per Activity Funding Impact Statement:</b>				
2,537	Leadership	2,770	2,780	10
3,119	Community Safety	3,291	3,257	(34)
1,441	Environmental Sustainability	1,641	1,433	(208)
3,138	Arts and Culture	3,226	3,193	(33)
8,967	Recreation and Community Facilities	9,209	9,581	372
1,367	Community Property	1,380	1,390	10
5,834	Waste	5,652	6,130	478
11,225	Roads and Footpaths	11,715	12,082	367
5,191	Water Supply	5,544	5,167	(377)
2,766	Stormwater Drainage	2,915	3,074	159
2,504	Sewerage Treatment and Disposal	3,060	2,827	(233)
344	Reportable Council-controlled Organisations	356	360	4
1,197	Corporate & District Activities	1,053	696	(357)
<b>49,629</b>	<b>Total Operating Income</b>	<b>51,811</b>	<b>51,971</b>	<b>160</b>
53,769	Total Income per proposed Statement of Prospective Income:	58,180	62,230	4,050
<b>(4,140)</b>	<b>Variance</b>	<b>(6,368)</b>	<b>(10,259)</b>	<b>(3,891)</b>
<b>Made up of:</b>				
-	Gains on revaluation of Investment property	1,277	1,277	-
216	Vested Assets	224	224	-
3,458	Subsidies and Grants for capital expenditure	4,386	8,295	3,909
465	Development and Financial Contributions	483	465	(18)
<b>TOTAL OPERATING EXPENDITURE</b>				
<b>Per Activity Funding Impact Statement:</b>				
1,586	Leadership	1,778	1,820	42
1,863	Community Safety	2,015	2,014	(1)
1,199	Environmental Sustainability	1,270	1,331	61
1,225	Arts and Culture	1,283	1,336	53
4,862	Recreation and Community Facilities	5,020	5,737	717
699	Community Property	716	838	122
4,619	Waste	4,620	5,013	393
6,459	Roads and Footpaths	6,878	6,002	(876)
1,950	Water Supply	2,024	2,051	27
2,363	Stormwater Drainage	2,536	2,558	22
1,089	Sewerage Treatment and Disposal	1,370	1,188	(182)
425	Reportable Council-controlled Organisations	415	449	34
10,427	Corporate & District Activities	10,703	10,465	(238)
<b>38,766</b>	<b>Total Operating Expenditure</b>	<b>40,628</b>	<b>40,802</b>	<b>174</b>

## RECONCILIATION OF FUNDING IMPACT STATEMENT TO THE PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME Cont.

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
54,689	Total Expenditure as per proposed Statement of Prospective Income:	58,014	56,339	(1,675)
<b>(15,923)</b>	<b>Variance</b>	<b>(17,386)</b>	<b>(15,537)</b>	<b>1,849</b>
	<b>Made up of:</b>			
(841)	Cost of Internal Borrowing	(978)	(1,170)	(192)
16,764	Depreciation	18,274	16,707	(1,567)
-	Inflation difference between overheads and recoveries	90	-	(90)
	<b>Other Comprehensive Income</b>			
11,362	Gains on asset revaluation	9,932	5,932	(4,000)
<b>10,442</b>	<b>PER TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>10,098</b>	<b>11,823</b>	<b>1,725</b>

## PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
439,804	Accumulated Funds at the start of the year	438,884	441,788	2,904
(920)	Net Surplus for the year	166	5,891	5,725
<b>438,884</b>	<b>Accumulated Funds at the end of the year</b>	<b>439,050</b>	<b>447,679</b>	<b>8,629</b>
180,214	Asset Revaluation Reserves at the start of the year	191,576	182,491	(9,085)
11,362	Revaluation of Assets	9,932	5,932	(4,000)
<b>191,576</b>	<b>Asset Revaluation Reserves at the end of the year</b>	<b>201,508</b>	<b>188,423</b>	<b>(13,085)</b>
<b>630,460</b>	<b>Equity at the end of the Year</b>	<b>640,558</b>	<b>636,102</b>	<b>(4,456)</b>

## PROSPECTIVE STATEMENT OF FINANCIAL POSITION

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>Public Equity</b>				
426,361	Retained Earnings	425,487	433,140	7,653
12,523	Restricted Equity	13,563	14,539	976
191,576	Asset Revaluation Reserves	201,508	188,423	(13,085)
<b>630,460</b>	<b>Total Public Equity</b>	<b>640,558</b>	<b>636,102</b>	<b>(4,456)</b>
<b>Current Assets</b>				
53	Cash and Cash Equivalents	538	201	(337)
180	Other Current Assets	186	1,399	1,213
7,500	Trade and other Receivables	7,740	5,160	(2,580)
<b>7,733</b>	<b>Total Current Assets</b>	<b>8,464</b>	<b>6,761</b>	<b>(1,704)</b>
<b>Non Current Assets</b>				
44,024	Investment Property	45,301	46,364	1,063
633,151	Property, Plant and Equipment	644,033	638,513	(5,520)
4,000	Work in Progress	-	2,000	2,000
1,500	Other Non-Current Assets	1,500	816	(684)
<b>682,775</b>	<b>Total Non Current Assets</b>	<b>690,934</b>	<b>687,693</b>	<b>(3,241)</b>
<b>690,508</b>	<b>Total Assets</b>	<b>699,398</b>	<b>694,453</b>	<b>(4,945)</b>
<b>Current Liabilities</b>				
9,000	Trade and Other Payables	9,288	4,611	(4,677)
1,500	Employee Benefit Liabilities	1,548	1,393	(155)
4,775	Borrowings	4,618	20,000	15,382
<b>15,275</b>	<b>Total Current Liabilities</b>	<b>15,454</b>	<b>26,004</b>	<b>10,550</b>
<b>Non Current Liabilities</b>				
1,000	Provisions	1,000	593	(407)
42,974	Borrowings	41,561	28,754	(12,807)
800	Other Non-Current Liabilities	826	3,000	2,174
<b>44,774</b>	<b>Total Non-Current Liabilities</b>	<b>43,387</b>	<b>32,347</b>	<b>(11,040)</b>
<b>60,049</b>	<b>Total Liabilities</b>	<b>58,841</b>	<b>58,351</b>	<b>(490)</b>
<b>630,460</b>	<b>Net Assets</b>	<b>640,557</b>	<b>636,102</b>	<b>(4,455)</b>

