

Accounting information

Accounting policies

Reporting entity

Since 1 July 1992, the Council has been constituted as a unitary authority assuming the responsibilities of the former Nelson Marlborough Regional Council and City Council. This forecast information includes the operation of Nelson City Council only, as Council considers this to be the most relevant information for residents.

Statement of compliance and basis of preparation

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in the valuation of assets and also they do not show capital income (Subsidies and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/(deficit) of operating funding and the Statement of Comprehensive Revenue and Expense or activity Cost of Service Statement net surplus/(deficit) before tax for the whole of Council summary and each activity.

The prospective statements of Nelson City Council are for the year ending 30 June 2015. The forecast information was authorised for issue by Council on 27 March 2014.

This prospective financial information is based upon the financial statements as published in the June 2013 Annual Report, updated by the Long Term Plan 2012–22, and adjusted to incorporate updated assumptions and council decisions made for the purpose of this Annual Plan. Long Term Plan 2014/15 year three, Annual Plan 2013/14 and opening balance sheet have been restated in accordance with the adoption of PBE IPSAS. Actual financial results are likely to be different from these Prospective Financial Statements, and that difference may be material.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Nelson City Council is New Zealand dollars.

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets. The following particular accounting policies, which materially affect the reported results, have been applied consistently to all periods.

Revenue

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

Exchange and non-exchange transactions

An exchange transaction is one in which the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where the Council receives value from another entity without giving approximately equal value in exchange.

Rates revenue

Rates are set annually by a resolution from 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 are non-exchange transactions.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis. Water rates are exchange transactions.

Government grants

The City Council receives government grants from the NZ Transport Agency, which subsidises part of the City Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non-exchange transactions.

Provision of services

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

Vested assets

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

Sales of goods

Revenue from sales of goods is recognised when a product is sold to a customer. Sales of good are exchange transactions.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are paid. This income is non-exchange revenue.

Interest and dividends

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established. Interest and dividends are considered income from exchange transactions.

Development contributions

Development and Financial Contributions are recognised as revenue when the Council is able to enforce collection of the contribution under the applicable legislation.

Development contributions are non-exchange transactions.

Cash and cash equivalents

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

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

Fixed assets and other assets

Fixed assets are grouped in the following categories:

Operational Assets – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina

Restricted Assets – restricted assets are land, buildings and improvements, which are owned by the Council but are subject to a legal restriction on their use

Heritage Assets – include museum artefacts, collections and historical buildings and monuments

Infrastructure Assets – infrastructure assets are the fixed utility systems owned by the Council. These include the roading, water, sewer and stormwater networks

All assets are valued at historical cost, except for the following:

Land – operational and restricted land (with the exception of Ridgeway subdivisions) is reviewed annually and valued at fair value every five years or if there is a material movement. Land was last valued by Quotable Value NZ as at 30 June 2014.

Land under roads – land under roads has been valued at net current value by Telfer Young registered valuers as at 30 June 2006. This is considered to be deemed cost

Infrastructure assets – excluding specialised Infrastructural assets are valued internally at depreciated replacement cost by Council engineers annually. The last valuation is as at 30 June 2014 and the valuation methodology has been peer reviewed by Opus International Consultants Ltd.

Specialist infrastructure assets – include dams, water reservoirs and wastewater treatment plants. These assets are valued at depreciated replacement cost every two years by an independent registered valuer and by Council engineers in the intervening year. The last valuation is as at 30 June 2014 by Opus International Consultants Ltd.

Nelson Regional Sewerage Business Unit – land is reviewed annually and valued at fair value every five years or if there is a material movement. Land was last valued by Quotable Value NZ as at 30 June 2009. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers. The latest valuation was conducted as at 30 June 2013 and peer reviewed by Opus International Consultants Ltd.

