

Ashburton District Council

Annual Report 1 July 13 - 30 June 14



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From the Mayor and Chief Executive

The 2013/14 year has seen significant change for Ashburton District Council, both at a governance level and in terms of the direction and focus of the organisation as a whole.

Local elections in October 2013 saw four new councillors elected in the Ashburton ward. Rod Beavan and Peter Reveley have previous experience on Council, while Russell Ellis and Alasdair Urquhart are new to Council. Ashburton ward councillors Donna Favel, Darryl Nelson and Don McLeod were returned adding experience and knowledge to the urban representative mix.

Sitting councillors in the eastern ward, Neil Brown, Ken Cutforth and Stuart Wilson; and the western ward, Martin Nordqvist and Alan Totty were elected unopposed.

Methven Community Board members, Liz McMillan, Dan McLaughlin and Hamish Gilpin were returned with new members Sonia McAlpine and Sarah Lock

The new team has settled in quickly and has tackled some tough issues already. We look forward to continuing to work effectively together in guiding the Council through the next two years.

We would like to thank former councillors who either stood down or were not successful in the October elections. All had given outstanding service to our community and we owe them a collective debt of gratitude for their service to our district.

The Council, as an organisation, has also undergone remarkable change over the past year. A full organisation restructure has resulted in a more streamlined operation with changes in responsibilities and a renewed focus on delivering outstanding value to our community. A new Chief Executive was appointed in April 2013 and commenced in September.

Change of this magnitude can be tough on an organisation. We thank all staff for the positive way they have worked with the changes and for the commitment shown to ensuring we provide value for money services for residents and are an organisation our community can be proud of.

Core infrastructure

At the heart of Council's business is delivery of core services such as water, sewerage, roads and rubbish. These activities take the lion's share of Council funding, and provide essential services for our communities.

The past year has seen a shift in how we work in this area. After some years of outsourcing most planning and contract management functions we are bringing these back in-house. This requires hiring skilled engineers, project managers and contract supervisors. Finding the right people has not always been easy but we now have a skilled and motivated team taking shape.

Council has also looked at how we deliver services from a more practical perspective. The past year has seen groundwork done on changes to how we deliver a number of services, including maintenance of unsealed roads, delivery of stockwater services and collection of rubbish and recycling. This work lays the foundation for changes that will result in still better and more cost-

effective services for our community in future.

Delivery of core services is a priority for Council. Our performance across the board, as judged by residents responding to the annual survey, has trended upwards overall this year but shows we have some way to go to providing the service our community expects in some activities.

Funding for roads

Council again worked hard this year to push a case for Government funding for our roads programme that is fair to this district and reflects changes taking place and the effects of those changes on our road network. There are indications our concerns have been heard and will be addressed to some extent. With a vast road network and relatively few ratepayers every bit of additional funding from Government is important and welcome.

Community facilities

Construction of two key community facility projects has continued this year. These facilities will provide outstanding opportunities for our community to enjoy cultural and recreational pursuits and that will meet our needs for years to come.

The EA Networks Centre, indoor sport and swimming facility, remains on-track for a mid-2015 opening.

The Ashburton Art Gallery and Heritage Centre is planned to open towards the end 2014. The facility is looking fantastic and we are confident that the community will be impressed with what has been achieved.

These projects demonstrate that catering for a growing community and looking ahead to plan for our future is a key focus for Council.

Planning for our future

Work continued over the past year on the review of the District Plan. Our Council is now one of only a handful of councils to have its second generation District Plan operative. Following Council's publication of decisions on submissions to the Plan thirteen appeals were received, with all being resolved outside the Environment Court. This is an impressive outcome and reflects the open approach Council has taken to the review process.

Planning for the Ashburton River second urban bridge continued in 2013/14 with the application for designation of land required for the bridge and supporting roads being heard by independent commissioners before being confirmed in the District Plan. The bridge will be important for managing future traffic flows, and will provide a second access across the Ashburton River. Construction of the bridge is not envisaged before 2026. Having the land designation confirmed means Council can work with affected landowners to acquire necessary properties in the future.

Communication and engagement

Communicating effectively is important to ensure we have an informed community that participates in local democracy. We have worked hard on improving performance in this area over the past year.

A new website has been introduced with improved information and new online transaction services. Increasingly our website is seen by residents as the easiest and most effective way of finding Council information and making transactions.

Mayor and Chief Executive

We have also increased emphasis on communications, ensuring local media keep the community informed about what Council is doing and residents are able to access quality information about our services and projects.

Community engagement through consultation and working with our communities has continued with residents keen to have their say in decision-making processes. Resident's views are an important part of the overall information Council considers in making decisions and we will continue to look for interesting ways for the community to be involved.

Financial Performance

Council's operating result for the year resulted in a surplus of \$18.3 million before other comprehensive income. Total revenue was \$12.9 million above budget with vested assets, forestry income and property sales all bringing significantly more income than was budgeted. The other comprehensive income gain of \$21.9 million was largely as a result of the revaluation of infrastructural assets. Council's financial position remains strong, with total Council only net assets of \$657 million.

Council's financial performance for 2013/14 has seen us comfortably meet the goals of our financial strategy, which focuses on prudence, stability, service and catering for the future. Our external borrowing and level of rates continue to be well within the limits set by the strategy.

Overall, Council has achieved its project and financial goals for the last financial year, and looks forward to another successful year.



Angus McKay
Mayor



Andrew Dalziel
Chief Executive

Statement of Compliance and Responsibility

Compliance

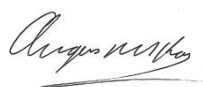
The Council and management of Ashburton District Council confirm that all statutory requirements of section 98 of the Local Government Act 2002 have been complied with in the preparation of this Annual Report.

Responsibility

The Council and management of the Ashburton District Council accept responsibility for the preparation of the Annual Report and the judgements used in it.

The Council and management of the Ashburton District Council accept responsibility for internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Ashburton District Council, the Annual Report for the year ended 30 June 2014 fairly reflect the financial position, operations, cashflow, and non-financial performance of the Ashburton District Council.