## NOTES TO THE STATEMENT OF PROSPECTIVE FINANCIAL POSITION

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>Net Investment in Council Controlled Organisations</b>				
661	Whakatāne Airport	795	798	3
100	Local Government Funding Agency*	100	276	176
<b>761</b>	<b>Net Investment</b>	<b>895</b>	<b>1,074</b>	<b>179</b>

\* Council became a Guarantee Shareholder of the Local Government Funding Agency (LGFA) in December 2012. The shareholding includes a number of component parts and requirements including: unpaid subscribed capital, further equity commitments, investment in convertible borrower notes, and to enter into guarantees. Paid up capital of \$100,000 and convertible borrower notes of \$176,000 have been included in these forecast financial statements. Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore have not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low. Furthermore, unpaid subscribed capital and commitment shares are not recognised as a financial liability in these forecast financial statements given the risk of LGFA calling the unpaid capital/commitment shares is considered remote.

## PROSPECTIVE STATEMENT OF CASH FLOWS

LTP 2012/13 \$000		LTP 2013/14 \$000	ANNUAL PLAN 2013/14 \$000	VARIANCE 2013/14 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Cash will be provided from:</b>				
34,220	Rates and Service Charges	35,650	35,326	(324)
465	Development Contributions	483	465	(18)
2,137	Sundry Income	2,217	1,908	(309)
10,344	User Fees	10,826	12,061	1,235
6,347	Subsidies & Grants	7,463	10,961	3,498
40	Interest Income - External	40	8	(32)
5,475	Regional Council Rates	5,704	5,652	(52)
<b>59,028</b>	<b>Total Operating Cash Provided</b>	<b>62,382</b>	<b>66,381</b>	<b>3,999</b>
<b>Cash will be applied to:</b>				
34,978	Suppliers and Employees	36,551	36,207	(344)
2,517	Interest on Public Debt	2,749	2,340	(409)
5,475	Regional Council Rates	5,704	5,652	(52)
<b>42,970</b>	<b>Total Operating Cash Applied</b>	<b>45,004</b>	<b>44,199</b>	<b>(805)</b>
<b>16,058</b>	<b>Net Cashflows from Operating Activities</b>	<b>17,378</b>	<b>22,182</b>	<b>4,804</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
<b>Cash will be provided from:</b>				
609	Proceeds from sale of property, plant and equipment	264	226	(38)
<b>609</b>	<b>Total Investing Cash Provided</b>	<b>264</b>	<b>226</b>	<b>(38)</b>
<b>Cash will be spent on:</b>				
16,457	Purchase of property, plant and equipment	15,588	24,997	9,409
(2,000)	Change in work in Progress	-	(2,000)	(2,000)
100	Purchase of investments	-	-	-
<b>14,557</b>	<b>Total Investing Cash Applied</b>	<b>15,588</b>	<b>22,997</b>	<b>7,409</b>
<b>(13,948)</b>	<b>Net Cashflows from Investing Activities</b>	<b>(15,324)</b>	<b>(22,771)</b>	<b>(7,447)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
<b>Cash will be provided from:</b>				
3,920	Loans raised	4,446	54,488	50,042
<b>3,920</b>	<b>Total Financing Cash Provided</b>	<b>4,446</b>	<b>54,488</b>	<b>50,042</b>
<b>Cash will be spent on:</b>				
7,921	Repayment of public debt	6,015	53,734	47,719
<b>7,921</b>	<b>Total Financing Cash Applied</b>	<b>6,015</b>	<b>53,734</b>	<b>47,719</b>
<b>(4,001)</b>	<b>Net Cashflows from financing activities</b>	<b>(1,569)</b>	<b>754</b>	<b>2,323</b>
(1,891)	Net increase (decrease) in cash held	485	165	(320)
1,944	Plus opening cash balance	53	36	(17)
<b>53</b>	<b>Closing Cash Position</b>	<b>538</b>	<b>201</b>	<b>(337)</b>

## KEY CAPITAL EXPENDITURE PROJECTS

The table on the following pages set out the key capital expenditure projects which are planned for the period of this Annual Plan. Capital expenditure projects improve the level of service, provide for growth or replace an existing asset. These are different from operational projects which are for the day to day operation of the Council. This table provides a list of the capital projects including those from the 'what we are going to do' tables in the 'Our work in detail' chapter, however, a number of projects in these tables have been consolidated for readability.

Project Name	2013/14 LTP \$	2013/14 Annual Plan \$	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
<b>ARTS AND CULTURE</b>										
<b>Library</b>										
Library Mixed Collection Renewal	125,000	100,000	100,000	-	-	-	-	-	-	-
Smart Bin with sort assistance	-	30,000	30,000	-	-	-	-	-	-	-
<b>Library Total</b>	<b>125,000</b>	<b>130,000</b>	<b>130,000</b>	-	-	-	-	-	-	-
<b>Exhibition Research, Storage &amp; Activity</b>										
Specialised lighting for Museum display, foyer display and gallery	-	12,000	-	-	-	12,000	-	-	-	-
LEC Garden - Landscaping & Lion relocation	-	155,000	-	-	-	29,993	125,008	-	-	-
<b>Exhibition Research Storage &amp; Activity Total</b>	<b>-</b>	<b>167,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,993</b>	<b>125,008</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ARTS AND CULTURE TOTAL</b>	<b>125,000</b>	<b>297,000</b>	<b>130,000</b>	<b>-</b>	<b>-</b>	<b>41,993</b>	<b>125,008</b>	<b>-</b>	<b>-</b>	<b>-</b>