Heritage assets – museum collection assets have been valued on the basis of what a willing buyer would be prepared to pay a willing seller. The valuation was undertaken by Dunbar Sloane registered valuer as at 30 June 1999. The Cawthron Steps and Broadgreen House have been valued on the basis of depreciated replacement cost by Quotable Value at 30 June 2002. Founders Heritage Park has been valued on the basis of depreciated replacement cost by Telfer Young at 30 June 2002. The Cawthron Steps,

Broadgreen House and Founders Heritage Park were included in 2002 for the first time and are deemed to be at cost

New Council assets that are added between valuations are recorded at cost except for vested assets

Vested assets are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current "in the ground" cost of providing identical services.

Valuations are performed with sufficient regularity to ensure the carrying amount of property, plant and equipment does not materially differ from fair value.

Depreciation

Depreciation has been provided on a straight line basis on all fixed assets, other than forestry, heritage, operational land, restricted land, land under roads and the marina basin at rates that will write off the cost or valuation of the assets to their estimated residual values over their useful lives.

Assets depreciated are as follows:

ASSET	DEPRECIABLE LIFE (YEARS)
Operational	
Buildings	50 - 100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2 - 30
Library books	3 - 10
Marina	30 - 50
Restricted	
Buildings	50 - 100
Improvements	Nil - 20
Solid waste	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24
Water Supply	
Pipeline	55 - 120
Manholes	55 - 120
Reservoirs and tanks	45 - 100
Dams	16 - 200
Wastewater	

ASSET	DEPRECIABLE LIFE (YEARS)
Pipeline	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation pond	22 - 139
ASSET	DEPRECIABLE LIFE (YEARS)
Stormwater	
Pipeline	50 - 80
Bank protection	25 - 100
Manholes	90
Roading	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 - 80
Surfacing (sealed)	2 - 50
Surfacing (unsealed)	n/a
Bridges	20 - 100
Retaining/sea walls	75 - 150
Box culverts	60 - 90
Footpaths	5 - 100
Carparks	10 - 100
Streetlights	30 - 60
Signs	15

Biological assets

Forestry assets are valued annually. The valuation methodology adopted is net present value based on the age and condition of the trees. Changes in the valuation of the forestry assets are recognised in the Statement of Comprehensive Revenue and Expense.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by Nelson City Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

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 that the asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Intangible Asset	Useful Life (yr)	Amortisation Rate
Computer software	3-10	10-33%

Inventory

Inventories are valued at cost or net realisable value, whichever is lower. For the purposes of arriving at the cost, the weighted average cost method is used.

Work in progress

Profits on contracts are recognised progressively over the period of each contract. The contract amount included in the Statement of Comprehensive Revenue and Expense, and the value of work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract, foreseeable losses on contracts are recognised immediately.

Investment property

Nelson City Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Ian McKeage of Telfer Young (Nelson) Limited and changes in valuation are recognised in the Statement of Comprehensive Revenue and Expense.

Financial instruments

The Council and group is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, accounts receivable and payable, investments, and loans which have all been recognised in the financial statements. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Revenue and Expense.

Derivative financial instruments

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re-measured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the Statement of Comprehensive Revenue and Expense for the year. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. They are stated at expected realisable value after providing for doubtful and uncollectable debts. Any accounts considered to be unrecoverable are written off at year end.

Investments

The activities of associated entities have been included in the parent financial statements at cost on acquisition. Other investments are stated at cost, except the shares in the Local Government Insurance Corporation, which are recorded at their net asset value.

Other financial instruments

All other financial instruments, including cash, and bank and accounts payable, are recognised at their fair value. Loans are recorded at cost.

Impairment of financial assets

At each balance sheet date Nelson City Council assesses whether there is any objective evidence that financial assets or a group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Revenue and Expense.

Loans and other receivables

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

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the Nelson City Council will not be able to collect amounts due according to the original terms of the instruments. Significant financial difficulties of the issuer, probability the issuer will enter

into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Properties intended for sale

Properties intended for sale are valued at the lower of cost and net realisable value.

Borrowing costs

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

Employee entitlements

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Annual leave due has been calculated on an actual entitlement basis at current rates of pay. Provision is also made for retirement gratuities and long service leave based on an actuarial calculation.