Angus McKay
Mayor



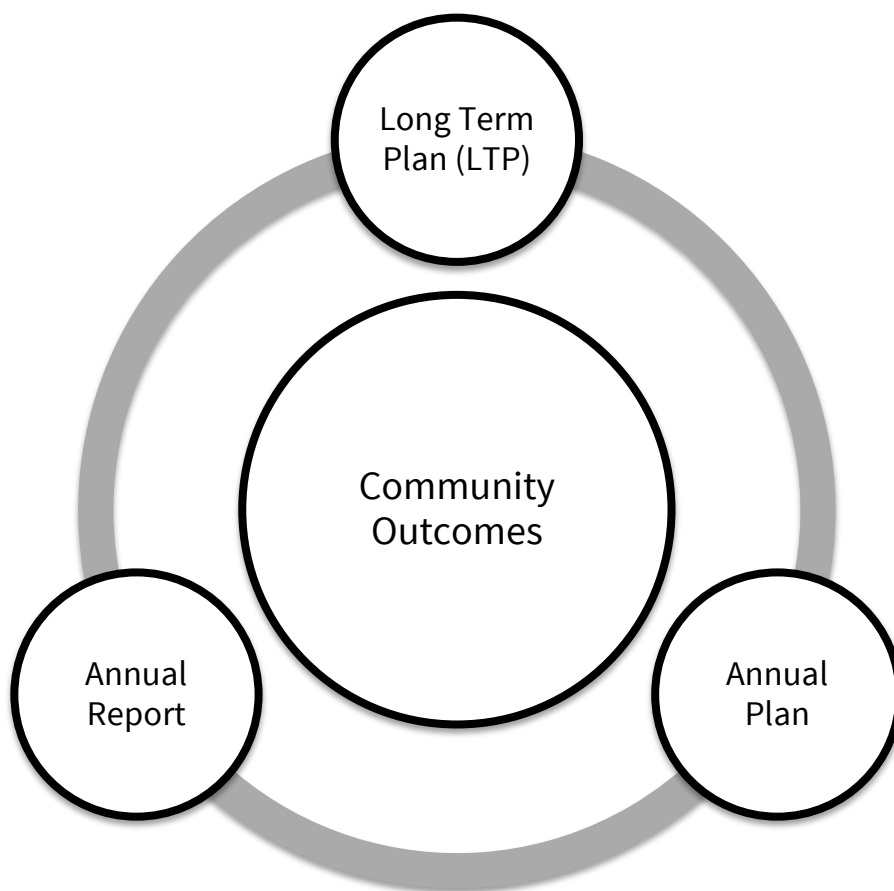
Andrew Dalziel
Chief Executive

30 October 2014

Council's Planning Process

Council's planning and reporting processes centre on three key documents.

1. The **Long Term Plan**, updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over the coming ten years.
2. The **Annual Plan** is developed each year to update the Long Term Plan budget and work programme forecasts, and to invite community feedback and suggestions.
3. The **Annual Report** is then produced each year to evaluate how Council performed against its targeted budget and work programme and report any variations.



Community Outcomes (more detail on p.18) are the high level strategic goals that Council aims to achieve for the Ashburton District community. These outcomes underpin the development of all Council plans, strategies and projects.

Long Term Plan

In 2012, Ashburton District Council adopted its fourth Long Term Plan for the years 2012-2022.

The Long Term Plan has Council's community outcomes as its strategic foundation – long term goals for Council to work towards. The Plan explains what Council proposes to do over the coming ten years, with the first three years in detail and the following seven years based on the best information available at the time.

The community were able to have their say on the draft Long Term Plan through an extensive consultation process. Council received 232 submissions to the Long Term Plan 2012-22 along with a petition signed by close to 2,000 residents. In all, 2,125 residents provided feedback to Council on the proposals contained in the draft plan.

The Long Term Plan must be reviewed at least every three years, with the next Long Term Plan required to be developed in 2014/15, for the years 2015-2025.

The Ashburton District Long Term Plan 2012-22 can be viewed on the Council website www.ashburtondc.govt.nz or a copy can be obtained from the Council offices on Baring Square West, Ashburton.

Annual Plan

In years when Council does not produce a Long Term Plan, an Annual Plan is prepared to detail the work programme and expenditure for the coming year. The Annual Plan provides up-to-date budgets and information on specific areas of work Council plans to undertake for the next financial year.

Monitoring Performance

As part of the Long Term Plan process, Council established its desired levels of service for each activity along with performance measures and targets. Performance measures enable Council and the community to assess whether the desired levels of service are being delivered to the community. Targets for each performance measure provide an indication of the level of achievement Council is aiming for each year.

Annual Report

Each year Council publishes its Annual Report, to inform the community of the achievement of targets set in the Long Term Plan or Annual Plan for:

- Forecast income and expenditure
- Planned work programme
- Levels of service provided to the community

This Annual Report details performance achieved against the targets and work programmes detailed in Year Two of the Long Term Plan 2012-22.

Council also tracks financial and non-financial performance during the year through the Triannual Performance Report, published three times each year.

Measuring our Performance

Financial Performance

The Annual Report includes key financial information to demonstrate Council performance against financial plans and targets detailed in the Long Term Plan 2012-22.

Activity Group Financial Summaries

These statements show, by groups of activities, the detailed breakdown of income and expenditure contained in the statement of comprehensive revenue and expenses. The statements also show the budget set in the Annual Plan 2013/14 and the actual performance achieved by Council in the 2013/14 financial year.

Council Only versus Group Reporting

Council owns 100% of Ashburton Contracting Limited (a council controlled trading organisation) and has three in-substance subsidiaries, the Ashburton Community Water Trust, the Ashburton Stadium Complex Trust and Experience Mid Canterbury. On statements which include the 'Council Only' column, the figures in this column do not include the operations of the subsidiaries. The consolidated column includes the operations of the subsidiaries after eliminating transactions between Council and the subsidiaries.

Statement of Accounting Policies

This statement outlines the basis and assumptions on which this Annual Report has been prepared.

Consolidated Statement of Comprehensive Revenue and Expenses

This statement shows a summary of total revenue received and expenditure incurred during the 2013/14 financial year.

Revenue and expenditure items are explained in more detail in the cost of service statements.

Consolidated Statement of Changes in Net Assets/Equity

This statement shows how total equity (the net worth of Council) has changed from the start of the year to the end of the year.

Consolidated Statement of Financial Position

This statement is Council's balance sheet and shows the financial position of Council at the end of the financial year (30 June 2014). It shows total assets and liabilities as at that date.

Consolidated Statement of Cash Flows

This statement details the cash flows in and out of Council over the year. The increase or decrease in cash is agreed to the final cash balance in the Statement of Financial Position.

Notes to the Financial Statements

Notes to the financial statements provide further information and explanations where required.

Non-Financial Performance

Council uses a number of non-financial performance measures and targets to track its delivery of services to the community. These are detailed in the Long Term Plan 2012-22 and carry through over the three life of the Long Term Plan. Here is a summary of some key tools we use:

Annual Residents Survey

Each year Council commissions a survey of residents seeking feedback from the community on their views of the quality of Council activities, services and performance. The National Research Bureau Limited (NRB) is the current provider of this service.

The 2014 survey was conducted by telephone from 11 July to 20 July. 400 residents over the age of 18 were sampled using a randomised selection method. There were a proportion of interviewees from each ward (231 from the Ashburton urban ward, 104 from the Eastern ward and 65 from the Western ward). 200 women and 200 men were interviewed.

The margin of error for the survey is 5%; which means that if the same study was repeated using an entirely different randomly selected sample, the answers would replicate those obtained in the original survey very closely. The confidence level is 95%.

For questions with a response rate significantly lower than 400 respondents the margin of error will increase and care should be taken in interpreting the results of these questions.

The relevant results of this survey have been included in this report as part of our performance targets. Any “don’t know” responses are excluded from results for performance measures included in this report.

Council Agency and Activity Surveys

Council undertakes surveys for measuring performance and gathering information from clients of Experience Mid Canterbury and Grow Mid Canterbury and tenants who live in Council’s elderly persons housing units. These surveys are undertaken annually.

Customer Request Management System

Council uses an electronic customer management database for inputting and tracking incoming service requests and consent applications. This system is used for reporting on service response times for performance measures which focus on this aspect of Council’s service.

Financial Strategy

Council adopted its financial strategy in the Long Term Plan 2012-22. The financial strategy provides the overall strategic direction for Council’s financial goals, and includes limits on rates levels, rate rises and borrowing. This strategy promotes financial stability for Council and affordability and value for money for the community.