Project Name	2013/14	2013/14	Annual Plan	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
	LTP	\$									
<b>RECREATION AND COMMUNITY FACILITIES</b>											
<b>Parks and Reserves</b>											
ŌhopePlayground Development, Maraetotara	15,000	15,000	-	-	-	-	-	15,000	-	-	-
Port ŌhopeRecreation Reserve	100,000	-	-	-	-	-	-	-	-	-	-
Sullivan Lake, Footpath and Retaining Walls	32,000	32,000	-	-	-	-	-	32,000	-	-	-
Harbour Beautification	50,000	50,000	-	-	-	3,000	-	47,000	-	-	-
Rural Playgrounds	10,000	-	-	-	-	-	-	-	-	-	-
Coastal Land Acquisition	250,000	250,000	-	235,000	15,000	-	-	-	-	-	-
Playground Renewals	5,000	5,000	5,000	-	-	-	-	-	-	-	-
Art in the Park Initiative	10,000	10,000	-	-	-	-	10,000	-	-	-	-
Park and Reserves Renewals	322,217	304,754	243,754	-	11,000	50,000	-	-	-	-	-
Walking and Cycling Projects	75,000	75,000	-	-	-	-	-	75,000	-	-	-
<b>Parks and Reserves Total</b>	<b>869,217</b>	<b>741,754</b>	<b>248,754</b>	<b>235,000</b>	<b>29,000</b>	<b>60,000</b>	<b>169,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sports Fields</b>											
Renewals	24,324	24,324	24,324	-	-	-	-	-	-	-	-
<b>Sports Fields Total</b>	<b>24,324</b>	<b>24,324</b>	<b>24,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cemeteries and Crematorium</b>											
Whakatāne Cemetery Expansion	150,000	150,000	-	141,000	9,000	-	-	-	-	-	-
Whakatāne Cemetery Berms Renewals	10,000	10,000	-	-	1,100	-	-	-	8,900	-	-
<b>Cemeteries and Crematorium Total</b>	<b>201,350</b>	<b>201,350</b>	<b>41,350</b>	<b>141,000</b>	<b>10,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,900</b>	<b>-</b>	<b>-</b>

## OUR COSTS IN DETAIL

Project Name	2013/14 LTP \$		2013/14 Annual Plan \$		Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
	\$	\$	\$	\$								
<b>Public Conveniences</b>												
Renewals	14,903	14,903	14,903	14,903	-	-	-	-	-	-	-	-
<b>Public Conveniences Total</b>	<b>14,903</b>	<b>14,903</b>	<b>14,903</b>	<b>14,903</b>	-	-	-	-	-	-	-	-
<b>Aquatic Centres</b>												
Renewals	61,520	151,620	89,400	89,400	-	62,220	-	-	-	-	-	-
Whakatāne Aquatic Centre - Pool Solar Heating	-	200,000	-	-	-	100,000	-	100,000	-	-	-	-
<b>Aquatic Centres Total</b>	<b>61,520</b>	<b>351,620</b>	<b>89,400</b>	<b>89,400</b>	<b>100,000</b>	<b>62,220</b>	<b>100,000</b>	<b>100,000</b>	-	-	-	-
<b>Ports and Harbour</b>												
Renewals Harbour Buildings, Jetties, Ramps, Navigation	43,019	43,019	43,019	43,019	-	-	-	-	-	-	-	-
Renewals Harbour Protection	144,160	50,000	50,000	50,000	-	-	-	-	-	-	-	-
<b>Ports and Harbour Total</b>	<b>187,179</b>	<b>93,019</b>	<b>93,019</b>	<b>93,019</b>	-	-	-	-	-	-	-	-
<b>RECREATION AND COMMUNITY FACILITIES TOTAL</b>	<b>1,358,493</b>	<b>1,426,970</b>	<b>511,750</b>	<b>511,750</b>	<b>476,000</b>	<b>101,320</b>	<b>160,000</b>	<b>169,000</b>	<b>8,900</b>	-	-	-
<b>CORPORATE AND DISTRICT ACTIVITIES</b>												
<b>Corporate Information</b>												
Remote Monitoring	50,000	50,000	50,000	50,000	-	-	-	-	-	-	-	-
Information Systems Infrastructure- Improvements, maintenance and upgrades	568,000	490,000	375,000	375,000	115,000	-	-	-	-	-	-	-
Customer Services - Telephony System	300,000	300,000	300,000	300,000	-	-	-	-	-	-	-	-
Disaster Recovery Planning Systems	100,000	100,000	-	100,000	-	-	-	-	-	-	-	-
ERP Replacement	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-
Aerial Photography Rural and Urban	70,000	40,000	40,000	40,000	-	-	-	-	-	-	-	-
Location Services - Mobile Tools	50,000	50,000	33,500	33,500	16,500	-	-	-	-	-	-	-
<b>Corporate Information Total</b>	<b>2,138,000</b>	<b>2,030,000</b>	<b>1,798,500</b>	<b>1,798,500</b>	<b>231,500</b>	-	-	-	-	-	-	-