Landfill after care costs

As operator of the York Valley landfill, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure. The landfill post closure provision is recognised in accordance with New Zealand PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets. This provision is calculated on the basis of discounting closure and post closure costs into present day value.

The calculations assume no change in the legislative requirements for closure and post closure treatment.

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 used.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of transaction, affects neither accounting profit nor 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 Comprehensive Revenue and Expense, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Goods and Services Tax (GST)

All amounts in the accounts are exclusive of GST except for debtors and creditors which are shown inclusive of GST

Allocation of overheads – significant activities

All overheads by way of the job costing system have been allocated to the Council's significant activities. This allocation has been mainly on the basis of time spent, but where items of expenditure clearly relate to particular activities, they are allocated on that basis.

Financial reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be:

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

Council created reserves – part of the accumulated balance 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.

Revaluation reserves – The results of revaluing land, infrastructural assets 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 for any class of asset, this is expensed in the Statement of Comprehensive Revenue and Expense. To the extent that increases in value offset previous decreases debited to the Statement of Comprehensive Revenue and Expense, the increase is credited to the Statement of Comprehensive Revenue and Expense.

Statement of cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made of the supply of goods and services.

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

Financing activities comprise activities that change the equity and debt capital structure of the Council and group

Leases

Finance leases are leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset are transferred to the Council. The leased assets are recognised as non-current assets in the Statement of Financial Position and are depreciated over the period the company is expected to benefit from their use. The corresponding liability is also recognised in the Statement of Financial Position.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the period in which they are incurred.

Changes in accounting policies

The adoption of PBE IPSAS for these prospective financial statements have resulted in some minor changes to accounting policies, mainly in relation to classification of income and expenditure.

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

With the adoption of Public Benefit Entity International Public Sector accounting standards, there are no standards, amendments, and interpretations that are not yet effective and have not been early adopted that are relevant to the Council and group.

Critical accounting estimates and assumptions

In preparing this forecast information Nelson City Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets

Estimating any obsolescence or surplus capacity of an asset

Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual

consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Prospective statement of comprehensive revenue and expense

	Annual Plan 2014/15 (\$000)	Budget 2015/16 (\$000)	Long-term Plan 2016/17 (\$000)	Long-term Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)
Revenue											
Rates other than targeted rates for water supply	50,537	53,637	56,223	58,682	60,572	62,922	64,481	66,944	69,433	71,853	74,707
Rates remissions	(276)	(296)	(301)	(307)	(313)	(314)	(294)	(285)	(282)	(288)	(296)
Transfers from other government entities	6,907	4,319	4,370	4,804	5,265	6,184	5,052	5,233	5,527	7,332	6,712
Other operating grants, donations and subsidies	821	285	290	205	209	213	218	223	229	234	240
Other capital grants, donations and subsidies	7,224	122	172	298	281	55	57	525	110	61	62
Vested assets	3,000	3,051	3,124	3,187	3,254	3,322	3,395	3,473	3,556	3,642	3,733
Development contributions	859	2,405	2,465	2,520	2,577	2,638	2,702	2,771	2,844	2,921	3,002
Revenue from exchange transactions	18,574	21,878	22,220	22,783	24,244	24,093	24,731	25,392	26,280	27,776	29,038
Other Revenue	13,078	13,356	13,680	13,572	13,549	13,971	14,277	14,619	14,915	15,192	15,448
Interest received	52	33	36	39	40	41	42	44	44	45	46
Dividend received	2,821	2,859	2,934	3,034	3,097	3,162	3,232	3,306	3,386	3,467	3,554
Total Revenue	103,596	101,649	105,214	108,817	112,774	116,287	117,893	122,245	126,042	132,234	136,246
Expenses											
Staff expenditure	16,620	17,714	18,129	18,571	19,048	19,565	20,122	20,724	21,372	22,071	22,826
Grants and other transfer payments	3,073	3,467	3,635	2,212	2,267	2,265	2,266	2,369	2,367	2,490	2,484
Finance costs	5,106	5,663	7,106	7,625	8,027	8,376	8,773	8,827	9,208	9,462	9,811
Depreciation and amortisation	21,386	21,495	22,735	23,642	24,318	25,013	25,851	26,779	27,783	28,933	30,185
Other expenses	46,148	47,904	48,711	48,543	48,880	50,590	51,561	53,079	55,058	56,531	59,082
Total Expenses	92,333	96,243	100,316	100,593	102,540	105,809	108,573	111,778	115,788	119,487	124,388
Net Surplus/(Deficit) before Taxation	11,263	5,406	4,898	8,224	10,234	10,478	9,320	10,466	10,254	12,747	11,857
Taxation	86	0	0	0	0	0	0	0	0	0	0
Net Surplus/(Deficit)	11,177	5,406	4,898	8,224	10,234	10,478	9,320	10,466	10,254	12,747	11,857
Increase in asset revaluation reserves	17,140	18,755	32,741	23,424	24,944	40,913	30,469	33,499	54,340	41,499	46,206
Revaluation of investments	24	23	26	27	28	30	33	36	39	43	46
Total Other Comprehensive Revenue and Expense	17,164	18,778	32,767	23,451	24,972	40,943	30,502	33,535	54,379	41,542	46,252
Total Comprehensive Revenue and Expense	28,341	24,184	37,665	31,675	35,206	51,421	39,822	44,001	64,633	54,289	58,109