Financial Goals

1. To ensure the Council remains financially stable while giving focus to financing key Council priorities
2. To promote the prudent use of ratepayer’s money together with other funding available to deliver agreed levels of service, cater for growth and maintain a sound asset management approach
3. To ensure Council rates and fees are kept to a level commensurate with its level of service obligations
4. To provide financial parameters within which Council’s work programmes are to be achieved

Rates Limits

Council has set limits for its annual rate requirement and for the annual change in rates.

Council needs to spend money on significantly different goods and services than a domestic household. Therefore, we use the Local Government Price Index (LGPI) to compare spending with inflation, rather than the domestic Consumer Price Index (CPI).

Limit	Performance	
Total rates are to be no greater than 1% of the total capital value of the district	Total rates \$26,826,000 Capital value of district: \$12,976,369,100 Result: 0.2%	✓
The total rates increase for the 2013/14 year is to be no greater than 5% plus LGPI each year	Total increase: 5.7% Less LGPI: 3.7% Result: 1.8%	✓

External Debt Limits

Council has set limits for its external debt based on the cost of servicing its debt (interest payments) as a proportion of both total revenue and rates revenue.

Limit	Performance	
Interest payments to service external debt are less than 10% of total Council revenue (excluding vested assets, infrastructure revaluations and other gains)	Interest payments: \$2,234,000 Total Council revenue: \$52,711,000 Result: 4.2%	✓
Interest payments to service external debt are less than 25% of total rates for the year.	Interest payments: \$2,234,000 Total rates:\$26,826,000 Result: 8.3%	✓

Five Year Financial Summary

(Council Only)

	2010	2011	2012	2013	2014
	\$000	\$000	\$000	\$000	\$000
Revenue					
Rates	22,229	23,016	24,021	25,565	26,826
Finance income	771	934	845	835	903
Other revenue	30,370	22,234	24,503	25,301	34,203
Other gains	3,734	1,801	2,467	3,030	4,964
Total income	57,104	47,985	51,836	54,731	66,896
Operating expenses					
Personnel costs	7,556	7,862	8,202	8,544	9,180
Depreciation and amortisation	10,290	10,093	10,919	11,271	11,348
Finance costs	1,631	2,235	2,261	2,275	2,234
Other expenses	21,835	22,096	21,931	20,700	22,212
Other Losses	2,481	5,000	4,762	2,229	3,492
Total operating expenditure	43,793	47,286	48,075	45,019	48,466
Operating surplus/(deficit)	13,311	699	3,761	9,712	18,430
Income tax expense	-	-	-	-	(95)
Other comprehensive income	(13,195)	41,308	7,528	24,720	21,939
Total comprehensive revenue and expenses	116	42,007	11,289	34,432	40,274
Working capital	(855)	7,988	(5,861)	22,625	10,787
Public debt	38,554	38,544	38,676	37,626	42,622
Total assets	576,257	615,207	629,009	662,356	710,107
Total equity	528,690	570,697	581,986	616,418	656,692
<u>Other financial statistics</u>					
Proportion of rates to total income	39%	48%	47%	47%	40%
Average rates per rateable property (GST Excl)	\$1,486	\$1,535	\$1,530	\$1,675	\$1,745
Public debt (as a percentage of total assets)	6.69%	6.27%	6.15%	5.68%	6.00%
Public debt per rateable property	\$2,577	\$2,571	\$2,446	\$2,466	\$2,772

Ashburton District Profile

General	2012	2013	2014
Population	30,602	31,413	31,413
District Area (square kms)	6,175	6,175	6,175

Open Space	2012	2013	2014
Total area of parks (ha)	442	442	442
Area of sports fields	110	110	110
Neighbourhood playgrounds	17	17	17

Infrastructure	2012	2013	2014
Total roads (centreline kms)	2,647	2,656	2,610
Length of sealed roads (kms)	1,485	1,490	1,493
Length of unsealed roads (kms)	1,162	1,166	1,117
Number of bridges	156	143	142
Length of footpaths (kms)	211	224	212
Number of ADC water supplies	14	14	14
Length of water pipes (kms)	385	391	395
Length of wastewater pipes (kms)	165	168	171
Length of stormwater pipes (kms)	27	28	30
Length of stockwater races (kms)	2,756	2,672	2,582

Rating Information	2012	2013	2014
Rating system	Capital value	Capital value	Capital value
Rateable properties	15,815 ¹	15,261	15,375
Total rateable value	\$12,045,329,900	\$12,860,979,100	\$12,976,369,100
Average rateable value	\$761,640	\$842,735	\$843,991
Date of district valuation	July 2009	July 2012	July 2012
Rates revenue	\$24,021,000	\$25,565,000	\$26,826,000
Total revenue	\$51,836,000	\$54,731,000	\$66,896,000

All figures are as at 30 June.

¹ The 2012 property numbers were the total current properties rather than the rateable properties.

Cost of Compliance

A significant amount of Council's costs are attributable to compliance with legislation and consent conditions. The following is an example of some of these costs incurred during the 2013/14 financial year.

Costs in preparation of the Council's Annual Report

Audit Fees	\$108,000
Annual asset valuation fees	\$ 31,200

Cost of the annual residents survey undertaken as part of the Annual Report \$24,500

Valuer General Fees

The Valuer General undertakes standard setting and auditing of Council's rating valuations. This fee was \$11,700 for the year ended 30 June 2014.

Building Consent Authority

Council is accredited as a Building Consent Authority. Council is required to be audited as part of maintaining this accreditation. This year the audit work cost \$19,500.

National Dog Database

Council is required to contribute to a national dog database. This is an annual fee which cost \$2,600 in 2014/15

Remuneration Authority

The Remuneration Authority is charged with determining the level of remuneration paid to elected members of the Council. This cost of the Authority is apportioned to each Local Authority. For the 2013/14 year, the cost to Council was \$2,500

Compliance with Canterbury Regional Council Resource Consents

Council has a number of resource consents with the Canterbury Regional Council. Application and monitoring costs of \$33,800 were incurred during the year. Council also incurs significant internal resourcing costs in ensuring compliance with these consent condition.

National Monitoring System

The Ministry for the Environment now requires additional information and reporting on consent monitoring and district plan activities. This has required modification of Council's reporting systems at an estimated cost of \$24,500.

Community Outcomes

Community outcomes detail what Council aims to achieve for the community. Community outcomes guide the levels of service provided by Council, and assist Council in prioritising and decision making. They also help the community to understand Council's direction, decisions and actions. Council reviewed its community outcomes as part of the preparation of the Long Term Plan 2012-22. For further information about the community outcomes, please refer to the Long Term Plan 2012-22.

Ashburton District: The district of choice for lifestyle and opportunity

Outcome 1: A thriving and diverse local economy

Strategic objectives:

- Our district's infrastructure and services meet our current and foreseeable future needs.
- Our district is a desirable place to live, visit and do business.
- Council's investments provide a return to the community and contribute to economic development.
- Our water resources are developed and managed in ways that support our environment, economy and lifestyle now and into the future.

Outcome 2: Sustainable natural and built environments

Strategic objectives:

- People can access and experience our natural environments.
- We understand the need to protect our natural environment and act to do so.
- We have safe and attractive built environments that meet our community's needs.
- Our community has access to information and services that promote environmental responsibility and sustainability.