Project Name	2013/14		2013/14		Loans	Depreciation	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
	LTP \$	Annual Plan \$	LTP \$	Annual Plan \$								
<b>Business Operations Business Unit</b>												
Replacement of small plant items	35,600	12,600	12,600	12,600	-	12,600	-	-	-	-	-	-
Handheld Device Replacements	6,000	6,000	6,000	6,000	-	6,000	-	-	-	-	-	-
<b>Business Operations Business Unit Total</b>	<b>41,600</b>	<b>18,600</b>	<b>18,600</b>	<b>18,600</b>	-	<b>18,600</b>	-	-	-	-	-	-
<b>Corporate Property</b>												
Vehicle Replacements Council-wide	160,000	160,000	160,000	160,000	-	160,000	-	-	-	-	-	-
Renewals	56,998	126,998	126,998	126,998	-	126,998	-	-	-	-	-	-
Furniture and Fittings Replacement - Corporate Offices	25,000	25,000	25,000	25,000	-	25,000	-	-	-	-	-	-
<b>Corporate Property Total</b>	<b>241,998</b>	<b>311,998</b>	<b>311,998</b>	<b>311,998</b>	-	<b>311,998</b>	-	-	-	-	-	-
<b>CORPORATE AND DISTRICT ACTIVITIES TOTAL</b>	<b>2,421,598</b>	<b>2,360,598</b>	<b>2,129,098</b>	<b>2,311,500</b>	-	<b>2,129,098</b>	-	-	-	-	-	-
<b>COMMUNITY PROPERTY</b>												
<b>Halls</b>												
Renewals	86,256	86,256	86,256	86,256	-	86,256	-	-	-	-	-	-
<b>Halls Total</b>	<b>86,256</b>	<b>86,256</b>	<b>86,256</b>	<b>86,256</b>	-	<b>86,256</b>	-	-	-	-	-	-
<b>Pensioner Housing</b>												
Disabled Access Improvement to Council Facilities	20,000	10,000	10,000	10,000	-	-	-	-	10,000	-	-	-
Annual Refurbishment to Pensioner Housing	55,000	55,000	55,000	55,000	-	55,000	-	-	-	-	-	-
Renewals to Pensioner Housing	31,530	31,530	31,530	31,530	-	31,530	-	-	-	-	-	-
<b>Pensioner Housing Total</b>	<b>106,530</b>	<b>96,530</b>	<b>96,530</b>	<b>96,530</b>	-	<b>86,530</b>	-	-	<b>10,000</b>	-	-	-
<b>Commercial Property Capital</b>												
Renewals	19,719	19,719	19,719	19,719	-	-	-	-	-	-	-	19,719
<b>Commercial Property Capital Total</b>	<b>19,719</b>	<b>19,719</b>	<b>19,719</b>	<b>19,719</b>	-	<b>-</b>	-	-	-	-	-	<b>19,719</b>
<b>COMMUNITY PROPERTY TOTAL</b>	<b>212,505</b>	<b>202,505</b>	<b>172,786</b>	<b>172,786</b>	-	<b>172,786</b>	-	-	<b>10,000</b>	-	-	<b>19,719</b>

## OUR COSTS IN DETAIL

Project Name	2013/14	2013/14	2013/14		Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
	LTP	Annual Plan	\$	\$							
	\$	\$	Depreciation								
<b>REPORTABLE COUNCIL-CONTROLLED ORGANISATIONS</b>											
<b>Whakatāne Airport</b>											
Pavement Resurfacing	100,000	100,000	50,000	-	-	-	50,000	-	-	-	-
Renewal Runway Lighting and Navigational Aids	8,000	8,000	8,000	-	-	-	-	-	-	-	-
Whakatāne Airport Parking Feasibility Study - 2 ticket machines, barrier arm and fencing		55,000	-	-	-	-	55,000	-	-	-	-
Whakatāne Airport Landing Fees Collection Software		5,000	-	-	-	-	5,000	-	-	-	-
Whakatāne Airport Advertising Hoardings		10,000	-	-	-	-	6,000	4,000	-	-	-
Renewal Whakatāne Airport Terminal	4,580	4,580	4,580	-	-	-	-	-	-	-	-
<b>Whakatāne Airport Total</b>	<b>112,580</b>	<b>182,580</b>	<b>62,580</b>	-	-	-	<b>116,000</b>	<b>4,000</b>	-	-	-
<b>REPORTABLE COUNCIL-CONTROLLED ORGANISATIONS TOTAL</b>	<b>112,580</b>	<b>182,580</b>	<b>62,580</b>	-	-	-	<b>116,000</b>	<b>4,000</b>	-	-	-
<b>COMMUNITY SAFETY</b>											
<b>Safer Communities</b>											
CCTV Phase 2 - expansion of camera network	-	76,883	-	-	-	-	63,213	13,670	-	-	-
<b>Safer Communities Total</b>	-	<b>76,883</b>	-	-	-	-	<b>63,213</b>	<b>13,670</b>	-	-	-
<b>COMMUNITY SAFETY TOTAL</b>	-	<b>76,883</b>	-	-	-	-	<b>63,213</b>	<b>13,670</b>	-	-	-
<b>ROADS AND FOOTPATHS</b>											
<b>Local Roads Renewal and Improvements</b>											
Unsealed Road Metalling	300,000	300,000	156,000	-	-	-	144,000	-	-	-	-
Sealed Road Resurfacing - Chip seals and Thin AC	2,180,000	1,880,000	977,600	-	-	-	902,400	-	-	-	-
Renewals Drainage Culverts, Kerb and Channel	280,000	580,000	301,600	-	-	-	278,400	-	-	-	-
Structures Components Replacements	130,000	130,000	67,600	-	-	-	62,400	-	-	-	-
Renewals Traffic Carriage Light, Signs, Power Undergrounding	260,000	260,000	135,200	-	-	-	124,800	-	-	-	-
Associated Improvements Shoulder Reconstruction	30,000	30,000	-	15,288	312	14,400	-	-	-	-	-

Project Name	2013/14	2013/14	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
	LTP	Annual Plan								
Pavement Rehabilitation	493,000	493,000	256,360	-	-	236,640	-	-	-	-
Improvements	841,000	841,000	-	370,320	-	470,680	-	-	-	-
<b>Local Roads Renewal and Improvements Total</b>	<b>4,514,000</b>	<b>4,514,000</b>	<b>1,894,360</b>	<b>385,608</b>	<b>312</b>	<b>2,233,720</b>	-	-	-	-
<b>Special Purpose Roads</b>										
Unsealed Road Metalling	270,000	270,000	-	-	-	270,000	-	-	-	-
Sealed Road Resurfacing	114,000	179,000	-	-	-	179,000	-	-	-	-
Drainage Renewals	98,000	98,000	-	-	-	98,000	-	-	-	-
Pavement Rehabilitation	160,000	-	-	-	-	-	-	-	-	-
Traffic Services - Street lights, Signs	27,000	27,000	-	-	-	27,000	-	-	-	-
Improvements	114,000	87,000	-	-	-	87,000	-	-	-	-
Structure Compound Replacement - General	50,000	50,000	-	-	-	50,000	-	-	-	-
<b>Special Purpose Roads Total</b>	<b>833,000</b>	<b>711,000</b>	-	-	-	<b>711,000</b>	-	-	-	-
<b>Non Financially Assisted Transport</b>										
Renewals	70,000	70,000	70,000	-	-	-	-	-	-	-
Kerbing and Drainage	70,000	70,000	-	70,000	-	-	-	-	-	-
Stock Crossing Signs	5,000	5,000	-	-	-	-	-	5,000	-	-
Route Security Wainui Road	-	1,350,000	-	-	-	-	-	1,350,000	-	-
<b>Non Financially Assisted Transport Total</b>	<b>145,000</b>	<b>1,495,000</b>	<b>70,000</b>	<b>70,000</b>	-	-	-	<b>1,355,000</b>	-	-
<b>ROADS AND FOOTPATHS TOTAL</b>	<b>5,492,000</b>	<b>6,720,000</b>	<b>1,964,360</b>	<b>455,608</b>	<b>312</b>	<b>2,944,720</b>	-	-	-	-
<b>WATER-RELATED SERVICES</b>										
<b>Water Supply</b>										
Whakatāne Pipe Sampling Programme	10,000	10,000	10,000	-	-	-	-	-	-	-