Prospective statement of changes in net assets/equity

	Annual Plan 2014/15 (\$000)	Budget 2015/16 (\$000)	Long-term Plan 2016/17 (\$000)	Long-term Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)
Equity at beginning of year	1,195,772	1,322,678	1,346,862	1,384,527	1,416,202	1,451,407	1,502,828	1,542,651	1,586,652	1,651,285	1,705,574
Total comprehensive revenue and expense	28,341	24,184	37,665	31,675	35,206	51,421	39,822	44,001	64,633	54,289	58,109
Equity at end of year	1,224,113	1,346,862	1,384,527	1,416,202	1,451,407	1,502,828	1,542,651	1,586,652	1,651,285	1,705,574	1,763,683

The 2015/16 Annual Plan equity at the beginning of the year is based on 2013/14 Annual Report closing balance plus a forecast for 2014/15, and therefore is not equal to 2014/15 Annual Plan equity at end of year.

Prospective statement of financial position

	Annual Plan 2014/15 (\$000)	Budget 2015/16 (\$000)	Long-term Plan 2016/17 (\$000)	Long-term Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)
Current Assets											
Cash and cash equivalents	408	170	121	103	123	199	238	432	583	842	1,066
Inventories	40	87	61	35	9	9	9	9	9	9	10
Recoverables from exchange transactions	6,997	6,146	6,263	6,388	6,522	6,659	6,806	6,962	7,130	7,301	7,483
Receivables from non-exchange transactions	8,330	4,715	4,791	4,887	4,918	4,656	4,495	4,471	4,553	4,637	4,728
Prepayments	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0	0
Taxation	33	0	0	0	0	0	0	0	0	0	0
Derivative financial instruments	0	15	15	15	15	15	15	15	15	15	15
Total Current Assets	15,808	11,133	11,251	11,428	11,587	11,538	11,563	11,889	12,290	12,805	13,302
Non Current Assets											
Recoverables from exchange transactions	0	0	0	0	0	0	0	0	0	0	0
Receivables from non-exchange transactions	4,213	3,982	3,507	2,998	2,612	2,526	2,532	2,590	2,652	2,715	2,783
Investments in council-controlled organisations	24,752	31,493	31,493	31,493	31,493	31,493	31,493	31,493	31,493	31,493	31,493
Investment properties	988	1,003	1,029	1,056	1,084	1,114	1,147	1,183	1,222	1,265	1,311
Other financial assets	1,100	623	703	756	783	810	810	837	837	837	837
Intangible assets	1,652	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771
Biological assets	5,450	4,686	5,086	5,182	5,239	5,243	5,443	5,621	5,913	5,992	5,207
Property, plant, and equipment*	1,301,586	1,427,651	1,480,329	1,521,049	1,561,650	1,619,670	1,657,355	1,705,766	1,770,700	1,826,068	1,879,998
Derivative financial instruments	0	1,011	1,011	1,011	1,011	1,011	1,011	1,011	1,011	1,011	1,011
Total Non Current Assets	1,339,741	1,472,220	1,524,929	1,565,316	1,605,643	1,663,638	1,701,562	1,750,272	1,815,599	1,871,152	1,924,411
Total Assets	1,355,549	1,483,353	1,536,181	1,576,745	1,617,230	1,675,176	1,713,125	1,762,161	1,827,888	1,883,957	1,937,713
Current Liabilities											
Bank overdraft	0	0	0	0	0	0	0	0	0	0	0
Payables under exchange transactions	11,162	11,495	11,713	11,947	12,198	12,454	12,728	13,021	13,334	13,654	13,995
Other payables	3,356	2,237	2,279	2,325	2,373	2,423	2,477	2,534	2,594	2,657	2,723