Outcome 3: An enjoyable place to live

Strategic objectives:

- Our community has access to a range of cultural and heritage facilities and activities.
- Our district has sport and recreation facilities that meet the district's needs.
- Our district offers opportunities for people of all ages to develop their skills and enrich their knowledge.

Outcome 4: A safe and healthy community

Strategic objectives:

- We have access to a range of health and social support services.
- Environmental threats to our community's health are minimised.
- We are well-prepared to respond to emergency situations.

Outcome 5: An involved community with quality leadership

Strategic objectives:

- Our community is well-informed through open and effective communication.
- We work together with government, community organisations and the private sector to promote our community interests.
- Our residents are proud of, and participate in, their local community.
- Iwi and Maori have opportunities to contribute to local decision-making.

Working with Maori

Council has a strong and valued relationship with Te Runanga o Arowhenua who have mana whenua over Ashburton District.

The Runanga is based at Arowhenua marae outside Temuka. The Runanga has a focus on issues of kaitiakitanga, particularly within the context of the Resource Management Act. Council works closely with Arowhenua on issues of this type as well as the achievement of community outcomes in general.

In order to maintain a strong and effective relationship with Te Runanga o Arowhenua, Council ensures appropriate issues are made available for consultation and feedback and meets on a regular basis to discuss matters of mutual interest and concern.

Council normally makes a formal visit to the marae each year to discuss issues of mutual importance. The Runanga is also encouraged to provide information and feedback on social and economic issues affecting the district.

Consideration has been given by the Runanga and Council to developing a formal Memorandum of Understanding to provide a structured framework for the two organisations to work together within. However, both organisations feel the relationship they have is strong enough to make undertaking this process unnecessary.

On issues regarding social wellbeing in the district, Te Runanga o Arowhenua have requested that Council work with the Hakatere Marae Komiti, a mataa waka (from many canoes) organisation based at the Hakatere Marae north of Ashburton town. Council consults with the Hakatere Marae Komiti and works with the komiti on many local initiatives. Council is committed to continuing to develop its relationship with the Hakatere Marae Komiti.

Council has met with Te Runanga o Arowhenua once the past year. Council met with Te Runanga O Arowhenua on 12 September 2013.

Council Activities

Transportation

Drinking Water

Wastewater

Stormwater

Refuse and Recycling

Recreation and Leisure

Community Facilities and Support

Economic Development

Parks and Open Spaces

Democracy and Governance

Regulatory Services

Miscellaneous

Transportation

Community Outcomes		
A thriving and diverse local economy	An enjoyable place to live	A safe and healthy community
Activities		
Roads	Footpaths	

What we do

Ashburton District has one of the largest road networks in New Zealand, covering 2,610 kilometres. Approximately 1,493 kilometres of the network is sealed and 1,117 kilometres of unsealed. Our road network continues to increase as new subdivisions develop in the district.

Our road network has been designed to minimise vehicle kilometres travelled on unsealed roads, with a sealed road within reasonable proximity of all properties.

Council owns and maintains a footpath network of over 212 kilometres in towns and villages throughout the district.

Managing our transportation network includes providing and maintaining:

- Roads
- Footpaths
- Drainage
- Bridges and culverts
- Street lights
- Road signs and markings
- On-street car parking
- Gravel extraction sites
- Clean fill disposal sites
- Road safety programmes

Keeping our roads and footpaths in good condition helps to support local industries and offers our residents and visitors safe and easy travel around Ashburton District.

Council works closely with NZTA, who has responsibility for the State Highways in our district.

What we did in 2013/14

The 2013/14 programme included sealed road resurfacing, sealed road rehabilitation, grading of unsealed roads, footpath resurfacing, drainage improvements, replacement kerb and channel works, road sign/marketing replacement.

Annual Works Programme

Unsealed road maintenance

The 2013/14 programme included rehabilitation of Braemar Lauriston Road, Highbank School Road, Carneys Road, Stackhouse Road, Surveyors Road and Hackthorne Road.

Sealed road resurfacing

This year's resealing programme was completed approximately 4 weeks ahead of schedule.

Sealed road rehabilitation

The 2013/14 sealed road rehabilitation programme was split into two contracts to expedite the work and have been completed.

Footpath resurfacing

The 2013/14 programme included the resurfacing of 2% of the total footpath area (11,036 m²).

Key Projects

Tinwald Corridor project

The Tinwald Corridor Project has been progressed by the New Zealand Transport Agency (NZTA), in partnership with Council, with a focus on further data collection to inform a business case proposal. Council has been involved in this process as a stakeholder, engaging with NZTA in information gathering.

Ashburton Second Urban Bridge

Council's application to have land designated for the proposed route for the bridge and associated road network was concluded in the 2013/14 year. The Commissioners' recommendation on the Notice of Requirement was received by Council on 22 May 2014. The statutory appeal period finished on 27 June 2014, with no appeals received. The District Plan has been updated to include the designation.

Resurfacing unsealed roads

Trials of new methods for resurfacing unsealed roads were undertaken during the year and are being evaluated. Council is looking at how it can improve the expected life of unsealed roads and thereby reduce ongoing maintenance costs.

Gravel resources

Council has significant gravel resources throughout the district which can be used for road projects. Council is looking at ways to improve the utilisation of its gravel resources to reduce supply and disposal costs for roading material and ultimately reduce contract costs.

Our Service - Performance Results

1. The standard of Council's roads meets the needs of residents

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with the standard and safety of all Council's roads ² (Annual Survey of Residents)	56%	80%	57%	✘
Residents are satisfied with the standard and safety of Council's unsealed roads ³ (Annual Survey of Residents)	53%	65%	48%	✘
Resident requests that require action from the maintenance contractor are met promptly ⁴	69%	85%	64%	✘

2. Our roads are accessible for heavy vehicles

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
The number of weight and speed restricted bridges in Ashburton District reduces	2 bridges were replaced	2 bridges are replaced	3 bridges replaced	✓

3. We promote safe use of our roads

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Road safety education projects are delivered to the community	4 projects	4 projects	8 projects	✓

4. Our roads are safe, smooth and reliable

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Number of fatal crashes due to road factors	0	0	0	✓
Annual capital renewal projects programme completed or underway by 30 June	100%	100%	100%	✓

² Satisfaction has dropped significantly in the last five years. Due in part to increased traffic and reduced NZTA funding. The target will be reviewed in the LTP 2015-25.

³ Satisfaction has dropped significantly in the last five years. Due in part to increased traffic and reduced NZTA funding. The target will be reviewed in the LTP 2015-25.

⁴ Three significant weather events took resources away from routine maintenance - windstorms in September and October 2013 and heavy rain event in April 2014.

Transportation

Vehicle kilometres travelled on sealed roads classified as smooth ⁵	99%	95% in Ashburton District overall	93%	✘
	80%	80% in urban areas	80%	✓
	100%	95% in rural areas	99%	✓

5. We have quality, smooth footpaths

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Area of total footpath resurfaced each year ⁶	2.4%	4%	2.1%	✘
Residents are satisfied with footpaths in Ashburton District ⁷ (Annual Survey of Residents)	67%	85%	72%	✘

Variation from planned work programme 2013/14

One kerb and channel project (Harrison Street, Ashburton \$140,000) was not undertaken and has been carried forward to 2014/15.

The upgrade of streetlighting in Mt Somers (\$70,000) was not undertaken and has been carried forward to 2014/15.