## OUR COSTS IN DETAIL

Project Name	2013/14	2013/14	2013/14			Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
	LTP	Annual Plan	Annual Plan	Annual Plan	Annual Plan							
	\$	\$	\$	\$	\$							
Whakatāne System Wide Additional Isolation Valves	10,000	10,000	-	10,000	-	-	-	-	-	-	-	-
Whakatāne Renewals	460,000	500,000	474,800	-	25,200	-	-	-	-	-	-	-
Edgcumbe Supply Main from Paul Road	100,000	100,000	-	15,000	-	85,000	-	-	-	-	-	-
Murupara Pipe Sampling Programme	7,000	7,000	7,000	-	-	-	-	-	-	-	-	-
<b>Water Supply</b>												
Tāneatua Pump Replacement (Routine)	5,000	5,000	5,000	-	-	-	-	-	-	-	-	-
Water Treatment Plant Minor Equipment Renewal - All Areas	18,000	18,000	18,000	-	-	-	-	-	-	-	-	-
New Connections - All Areas	41,000	41,000	-	-	-	-	-	-	-	41,000	-	-
Connection and Meter Replacements - All Areas	111,000	111,000	111,000	-	-	-	-	-	-	-	-	-
<b>Water Supply Total</b>	<b>762,000</b>	<b>802,000</b>	<b>625,800</b>	<b>25,000</b>	<b>25,200</b>	<b>85,000</b>	<b>25,200</b>	<b>85,000</b>	<b>41,000</b>	<b>41,000</b>	<b>-</b>	<b>-</b>
<b>WATER-RELATED SERVICES TOTAL</b>	<b>762,000</b>	<b>802,000</b>	<b>625,800</b>	<b>25,000</b>	<b>25,200</b>	<b>85,000</b>	<b>25,200</b>	<b>85,000</b>	<b>41,000</b>	<b>41,000</b>	<b>-</b>	<b>-</b>
<b>SEWAGE TREATMENT AND DISPOSAL</b>												
<b>Sewage Treatment and Disposal</b>												
Whakatāne Waste Water Renewals and Upgrades	1,060,000	1,060,000	218,500	788,500	53,000	-	-	-	-	-	-	-
Ōhope Waste Water Renewals and Upgrades	433,000	433,000	139,460	284,500	9,040	-	-	-	-	-	-	-
Edgcumbe Reticulation Upgrades	10,000	10,000	-	10,000	-	-	-	-	-	-	-	-
Matatā Waste Water Treatment Plant & Reticulation Construction	1,500,000	5,565,300	-	426,302	139,133	4,999,866	-	-	-	-	-	-
Murupara Waste Water Renewals and Upgrades	190,000	190,000	150,000	40,000	-	-	-	-	-	-	-	-
Te Mahoe Waste Water Treatment Plant Upgrade (Filter Replacements)	15,000	15,000	15,000	-	-	-	-	-	-	-	-	-
Te Mahoe Waste Water Disposal Field	-	250,000	28,000	22,000	-	-	-	200,000	-	-	-	-
<b>Sewage Treatment and Disposal Total</b>	<b>3,208,000</b>	<b>7,523,300</b>	<b>550,960</b>	<b>1,571,302</b>	<b>201,173</b>	<b>4,999,866</b>	<b>201,173</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SEWAGE TREATMENT AND DISPOSAL TOTAL</b>	<b>3,208,000</b>	<b>7,523,300</b>	<b>550,960</b>	<b>1,571,302</b>	<b>201,173</b>	<b>4,999,866</b>	<b>201,173</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

Project Name	2013/14 LTP \$	2013/14 Annual Plan \$	Depreciation	Loans	Dev. Contrib.	Subsidies/ Grants	Other Reserves	Fees & Charges	Targeted Rates	General Rates
<b>STORMWATER DRAINAGE</b>										
<b>Stormwater Drainage</b>										
Apanui - McAlister Pump Station Upgrades	600,000	600,000	180,000	390,000	30,000	-	-	-	-	-
Whakatāne South - Wainui Te Whara Urban Channel Upgrade	250,000	250,000	75,000	162,500	12,500	-	-	-	-	-
Whakatāne - Minor Capital Works	209,470	209,470	41,841	160,656	6,974	-	-	-	-	-
Ōhope - Upgrades	320,000	320,000	-	320,000	-	-	-	-	-	-
<b>Stormwater Drainage Total</b>	<b>1,379,470</b>	<b>1,379,470</b>	<b>296,841</b>	<b>1,033,156</b>	<b>49,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>STORMWATER DRAINAGE TOTAL</b>	<b>1,379,470</b>	<b>1,379,470</b>	<b>296,841</b>	<b>1,033,156</b>	<b>49,474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>WASTE</b>										
<b>Waste Disposal</b>										
Burma Road Landfill Restoration on-going minor works	25,000	25,000	-	25,000	-	-	-	-	-	-
<b>Waste Disposal Total</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>WASTE TOTAL</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COUNCIL TOTAL</b>	<b>15,096,646</b>	<b>20,996,306</b>	<b>6,444,175</b>	<b>3,817,565</b>	<b>377,478</b>	<b>8,294,791</b>	<b>633,677</b>	<b>1,408,900</b>	<b>-</b>	<b>19,719</b>