Employee benefit liabilities	1,810	1,526	1,567	1,598	1,632	1,666	1,703	1,742	1,784	1,827	1,872
Taxation payable	0	0	0	0	0	0	0	0	0	0	0
Current portion of borrowings	38,270	40,149	39,987	43,534	63,448	89,600	52,326	56,934	42,572	53,885	34,034
Derivative financial instruments	20	27	27	27	27	27	27	27	27	27	27
Total Current Liabilities	54,618	55,433	55,573	59,431	79,679	106,171	69,260	74,257	60,311	72,049	52,651
Non Current Liabilities											
Provisions	1,030	1,178	1,188	1,212	1,238	1,264	1,291	1,321	1,353	1,385	1,420
Employee benefit liabilities	370	325	338	344	352	359	367	375	384	394	403
Derivative financial instruments	1,291	595	595	595	595	595	595	595	595	595	595
Non-current portion of borrowings	74,127	78,960	93,960	98,960	83,960	63,960	98,960	98,960	113,960	103,960	118,960
Total Non-Current Liabilities	76,818	81,058	96,081	101,112	86,144	66,178	101,213	101,252	116,292	106,334	121,378
Total Liabilities	131,436	136,491	151,654	160,543	165,823	172,348	170,474	175,509	176,603	178,383	174,030
Net Assets	1,224,113	1,346,862	1,384,527	1,416,202	1,451,407	1,502,828	1,542,651	1,586,652	1,651,285	1,705,574	1,763,683
Ratepayer's Equity											
Accumulated comprehensive revenue and expense	358,623	375,566	379,341	385,969	394,109	403,432	408,654	415,849	420,768	428,869	434,872
Other reserves	865,490	971,296	1,005,186	1,030,233	1,057,298	1,099,396	1,133,997	1,170,803	1,230,517	1,276,705	1,328,811
Total Ratepayer's Equity	1,224,113	1,346,862	1,384,527	1,416,202	1,451,407	1,502,828	1,542,651	1,586,652	1,651,285	1,705,574	1,763,683

Opening balances for 2014/15 Annual Plan have been derived from 2013/14 Annual Report closing balances plus a forecast for 2014/15, as this represents a more recent and accurate assessment than the 2014/15 Annual Plan closing balances.