⁵ This target has been adjusted in 2013/14 to 95% in urban areas and 75% in rural areas, to better reflect attainable and desirable levels of smoothness in different parts of the district.

⁶ The 2013/14 footpath resurfacing programme was less than the target due to work being deferred pending completion of the UFB rollout in the district. The unit rate for footpath resurfacing has increased while the budget for footpath resurfacing contract has remained the same. The condition of the footpath shows the need to continue with the 4% target, however greater funding is required to cover this square area.

⁷ Survey results are consistent with the trend over the last five years. The target will be reviewed in the LTP 2015-25.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Operating revenue			
Targeted rates	6,826	6,773	6,430
Subsidies	4,921	5,076	4,641
Development and/or financial contributions	13	52	2
Vested assets	3,197	566	4,459
Other revenue	566	547	603
Total revenue	15,523	13,014	16,135
Operating expenditure			
Roading	10,051	10,394	11,008
Footpaths	1,231	913	859
Total expenditure	11,282	11,307	11,867
Net operating surplus/(deficit)	4,241	1,707	4,268
Funded by:			
General rates	267	267	266
Transfers (to)/from reserves	(4,508)	(1,974)	(4,534)
Total funding applied	(4,241)	(1,707)	(4,268)
Total expenditure includes:			
Depreciation	6,174	6,548	6,274
Internal operating expenditure	102	138	150

Significant variances

Total revenue was \$2,509,000 above budget

Subsidy income was \$155,000 below budget

Delays to the work programme resulted in physical roading work being below budget. This resulted in the NZTA subsidy claim also being below budget.

Vested Asset income was \$2,631,000 above budget

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting are shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2013/14 but received assets from five subdivisions.

Operating expenditure was \$25,000 below budget

There are a number of variances in this area including:

- Maintenance costs were \$129,000 below budget
- The revaluation of roading and footpath assets resulted in a write down in value of \$376,000
- Depreciation expense was \$374,000 below the budget of \$6,549,000
- Unbudgeted legal costs of \$57,000 were incurred on bridge ownership issues.

Transportation

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Capital expenditure			
Roading	10,401	7,912	10,773
Footpaths	486	254	618
Total capital expenditure	10,887	8,166	11,391
Loan repayments	114	114	109
Capital to be funded	11,001	8,280	11,500
Funded by:			
Depreciation funding	6,550	6,548	6,666
Loans raised	-	-	129
Transfers (to)/from reserves	4,451	1,732	4,705
Total funding applied	11,001	8,280	11,500
Split of capital expenditure:			
Capital - due to growth	3,197	972	4,459
Capital - increase in level of service	1,278	656	329
Capital - renewals	6,412	6,538	6,603
Total capital expenditure	10,887	8,166	11,391

Significant variances

Capital expenditure was \$2,721,000 above budget

Vested asset income was \$2,631,000 above budget

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting is shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2013/14 but received assets from five subdivisions.

Drinking Water

Community Outcomes		
A thriving and diverse local economy	An enjoyable place to live	A safe and healthy community
Activity		
Drinking Water		

What we do

Council owns and operates 14 community drinking water supplies across the Ashburton District, servicing approximately 10,600 homes and businesses. Community water supplies are located in Ashburton, Methven, Rakaia, Hinds, Lake Hood, Mt Somers, Methven/Springfield, Fairton, Chertsey, Upper Hakatere, Mayfield, Dromore, Montalto and Winchmore.

Council is responsible for operating and maintaining water supplies, carrying out regular testing for water quality, repairing faults and carrying out upgrades and extensions to existing schemes.

What we did in 2013/14

During the 2013/14 year, Council undertook significant upgrade works on drinking water infrastructure with the completion of the annual pipeline renewal programme and the Mount Somers treatment upgrade.

An up-to-date hydraulic model was completed for the Ashburton water supply. This will be an invaluable tool for future planning and design.

Key Projects

Mt Somers water supply upgrade

An upgrade of the Mount Somers water supply has been undertaken to achieve compliance with the Drinking Water Standards for New Zealand. The project included construction of a new treatment plant building, installation of a new water filtration unit and UV disinfection unit, improvements to chlorination processes as well as installation of new sensors and instruments to monitor water treatment.

Winchmore water scheme closure

Residents connected to the Winchmore drinking water scheme approached Council to close their water supply. Preparation of supporting information and consultation with the Medical Officer of Health took place between March and June 2014.

A binding referendum proposing closure of the Winchmore water supply has since taken place which was in favour of closure and the Winchmore water supply will cease to be operational at noon on 14 November 2014.

Drinking Water

Watermain renewals

Watermain renewal projects commenced as follows:

- Oxford Street, Ashburton, commenced in March 2014 and was completed in July.
- Fairfield Road, Fairton, commenced in May 2014 and was completed in July.
- Alfred Street, Methven, commenced in May 2014 and was completed in July.

Our Service - Performance Results

1. Drinking water from Council schemes is safe to drink

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Incidents of E.Coli contamination in Council drinking water supplies	1 incident	No incidents	No incidents	✓

2. Council water schemes are reliable

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
The number of watermain leaks per 100km of watermain per year	45 leaks per 100km	50 leaks or less	42.60 leaks per 100km	✓

3. Water supplies are adequate for customers' needs

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Percentage of customers on Ashburton, Methven and Rakaia schemes that are satisfied with the quality of their drinking water (Annual Survey of Residents)	74%	85%	80%	✗
Percentage of customers on other Council schemes that are satisfied with the quality of their drinking water ⁸ (Annual Survey of Residents)	82%	75%	84%	✓

4. Water resources are used efficiently and sustainably

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Compliance with water abstraction thresholds on resource consents	Achieved	100% compliance	Achieved	✓
Reduction in water consumption per connection per year	0.47%	1%	5.99% ⁹	✓

⁸ Council has invested in water supply upgrades in the rural villages in recent years. This has improved the quality of water provided. The target will be reviewed for the 2015-25 LTP.

⁹ Due to mild weather conditions during warmer months there has been a greater reduction in water consumption per connection.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Operating revenue			
Targeted rates	3,871	3,873	3,999
Subsidies	61	-	-
Development and/or financial contributions	210	85	197
Vested assets	387	246	368
Other revenue	471	334	389
Total revenue	5,000	4,538	4,953
Operating expenditure			
Drinking water	4,917	4,257	4,275
Total expenditure	4,917	4,257	4,275
Net operating surplus/(deficit)	83	281	678
Funded by:			
General rates	28	28	22
Transfers (to)/from reserves	(111)	(309)	(700)
Total funding applied	(83)	(281)	(678)
Total expenditure includes:			
Depreciation	1,363	1,322	1,279
Internal operating expenditure	622	573	591

Note: The annual plan included metered water revenue of \$164,000 in targeted rates. This budget has been shifted to other revenue of \$334,000.

Significant variances

Total revenue was \$462,000 above budget

Development and or financial contributions were \$125,000 higher than budget

Development contributions for water are levied on building consents issued where connections are to be made to various water schemes. The 2013/14 consent numbers were well up on the estimated building consents in the budget leading to water development contributions exceeding budget.

Vested asset income was \$141,000 above budget

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting is shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2013/14 but received assets from five subdivisions.

Drinking Water

Other revenue was 137,000 above budget

Water by meter sales were \$60,000 above the budget of \$164,350, and connection fees \$69,000 above the budget of \$20,000 as a result of increased building consents issued during the 2013/14 year.