Note: Stated in 2013 dollars as per LTP

## RESERVE BALANCE FORECAST 2013/14

		REVISED 30 JUNE 2013 \$'000	2013/14 TRANSFERS IN \$'000	2013/14 TRANSFERS OUT \$'000	ANNUAL PLAN 30 JUNE 2014 \$'000
	ACTIVITY	PURPOSE			
<b>GENERAL OPERATING RESERVES</b>					
General Rates and Revenues	General Council	\$311	\$61	(\$230)	\$141
Roading Rate	Roads and Footpaths	(\$192)	\$40	(\$8)	(\$160)
Refuse Collection rate	Waste	(\$319)	\$100	(\$13)	(\$232)
Wastewater	Sewage Treatment and Disposal	\$351	\$44	\$0	\$395
Wastewater - Matatā <sup>1</sup>	Sewage Treatment and Disposal	(\$82)	\$0	(\$33)	(\$115)
Wastewater - Murupara	Sewage Treatment and Disposal	\$49	\$2	(\$30)	\$20
Water	Water	\$217	\$70	(\$332)	(\$44)
Water - Murupara	Water	(\$83)	\$20	(\$4)	(\$67)
Water - Plains	Water	\$1,013	\$49	\$0	\$1,062
Water - Ruatahuna	Water	\$2	\$0	\$0	\$2
Dog Control	Animal Control	\$137	\$7	\$0	\$144
Parking Enforcement	Parking	\$423	\$78	(\$92)	\$409
Pensioner Housing	Pensioner Housing	\$43	\$61	(\$3)	\$102
Airport Whakatāne	Whakatāne Airport	(\$527)	\$17	(\$222)	(\$731)
Whakatāne Stormwater	Stormwater	(\$233)	\$160	(\$7)	(\$81)
Ōhope Stormwater	Stormwater	(\$43)	\$0	(\$2)	(\$45)

<sup>1</sup> Matatā Wastewater is not yet established as a rating scheme and therefore costs have been attributed to an operating reserve until the scheme has been defined.

ACTIVITY		PURPOSE	REVISED 30 JUNE 2013 \$000	2013/14 TRANSFERS IN \$000	2013/14 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2014 \$000
Edgecumbe Stormwater	Stormwater	For Edgecumbe Stormwater Rate funded Surpluses or Deficits	\$7	\$0	\$0	\$7
Matatā Stormwater	Stormwater	For Matatā Stormwater Rate funded Surpluses or Deficits	(\$86)	\$20	(\$4)	(\$70)
Murupara Stormwater	Stormwater	For Murupara Stormwater Rate funded Surpluses or Deficits	(\$0)	\$0	(\$0)	(\$0)
Tāneatua Stormwater	Stormwater	For Tāneatua Stormwater Rate funded Surpluses or Deficits	(\$4)	\$0	(\$0)	(\$4)
Te Teko Stormwater	Stormwater	For Te Teko Stormwater Rate funded Surpluses or Deficits	(\$1)	\$0	(\$0)	(\$1)
Te Mahoe Stormwater	Stormwater	For Te Mahoe Stormwater Rate funded Surpluses or Deficits	(\$0)	\$0	(\$0)	(\$0)
Disaster Mitigation	Stormwater	For Disaster Mitigation/Stormwater Rate funded Surpluses or Deficits	\$216	\$10	\$0	\$227
Community Boards & Iwi Liaison	Governance	Separately collected rates for community projects	\$104	\$5	\$0	\$109
Car parks Development	Parking	For the Development of Carparks in the District	\$34	\$2	\$0	\$35
Sand mining Royalties	General Council	Income received from Sandmining company for access over Council reserve	\$3	\$0	\$0	\$3
Museum Collections	Exhibitions, Research, Storage & Archives	For the purchase of Assets for the Museum Collection	\$23	\$1	\$0	\$24
Galatea Reserve Development	General Council	For amenities within the Galatea and Murupara areas	\$1	\$0	\$0	\$2
Disabled Facilities	Pensioner Housing	For the improvement of Disabled Facilities throughout the District	\$7	\$0	(\$10)	(\$2)
Te Mahoe Water - special	Water	For the purchase of Capital Expenditure for the Te Mahoe Water scheme	\$237	\$6	(\$215)	\$28
Asset Divestment	General Council	Surplus funds from the Divestment of Council Assets	\$9	\$232	(\$311)	(\$70)
Leaky Homes Reserve	Building	To fund weather tight claims	\$96	\$105	(\$87)	\$114
Roading Storm Damage Reserve	Roads and Footpaths	To fund costs associated with storm damage to the Councils Roading network	\$457	\$304	\$0	\$761
LAPP Insurance Reserve	Corporate and District	To fund contributions to the LAPP scheme over and above annual insurance	\$152	\$130	\$0	\$282
General Disaster Reserve	General Council	To fund costs associated with a disaster within the District	\$0	\$0	\$0	\$0
			<b>\$2,323</b>	<b>\$1,524</b>	<b>(\$1,603)</b>	<b>\$2,243</b>

ACTIVITY		PURPOSE	REVISED 30 JUNE 2013 \$'000	2013/14 TRANSFERS IN \$'000	2013/14 TRANSFERS OUT \$'000	ANNUAL PLAN 30 JUNE 2014 \$'000
<b>RESTRICTED RESERVES</b>						
Subdivision Contributions - Whakatāne	General Council	To fund capital expenditure in the Whakatāne Ward	\$259	\$12	\$0	\$272
Subdivision Contributions - Ōhope	General Council	To fund capital expenditure in the Ōhope Ward	\$69	\$3	(\$27)	\$45
Subdivision Contributions - Edgecumbe	General Council	To fund capital expenditure in the Edgecumbe Ward	\$21	\$1	\$0	\$22
Subdivision Contributions - Matatā	General Council	To fund capital expenditure in the Matatā Ward	\$17	\$1	\$0	\$18
Subdivision Contributions - Murupara	General Council	To fund capital expenditure in the Murupara Ward	\$5	\$0	\$0	\$6
Subdivision Contributions-Rural	General Council	To fund capital expenditure in the Rural Ward	\$27	\$1	\$0	\$28
Harbour Capital Fund	Ports & Harbour	For Ports & Harbour Operating Surpluses or Deficits	\$5,030	\$2,397	(\$1,729)	\$5,697
Harbour Land Sales	Ports & Harbour	Funds set aside from the sale of Harbour assets	\$3,438	\$165	\$0	\$3,604
Development Contributions - Stormwater	Stormwater	To fund growth related stormwater capital expenditure	\$248	\$128	(\$49)	\$326
Development Contributions - Water	Water	To fund growth related Water capital expenditure	\$282	\$39	(\$25)	\$295
Development Contributions - Wastewater	Sewage Treatment and Disposal	To fund growth related Wastewater capital expenditure	(\$639)	\$168	(\$167)	(\$637)
Development Contributions- Community Infrastructure	Arts & Culture, Recreation & Community Facilities	To fund growth related Community Infrastructure	\$415	\$78	(\$72)	\$421
Development Contributions - Parks, Gardens and Reserves	Parks, Reserves, Recreation & Sports Fields	To fund growth related Parks, Gardens and Reserves capital expenditure	\$1,416	\$91	(\$30)	\$1,477
Development Contributions - Solid Waste	Waste	To fund growth related Solid Waste capital expenditure	\$299	\$23	\$0	\$322
Development Contributions - Roading	Roads and Footpaths	To fund growth related Roading capital expenditure	\$1,725	\$153	\$0	\$1,878