Prospective statement of cashflows

	Annual Plan 2014/15 (\$000)	Budget 2015/16 (\$000)	Long-term Plan 2016/17 (\$000)	Long-term Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash was provided from:											
Receipts from Ratepayers	50,454	53,087	55,677	58,151	60,057	62,435	64,025	66,498	68,982	71,392	74,227
Receipts from grants, donations, and subsidies	8,406	4,726	4,832	5,306	5,755	6,452	5,326	5,981	5,867	7,626	7,014
Receipts of other fees, charges, and rentals	31,106	35,131	35,784	36,231	37,659	37,927	38,862	39,854	41,027	42,797	44,303
Development Contributions	859	2,405	2,465	2,520	2,577	2,638	2,702	2,771	2,844	2,921	3,002
Interest Received	52	33	36	39	40	41	42	44	44	45	46
Dividends Received	2,821	2,859	2,934	3,034	3,097	3,162	3,232	3,306	3,386	3,467	3,554
	93,698	98,241	101,728	105,281	109,185	112,656	114,189	118,454	122,149	128,248	132,147
Cash was disbursed to:											
Payments to suppliers	49,209	51,199	51,994	50,425	50,797	52,523	53,443	55,095	56,993	58,605	61,120
Payments to employees	16,566	17,683	18,075	18,533	19,007	19,523	20,077	20,676	21,321	22,019	22,770
Interest Paid	5,106	5,663	7,106	7,625	8,027	8,376	8,773	8,827	9,208	9,462	9,811
Tax Paid/(refund)	86	0	0	0	0	0	0	0	0	0	0
	70,967	74,545	77,175	76,583	77,831	80,423	82,293	84,598	87,522	90,087	93,702
Net Cash Flows from Operating Activities	22,731	23,696	24,554	28,698	31,354	32,233	31,896	33,855	34,627	38,162	38,445
CASH FLOWS FROM INVESTING ACTIVITIES											
Cash was provided from:											
Sale of Investments and properties for resale	0	0	0	0	0	0	0	0	0	0	0
Repayment of LGFA borrower notes	0	0	53	0	0	27	133	267	80	107	53
Sale of fixed assets	21	21	22	23	25	26	27	28	0	0	0
Repayment of community loans and advances	992	636	643	637	556	521	317	128	25	25	25
	1,013	657	718	660	581	574	477	423	105	132	78
Cash was disbursed to:											
Investments in council controlled organisations	4,331	3,436	0	0	0	0	0	0	0	0	0
Investments in LGFA* borrower notes	480	80	213	80	53	53	160	267	107	107	53
Community loans advanced	0	0	0	0	0	0	0	0	0	0	0
Purchase of fixed assets:											
Renewals	11,419	11,958	15,452	12,540	13,007	11,837	11,996	13,107	13,070	13,694	13,467
New works - growth	10,450	5,530	5,846	4,002	4,685	5,620	3,789	4,934	5,230	9,271	8,630
New works - Increased level of service	25,351	35,533	18,648	21,301	19,084	21,371	14,115	20,384	16,813	16,275	11,298
	52,031	56,537	40,160	37,923	36,830	38,882	30,060	38,692	35,220	39,347	33,449
Net Cash Flows from Investing Activities	(51,018)	(55,880)	(39,441)	(37,263)	(36,249)	(38,308)	(29,583)	(38,269)	(35,115)	(39,215)	(33,370)
CASH FLOWS FROM FINANCING ACTIVITIES											
Cash was provided from:											
Proceeds from borrowings	28,915	35,516	18,230	12,178	10,546	12,876	6,833	12,885	11,218	8,893	5,829
Cash was applied to:											
Repayment of borrowings	628	3,500	3,392	3,631	5,631	6,725	9,107	8,277	10,579	7,581	10,680
Net Cash Flows from Financing Activities	28,287	32,016	14,838	8,547	4,915	6,151	(2,274)	4,608	639	1,312	(4,851)
Net Increase/(Decrease) in Cash Held	0	(168)	(49)	(18)	20	76	39	194	151	259	224
Add Opening Cash Balance	408	338	170	121	103	123	199	238	432	583	842
Closing Balance	408	170	121	103	123	199	238	432	583	842	1,066
Represented by:											
Cash and Cash Equivalents	408	170	121	103	123	199	238	432	583	842	1,066

The opening cash balance for Budget 2015/16 is based on the 2013/14 Annual Report closing balance plus a forecast for 2014/15 and therefore is not equal to the 2014/15 Annual Plan closing balance.