Operating expenditure was \$660,000 above budget

The revaluation of the water supply assets resulted in an unbudgeted write down in value of \$342,000.

Other variances included electricity costs exceeding the budget of \$331,000 by \$49,000, depreciation expense \$40,000 greater than budget, and maintenance costs exceeding the budget of \$1,160,000 by \$155,000, as a result of a high number of leaks caused by unusually high ground water levels during the year.

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Capital expenditure			
Drinking water	1,699	1,381	2,174
Total capital expenditure	1,699	1,381	2,174
Loan repayments	380	389	288
Advances	193	-	-
Capital to be funded	2,272	1,770	2,462
Funded by:			
Depreciation funding	1,704	1,322	1,414
Loans raised	229	145	888
Transfers (to)/from reserves	339	303	160
Total funding applied	2,272	1,770	2,462
Split of capital expenditure:			
Capital - due to growth	387	246	368
Capital - increase in level of service	439	155	1,190
Capital - renewals	873	980	616
Total capital expenditure	1,699	1,381	2,174

Significant variances

Capital expenditure was \$318,000 above budget

Vested asset income was \$141,000 above budget

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting is shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2013/14 but received assets from five subdivisions.

Advances

A capital advance was made to the Barrhill water supply of \$193,000 for the construction of a water scheme servicing the Barrhill village. This advance will be repaid over the next 25 years.

Wastewater

Community Outcomes		
A thriving and diverse local economy	An enjoyable place to live	A safe and healthy community
Activity		
Wastewater		

What we do

Council owns and operates three community wastewater schemes, servicing approximately 9,100 homes and businesses in Ashburton, Methven and Rakaia. The remaining households in the district dispose of their wastewater by other means, typically through single property septic tank systems.

Council ensures the safety and effectiveness of wastewater schemes through:

- Managing day to day operations, repairs and maintenance
- Ensuring the wastewater system is safe and meets community health needs
- Monitoring effluent discharge quality
- Upgrading and extending schemes where required

Council operates wastewater schemes to help protect the health and safety of the community and environment.

What we did in 2013/14

Council’s wastewater schemes performed to generally high standards in terms of compliance and scheme reliability. The performance of the network during the significant rainfall event in April 2014 resulted in not achieving performance targets for wastewater overflows. Despite this, customer satisfaction remains very high.

Key Projects

Wilkins Road maturation pond erosion protection

Rock bank reinforcement was added to the dividing bank between two of the wastewater treatment ponds on Wilkins Road to restore its original condition and provide protection from erosion in the future.

Ocean Farm pasture renewal

Treated wastewater from the Ashburton wastewater scheme is used to irrigate the Ocean Farm property and provides revenue for this activity. Approximately 70ha of pasture at Ocean Farm was replanted with high quality grass mix to improve growth and harvest quality and quantity.

Pipeline renewals

Pipeline renewal projects in Ashburton and Methven were completed as planned.

Ashburton relief sewer upgrade

A section of the Ashburton Relief Sewer main from Bridge Street to Trevors Road is operating at full capacity. Council is constructing a duplicate sewer main, which will increase the overall capacity of the network. This project has been delayed due to competing work priorities and is expected to commence in 2014/15.

Our Service - Performance Results

1. Wastewater schemes are managed without risk to public health

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Number of wastewater overflows onto private property per 1000 properties	1.1	Less than 1	2.3 ¹⁰	✘

2. Wastewater schemes are appropriate for customers' needs

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Customers are satisfied with the quality of wastewater services provided by Council ¹¹ (Annual Survey of Residents)	96%	85%	96%	✓

3. Wastewater schemes are reliable

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Number of blockages per 100 kilometres of sewer mains per year	32.1	40 or less	32.8	✓

4. The environment is not adversely affected by wastewater disposal

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Council complies with the discharge conditions of wastewater resource consents	0 significant non-compliances	No significant non-compliances are reported by Environment Canterbury	0 significant non-compliances	✓

¹⁰ Above average rainfall in April 2014 resulted in 15 properties experiencing wastewater overflows. The utility maintenance contractor addressed these issues as they presented, cleaning up for residents where necessary.

¹¹ Survey results are consistent with the trend over the last five years. The target will be reviewed for the LTP 2015-25.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Operating revenue			
Targeted rates	3,865	3,859	3,953
Development and/or financial contributions	345	186	402
Vested assets	966	619	581
Other revenue	637	507	586
Total revenue	5,813	5,171	5,522
Operating expenditure			
Wastewater	4,526	4,341	4,270
Total expenditure	4,526	4,341	4,270
Net operating surplus/(deficit)	1,287	830	1,252
Funded by:			
General rates	-	-	-
Transfers (to)/from reserves	(1,287)	(830)	(1,252)
Total funding applied	(1,287)	(830)	(1,252)
Total expenditure includes:			
Depreciation	1,428	1,463	1,413
Internal operating expenditure	263	261	272

Significant variances

Total revenue was \$642,000 above budget

Development and/or financial contribution income was \$159,000 higher than budget

Development contributions for wastewater are levied on building consents issues where connections are to be made to Council's wastewater schemes in Ashburton and Methven. The 2013/14 consent numbers were well up on the estimated building consents in the budget leading to wastewater development contributions exceeding budget.

Vested asset income was \$347,000 above budget

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting is shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2013/14 but received assets from five subdivisions.

Other revenue was \$130,000 above budget

Income from the Ocean farm operation (Council disposes treated effluent to land at Ocean farm) was \$19,000 above budget. In addition the Rakaia wastewater account earned \$26,000 more in sales than budgeted. The Ashburton wastewater account also earned \$67,000 more in interest income than budgeted due to capital expenditure delays meaning that the projected running down of the Ashburton credit balance did not occur.

Operating expenditure was \$185,000 above budget

Electricity costs were \$135,000 over the budget of \$313,000 and maintenance costs were \$79,000 over the budget of \$592,000 due to a number of unforeseen blockages.

Wastewater

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Capital expenditure			
Wastewater	1,864	3,216	1,007
Total capital expenditure	1,864	3,216	1,007
Loan repayments	310	310	269
Capital to be funded	2,174	3,526	1,276
Funded by:			
Depreciation funding	1,509	1,463	1,421
Loans raised	-	1,221	-
Transfers (to)/from reserves	665	842	(145)
Total funding applied	2,174	3,526	1,276
Split of capital expenditure:			
Capital - due to growth	966	1,047	581
Capital - increase in level of service	297	1,445	137
Capital - renewals	601	724	289
Total capital expenditure	1,864	3,216	1,007

Significant variances

Capital expenditure was \$1,352,000 below budget

The Ashburton relief sewer budgeted at \$1,714,000 has not started and the budget provision will be carried forward to the 2014/15 year. As a result of this delay, the loans of \$1,221,000 budgeted to be raised to meet the relief sewer work were not required.

Council received vested assets of \$966,000 against a budget of \$619,000. Vested assets are shown as both an income item and a capital expenditure item.

Stormwater

Community Outcomes		
A thriving and diverse local economy	Sustainable natural and built environments	A safe and healthy community
Activity		
Stormwater		

What we do

Council provides urban stormwater collection and disposal networks in the district including:

- An extensive piped system in Ashburton
- A limited piped network in Methven
- Two piped drains in Rakaia

Providing a stormwater collection and disposal network protects properties and the environment from the effects of flooding, and ensures that roads and footpaths remain accessible.