ACTIVITY		PURPOSE	REVISED 30 JUNE 2013 \$000	2013/14 TRANSFERS IN \$000	2013/14 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2014 \$000
Otarawairere Disaster Mitigation	Stormwater	To fund growth related capital expenditure at Otarawairere	(\$1,446)	\$0	(\$70)	(\$1,515)
Capital Contributions - Roading	Roads and Footpaths	Financial Contributions for Roading Capital Projects	\$46	\$2	\$0	\$49
			<b>\$11,214</b>	<b>\$3,263</b>	<b>(\$2,169)</b>	<b>\$12,308</b>
<b>DEPRECIATION RESERVES</b>						
Water	Water	To fund the renewal of Water assets	\$1,739	\$1,071	(\$626)	\$2,184
Wastewater	Sewage Treatment and Disposal	To fund the renewal of Wastewater assets	\$827	\$795	(\$551)	\$1,071
Stormwater	Stormwater	To fund the renewal of Stormwater assets	\$382	\$171	(\$297)	\$256
Refuse Disposal	Waste	To fund the renewal of Refuse Disposal assets	\$144	\$12	\$0	\$156
Libraries	Libraries	To fund the renewal of Library assets	(\$16)	\$125	(\$131)	(\$22)
Museum	Exhibitions, Research, Storage & Archives	To fund the renewal of Museum assets	\$70	\$24	\$0	\$94
Parks and Gardens & Sportsfields	Parks, Reserves, Recreation & Sports Fields	To fund the renewal of Parks and Gardens & Sportsfields assets	\$532	\$610	(\$273)	\$869
Cemeteries & Crematoria	Cemeteries & Crematorium	To fund the renewal of Cemeteries & Crematorium assets	\$62	\$46	(\$41)	\$66
Swimming Pools	Aquatic Centres	To fund the renewal of Aquatic Centre assets	\$177	\$183	(\$89)	\$270
Halls	Halls	To fund the renewal of Halls assets	\$429	\$180	(\$86)	\$523
Public Conveniences	Public Conveniences	To fund the renewal of Public Conveniences assets	\$239	\$102	(\$15)	\$326
Pensioner Housing	Pensioner Housing	To fund the renewal of Pensioner Housing assets	\$257	\$95	(\$87)	\$266
Strategic & Investment Property	Commercial Property	To fund the renewal of Commercial Property assets	(\$1)	\$0	(\$0)	(\$1)
Corporate Property	Corporate & District Activities	To fund the renewal of Corporate Property assets	\$707	\$504	(\$312)	\$900
Information Management	Corporate & District Activities	To fund the renewal of Information Management assets	\$1,556	\$877	(\$2,649)	(\$215)

## OUR COSTS IN DETAIL

ACTIVITY	PURPOSE	REVISED 30 JUNE 2013 \$000	2013/14 TRANSFERS IN \$000	2013/14 TRANSFERS OUT \$000	ANNUAL PLAN 30 JUNE 2014 \$000
Port	Ports & Harbour	\$1,056	\$422	(\$93)	\$1,385
Roading	Roads and Footpaths	\$263	\$1,880	(\$1,964)	\$179
Airport - Whakatāne	Whakatāne Airport	(\$246)	\$37	(\$75)	(\$283)
		<b>\$8,179</b>	<b>\$7,134</b>	<b>(\$7,289)</b>	<b>\$8,023</b>

Depreciation for infrastructural assets has been funded on a 25 year renewal forecast basis. This means that whilst some reserve accounts reflect a surplus or deficit at the end of the 2013/14 year these reserves are expected to return to a neutral balance over the 25 year period for which funding requirements have been determined.

Note: ( ) depicts an overdrawn reserve account balance

## STATEMENT OF ACCOUNTING POLICIES

These statements provide the principles that we have applied in preparing our prospective financial statements. They are designed to help you understand the detail behind our calculations and forecasts.

### REPORTING ENTITY

Whakatāne District Council is a territorial authority governed by the Local Government Act 2002 and is domiciled in New Zealand. The principal accounting policies adopted in the preparation of this financial report are set out below. The financial report consists of the prospective financial statements of Whakatāne District Council (the Council) and includes the Whakatāne Airport, which is a 50/50 joint equity venture between the Council and the Ministry of Transport and a 35/65 joint venture between the Council and P F Olsen Ltd, a forest management and harvesting company, regarding a forestry block at Onepu on land vested to the Council.

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

### STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). They comply with FRS 42 Prospective Financial Statements, as appropriate for public benefit entities.

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

The financial statements use closing balances from the period ending 30 June 2012; estimates have been restated accordingly if required. These financial statements have been prepared on a historical basis, modified by the revaluation of land and buildings, certain infrastructural assets, financial instruments (including derivative instruments) investment property, and forestry assets.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data. The functional currency of the Council is New Zealand dollars.

Cost of service for each significant activity is determined as follows. Specifically attributable costs are charged directly. Indirect costs are apportioned using appropriate cost drivers such as actual usage and staff numbers.