* Local Government Funding Agency

FUNDING IMPACT STATEMENT

	Annual Plan 2014/15 (\$000)	Budget 2015/16 (\$000)	Long- term Plan 2016/17 (\$000)	Long- term Plan 2017/18 (\$000)	Long- term Plan 2018/19 (\$000)	Long- term Plan 2019/20 (\$000)	Long- term Plan 2020/21 (\$000)	Long- term Plan 2021/22 (\$000)	Long- term Plan 2022/23 (\$000)	Long- term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)
Sources of Operating Funding											
General Rates, uniform annual gen- eral charges, rates penalties	39,105	41,003	43,174	45,089	46,106	47,684	48,497	50,143	51,705	53,381	55,292
Targeted rates (other than a targeted rate for water supply)	11,349	12,338	12,748	13,286	14,152	14,924	15,690	16,516	17,446	18,184	19,119
Subsidies and grants for operating purposes	3,274	2,916	3,033	3,034	3,138	3,483	3,491	3,561	3,736	3,931	4,116
Fees, charges, and targeted rates for water supply	11,927	23,305	23,980	24,204	24,830	25,268	26,181	27,121	28,009	29,094	30,322
Interest and dividends from invest- ments	2,873	2,892	2,970	3,073	3,137	3,203	3,274	3,350	3,430	3,512	3,600
Local authorities fuel tax, fines, in- fringement fees, and other receipts	19,532	11,929	11,921	12,152	12,963	12,796	12,828	12,890	13,185	13,874	14,164
Total Operating Funding	88,060	94,383	97,826	100,838	104,326	107,358	109,961	113,581	117,511	121,976	126,613
Applications of operating funding											
Payments to staff and suppliers	65,841	69,085	70,475	69,326	70,195	72,420	73,949	76,172	78,797	81,092	84,392
Finance costs	5,106	5,663	7,106	7,625	8,027	8,376	8,773	8,827	9,208	9,462	9,811
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	70,947	74,748	77,581	76,951	78,222	80,796	82,722	84,999	88,005	90,554	94,203
Surplus (Deficit) of operating funding	17,113	19,635	20,245	23,887	26,104	26,562	27,239	28,581	29,506	31,422	32,409
Sources of capital funding											
Subsidies and grants for capital	11,677	1,810	1,799	2,272	2,617	2,969	1,835	2,420	2,131	3,695	2,898
Development and financial contribu- tions	859	2,405	2,465	2,520	2,577	2,638	2,702	2,771	2,844	2,921	3,002

[illegible]

Reconciliation between the surplus in the Statement of Comprehensive Revenue and Expense and Surplus (Deficit) of operating funding in the Funding Impact Statement

	Annual Plan 2014/15 (\$000)	Budget 2015/16 (\$000)	Long- term Plan 2016/17 (\$000)	Long- term Plan 2017/18 (\$000)	Long- term Plan 2018/19 (\$000)	Long- term Plan 2019/20 (\$000)	Long- term Plan 2020/21 (\$000)	Long- term Plan 2021/22 (\$000)	Long- term Plan 2022/23 (\$000)	Long- term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	17,113	19,635	20,245	23,887	26,104	26,562	27,239	28,581	29,506	31,422	32,409
Subsidies and grants for capital expenditure	11,677	1,810	1,799	2,272	2,617	2,969	1,835	2,420	2,131	3,695	2,898
Development and financial contributions	859	2,405	2,465	2,520	2,577	2,638	2,702	2,771	2,844	2,921	3,002
Vested Assets	3,000	3,051	3,124	3,187	3,254	3,322	3,395	3,473	3,556	3,642	3,733
Gains on sale	0	0	0	0	0	0	0	0	0	0	0
Depreciation	(21,386)	(21,495)	(22,735)	(23,642)	(24,318)	(25,013)	(25,851)	(26,779)	(27,783)	(28,933)	(30,185)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	11,263	5,406	4,898	8,224	10,234	10,478	9,320	10,466	10,254	12,747	11,857