What we did in 2013/14

Key Projects

Ashburton urban stormwater strategy

Council has continued to undertake projects to progress the Ashburton Urban Stormwater Strategy. The following information has been prepared and is currently proceeding through internal review by staff, this includes:

- Draft global consent application
- Draft consultation report
- Draft stormwater design guidelines
- Draft monitoring report
- Monitoring programme & cost estimates

A Stormwater Management Plan (required as part of a consent application) has been prepared and reviewed by staff and is effectively complete.

Further work on these projects is on hold pending assessment by all Canterbury councils on how best to achieve the stormwater outcomes required by Environment Canterbury's Land and Water Regional Plan.

Mill Creek bank stabilisation

Mill Creek provides a key means of transporting stormwater from the Ashburton urban area. Ashburton District Council has continued to progress a bank stabilisation programme with the focus for 2013/14 on survey, design and consultation. Construction is scheduled for October 2014.

Stormwater

Tinwald viaduct stormwater improvements

A project to address ongoing flooding issues in this area started in June 2014 and was completed at the end of July.

Our Service - Performance Results

1. Stormwater networks are adequate for customers' needs

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Percentage of customers that are satisfied with the stormwater service ¹² (Annual Survey of Residents)	71%	85%	76%	✘

2. Urban private property is protected from the adverse effects of stormwater flooding

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
The number of incidents of private property damage caused by Council stormwater system failure	No incidents	No incidents	No incidents	✓

3. The environment is not adversely affected by stormwater disposal

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Council complies with the discharge conditions of stormwater resource consents	Achieved	No significant non-compliances are reported by Environment Canterbury	Achieved	✓

Variation from planned work programme 2013/14

Harrison Street drain

The project to install a section of piped stormwater drain on the Harrison Street has not been completed. The planned work is near Allenton School and has been delayed until the school holiday period in December 2014 for health and safety reasons.

Bridge Street stormwater improvements

Work commenced in mid June 2014, with completion delayed due to material supply. This project is expected to be completed in early September 2014.

¹² Survey results are consistent with previous years. The target will be reviewed for the 2015-25 LTP.

Financial Summary

Operating Statement

For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Operating revenue			
Targeted rates	797	797	656
Vested assets	1,137	315	445
Other revenue	44	53	50
Total revenue	1,978	1,165	1,151
Operating expenditure			
Stormwater	909	766	927
Total expenditure	909	766	927
Net operating surplus/(deficit)	1,069	399	224
Funded by:			
General rates	89	89	72
Transfers (to)/from reserves	(1,158)	(488)	(296)
Total funding applied	(1,069)	(399)	(224)
Total expenditure includes:			
Depreciation	289	292	276
Internal operating expenditure	121	111	114

Significant variances

Total revenue was \$813,000 above budget

Vested Asset income was \$822,000 above budget

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting is shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2013/14 but received assets from five subdivisions.

Operating expenditure was \$143,000 above budget

Council undertook Ashburton stormwater investigation costing \$149,000 as part of developing its stormwater strategy. These costs had been budgeted for in the 2013/14 year.

Stormwater

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Capital expenditure			
Stormwater	1,273	1,135	540
Total capital expenditure	1,273	1,135	540
Loan repayments	96	96	52
Capital to be funded	1,369	1,231	592
Funded by:			
Depreciation funding	289	292	276
Loans raised	-	-	169
Transfers (to)/from reserves	1,080	939	147
Total funding applied	1,369	1,231	592
Split of capital expenditure:			
Capital - due to growth	1,137	377	445
Capital - increase in level of service	136	758	95
Capital - renewals	-	-	-
Total capital expenditure	1,273	1,135	540

Significant variances

Capital expenditure was \$138,000 above budget

Council received vested assets of \$1,137,000 against a budget of \$315,000. Vested assets are shown as both an income item and a capital expenditure item.

Council also budgeted to spend \$820,000 on other assets but due to delays only \$136,000 was actually spent. Those projects not completed will be carried over to the 2014/15 year.

Refuse and Recycling

Community Outcomes			
A thriving and diverse local economy	An enjoyable place to live	A safe and healthy community	Sustainable natural and built environments
Activities			
Solid Waste Management		Kerbside Collection	

What we do

Council provides rubbish collection and management services which includes:

- Kerbside collection of rubbish and recycling
- Resource recovery parks to process rubbish and recyclable materials
- Community recycling drop off facilities

These services keep residents and our environments safe from the effects of harmful waste. Council promotes sustainability in the community by encouraging recycling and waste minimisation and has developed a strategy for Waste Management and Minimisation.

The district's residual rubbish is transported to the Canterbury regional landfill at Kate Valley in Hurunui District for disposal.

What we did in 2013/14

The results for performance measures for the 2013/14 year show an improvement on last year in terms of both compliance and diversion of waste from landfill.

An increase in construction and demolition waste from earthquake related building demolition has seen increased waste per property being disposed to landfill.

Key Projects

Rubbish and Recycling Review

Council undertook a community feedback process in March and April 2014 to identify community preferences for rubbish and recycling collection. The feedback process found support for the introduction of a wheelie bin service.

Council is to progress a possible change to its rubbish and recycling service in the 2014/ 15 year with a special consultation process being part of the decision-making process. A decision on any changes to the service will be included in the Long Term Plan 2015.

Methven Landfill Cap

The landfill in Methven is closed and Council has been capping the affected land in phases. The second phase of the landfill capping was completed in May 2014.

Our Service - Performance Results

1. Protect the community and environment from effects of harmful waste and promote waste minimisation

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Reduce the volume of waste per rateable property being disposed of to landfill	Increase of 5%	Decrease by 2%	Increase of 12.4% ¹³	✘
Increase the percentage of recyclable or reusable material diverted from the waste stream	Increase of 0.9%	Increase of 1%	Increase of 4.8% ¹⁴	✓
Compliance with resource consent conditions relating to closed landfills and resource recovery park operations	Not achieved 1 major non-compliance reported by Environment Canterbury	No significant non-compliances are reported by Environment Canterbury	No significant non-compliances are reported by Environment Canterbury	✓

2. Kerbside collection meets customers' needs

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents receiving kerbside refuse collection are satisfied with the service ¹⁵ (Annual Survey of Residents)	78%	85%	76%	✘
Residents receiving kerbside recycling collection are satisfied with the service ¹⁶ (Annual Survey of Residents)	73%	85%	76%	✘

¹³ There was a 126% increase in Construction and Demolition waste volumes bough to the ARRPs over the last two years (2012-2014). Most of this material has originated from the demolition of earthquake ruined buildings. It is likely that these volumes will drop back and settle over the next two to three years.

¹⁴ A significant increase of 102% of green waste material was received during the 2013-2014 year. This increase in green waste lead to an increase of material diverted from landfill of 4.8%.

¹⁵ Results are consistent with previous years. The target will be reviewed for the 2015-25 LTP.