The financial statements were authorised for issue on 20 February 2013 by Council resolution. 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.

### Joint Ventures and Associates

For jointly controlled assets Council recognises in its financial statements its share of jointly controlled assets, the liabilities and expenses it incurs, its share of liabilities and expenses incurred jointly, and income from the sale or use of its share of the output of the joint venture.

### REVENUE RECOGNITION

Revenue is measured at fair value of the consideration received.

### Rates

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

Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as the Council is acting as an agent for BOPRC. Rates collected on behalf of the BOPRC are not included in the Prospective Statement of Comprehensive Income as it does not belong to the Council. It is however, included as a receipt and payment in the Prospective Statement of Cash Flows.

Revenue from water rates by meter is recognised on an accrual basis.

**Licences and permits**

Revenue derived from licences and permits is recognised on application.

**Development contributions**

Development contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise financial contributions are transferred to reserves until such time the Council provides, or is able to provide, the service.

**Sales of goods**

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

**Provision 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.

**Rental revenue**

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

**Interest income**

Interest income is recognised using the effective interest method.

**Dividend income**

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

**Vested assets**

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

**Traffic and parking infringements**

Traffic and parking infringements are recognised when tickets are paid.

**Grants and subsidies**

Grants and subsidies are recognised when the conditions of the grant or subsidy have been met.

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

**FINANCE COSTS**

Borrowing costs are recognised as an expense in the period in which they are incurred. The Council has not capitalised borrowing costs associated with funding capital works in progress which represents a departure from NZ IAS 23: Borrowing Costs however it is in line with the decision of the Accounting Standards Review Board to indefinitely defer the adoption of NZ IAS 23 for public benefit entities.

**INCOME TAX**

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity 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 or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit or taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## LEASES

### Finance Leases

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

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

The finance charge is charged to the statement of financial performance 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 financial institutions, 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 on the prospective statement of financial position.

## TRADE AND OTHER RECEIVABLES

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost, less any provision for impairment.

## 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.

## 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 and group 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 and group 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; and
- fair value through other comprehensive income.

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

### Financial Assets at Fair Value Through Surplus or Deficit

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

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

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

### 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.

### Held-to-Maturity Investments

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

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

### Fair Value Through Other Comprehensive Income

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

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

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

## IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the prospective statement of comprehensive income.

## DERIVATIVE FINANCIAL INSTRUMENTS

The Council uses derivative financial instruments (interest rate swaps) to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

The associated gains or losses of these derivatives are recognised in the prospective statement of comprehensive income.

## NON-CURRENT ASSETS HELD FOR SALE

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the prospective statement of comprehensive income. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

## PROPERTY, PLANT AND EQUIPMENT

**Property, Plant and Equipment consists of:**

### Operational Assets

These include land, buildings, library books, plant and equipment, museum collection and motor vehicles.

### Restricted Assets

Restricted assets are parks, reserves and harbour assets owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

### Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by 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.

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

### Revaluation

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

On transition to NZ IFRS, Whakatāne District Council elected to use the fair value of land under roads as at 1 July 2006 as deemed cost. Land under roads is no longer revalued.

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

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

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

### 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. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the prospective statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

### Depreciation

Depreciation is provided on a straight-line basis on all buildings, bridges and other structures and diminishing value for motor vehicles, plant and equipment, office equipment and furnishings. Land is non depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

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

INFRASTRUCTURE ASSETS:	YEARS:
<b>Roading:</b>	
Road formation	N/A
Pavement Basecourse	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
Car-parks	50
<b>Water:</b>	
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
<b>Wharves:</b>	
Wharves (concrete)	50
<b>Stormwater:</b>	
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
<b>Sewerage:</b>	
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
<b>Refuse</b>	
Whakatāne landfill	8.5
Murupara landfill	2
Solid Waste	25

OPERATIONAL ASSETS:	YEARS:
Museum assets	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	4-5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

## INTANGIBLE ASSETS

### Software Acquisition and Development

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

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.

### 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.

### 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 the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each period is recognised in the prospective statement of comprehensive income.

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

Computer software	4 - 5 years	25% - 20%
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## IMPAIRMENT OF NON-FINANCIAL 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 asset's ability to generate net cash inflows 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 re-valued 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 statement of comprehensive income.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the prospective statement of comprehensive income.

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in prospective statement of comprehensive income, a reversal of the impairment loss is also recognised in the prospective statement of comprehensive income.

For assets not carried at a re-valued amount the reversal of an impairment loss is recognised in the prospective statement of comprehensive income.

## INVESTMENT PROPERTY

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

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

After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the prospective statement of comprehensive income.

## FOREST ASSETS

Standing forestry assets are independently revalued annually at fair value less estimated costs 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 pre-tax 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 and losses arising on initial recognition of biological 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 Prospective Statement of Comprehensive Income.

The costs to maintain forestry assets are included in the Prospective Statement of Comprehensive Income.

## CREDITORS AND OTHER PAYABLES

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently 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.

## 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. 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.

## EMPLOYEE BENEFITS

### Short-term benefits

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

The Council recognises a liability for sick leave to the extent that 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 that the Council anticipates it will be used by staff to cover those future absences.

### Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave 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 entitlement information; and,

The present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government 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.

### Superannuation scheme

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

## THIRD PARTY TRANSFER POLICY

The council collects monies for other organisations including Bay of Plenty Regional Council and the Inland Revenue Department. Where collections are processed through the Council's books, any monies held are shown as accounts payable in the prospective statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commission earned from acting as agent is recognised as revenue.

## PUBLIC EQUITY

Public Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. Reserves are a component of equity generally representing a particular use for which various parts of equity have been assigned.

The components of equity are:

- Retained earnings;
- Restricted reserves;
- Asset revaluation reserve.

### 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 Council.

Restricted reserves are those subject to specific conditions accepted as binding by 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.

### Asset revaluation reserve

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

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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.

## GOODS AND SERVICES TAX

All items in the financial statements are stated exclusive of GST, except for receivables and creditors and other payables, which are presented inclusive of GST. Where GST is not recoverable as input tax then it 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 prospective 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 prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.