¹⁶ Results are consistent with previous years. The target will be reviewed for the 2015-25 LTP.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Operating revenue			
Targeted rates	477	475	460
Other revenue	2,853	2,494	2,531
Total revenue	3,330	2,969	2,991
Operating expenditure			
Refuse and recycling	4,180	3,933	3,607
Total expenditure	4,180	3,933	3,607
Net operating surplus/(deficit)	(850)	(964)	(616)
Funded by:			
General rates	967	964	1,014
Transfers (to)/from reserves	(117)	-	(398)
Total funding applied	850	964	616
Total expenditure includes:			
Depreciation	106	105	105
Internal operating expenditure	397	396	379

Note: The Annual Plan budget included \$108,000 for development and/or financial contributions. This has been transferred into the other revenue budget of \$2,494,000.

Significant variances

Total revenue was \$361,000 above budget

Total fees collected at the resource recovery parks was \$283,000 above the budget of \$1,257,000. This was a result of additional tonnage of residual waste and green waste processed through the recovery parks.

Operating expenditure was \$247,000 above budget

The extra tonnage received resulted in disposal costs being \$248,000 above the budgeted figure of \$2,157,000.

Refuse and Recycling

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Capital expenditure			
Refuse and recycling	157	78	98
Total capital expenditure	157	78	98
Loan repayments	-	-	-
Capital to be funded	157	78	98
Funded by:			
Depreciation funding	117	105	108
Loans raised	-	-	17
Transfers (to)/from reserves	40	(27)	(27)
Total funding applied	157	78	98
Split of capital expenditure:			
Capital - due to growth	-	4	-
Capital - increase in level of service	107	57	66
Capital - renewals	50	17	32
Total capital expenditure	157	78	98

Significant variances

Capital expenditure was \$79,000 above budget

There were no significant capital expenditure variances.

Recreation and Leisure

Community Outcomes		
An enjoyable place to live	A safe and healthy community	
Activities		
Arts, Culture and Heritage	Library	Recreation Facilities and Services

What we do

Council provides or supports a number of recreation and leisure facilities and service providers in our community. Facilities provided or funded by Council include:

- Ashburton Community Pool
- Ashburton Museum
- Ashburton Art Gallery
- Ashburton Trust Event Centre
- Ashburton District Library

What we did in 2013/14

Key Projects

Ashburton Art Gallery and Heritage Centre

Construction of the new Ashburton Art Gallery and Heritage Centre did not meet the timetable outlined in the Annual Plan 2013/14. Delays were primarily due to a deferral of construction over the summer holiday period as conditions of the construction management plan were in dispute.

Construction was completed shortly after the end of the 2013/14 year (July 2014). The Centre is expected to open in late 2014 following installation of fixtures and fittings and construction of exhibitions.

Ashburton Art Gallery and Ashburton Museum

The Ashburton Art Gallery and Ashburton Museum both closed in late April 2014 to prepare for moving to the Ashburton Art Gallery and Heritage Centre. Closure for this period was the main reason target visitor numbers were not met for the 2013/14 year.

Council continued to work with the Ashburton Art Gallery Incorporated and the Ashburton Museum and Historical Society to identify the most appropriate governance structure for each organisation in the future. As a result the Ashburton Museum will be a department of Council and the Art Gallery will continue to operate with its own independent governance board.

Council worked with the Ashburton Museum and Ashburton Art Gallery over the 2013/14 to raise funds for the fixtures and fittings for the Ashburton Art Gallery and Heritage Centre. This collaborative approach has been a success with the majority of funding required being raised.

Recreation and Leisure

EA Networks Centre

Construction on the EA Networks Centre is on target to be completed in the first quarter of 2015. Three of the four pools have been constructed and tiled and the roof and walls of the indoor court space erected.

Our Service - Performance Results

1. We have social and cultural facilities available in the district that meet the needs of residents

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Ashburton Museum is well patronised by residents and visitors	8,102 visits	12,000 visits	6,949 ¹⁷	✘
Ashburton Art Gallery is well patronised by residents and visitors	12,473 visits	12,000 visits	9,667 ¹⁸	✘
Residents are satisfied with the level of Council's involvement in the Arts, Culture and Heritage activity (Annual Survey of Residents)	60%	85%	64%	✘

2. Our social, cultural and heritage facilities provide a variety of interesting attractions for residents and visitors

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
The Ashburton Museum provides special interest exhibitions in addition to its main exhibits	15 special interest exhibitions	4 special interest exhibitions	10 special interest exhibitions	✓
The Ashburton Art Gallery provides a variety of exhibitions each year	6 local art exhibitions	5 local art exhibitions	7 local art exhibitions	✓
	9 national art exhibitions	5 national art exhibitions	6 national art exhibitions	✓
The Ashburton Trust Event Centre attracts a wide variety of users and performances each year ¹⁹	135 community events	110 community events	125 community events	✓
	82 conferences/meetings	50 conferences/meetings	110 conferences/meetings	✓
	26 national touring shows	35 national touring shows	18 national touring shows ²⁰	✘

¹⁷ Ashburton Museum closed the doors to their building in Baring Square West on May 2, 2014. The Museum is currently being relocated to a new building on West Street.

¹⁸ Ashburton Art Gallery closed the doors to their building in Baring Square West on May 2, 2014. The Art Gallery is currently being relocated to a new building on West Street.

¹⁹ ATEC has been impacted by earthquake factors- particularly national touring shows. Following the Canterbury earthquakes ATEC hosted touring shows that would normally have been held in Christchurch. This performance target was set based on information at the time. ATEC has grown its conference and meeting business in recent years. ATEC produced events have increased to replace national touring shows.

²⁰ Facilities have opened in Christchurch to accommodate national touring shows. The National Academy of Singing and Dramatic Art (who previously had 4 national touring shows) and the Royal New Zealand Ballet (who previously had 7 national touring shows at ATEC) have now moved performances back to Christchurch.

	15 events produced by ATEC	10 events produced by ATEC	17 events produced by ATEC	✓
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3. Library resources are current and relevant for the community

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Number of free internet sessions used per year ²¹	53,586	40,000	50,321	✓
Number of books purchased per year	5,147 books	4,500 books	4,918 books	✓

4. The library service meets the needs of residents

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents use the district library service (Annual Survey of Residents)	71%	70%	61% ²²	✗
Number of items in the library system per resident	3.4 items	3.5 items	3.17 items	✗
Residents are satisfied with Council's library service (Annual Survey of Residents)	98%	90%	98%	✓

5. Sport and recreation facilities and services meet our community's needs

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
The Ashburton Community Pool is well patronised by residents and visitors	89,207 visits	85,000 visits	88,159 visits	✓
Percentage of residents that use or visit Council-provided sports fields and playgrounds each year (Annual Survey of Residents)	81%	85%	84%	✓
Residents are satisfied with Council-provided sports fields and playgrounds (Annual Survey of Residents)	96%	90%	98%	✓

6. A clean and safe swimming pool is available to the community

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
The Ashburton Community Pool complies with NZ Pool Water Standards	100% of monthly lab tests comply	100% of monthly lab tests comply	100% of monthly tests comply	✓

²¹ At the time the performance target was set this was a new service. Patronage has been higher than expected in the last three years. Target will be reviewed for the LTP 2015-25.

²² There has been an increase in the number of e-books available online. This may have contributed to the reduction in the number of residents visiting the Ashburton Public Library.

Recreation and Leisure

7. Sport and recreation service providers work together to support recreation in the district

Performance Measure	2012/13 Result	2013/14 Target	2012/13 Performance	
Council hosts meetings of the Active Ashburton working group	3 meetings	4 meetings	3 meetings on: 29 August 2013 5 November 2013 25 February 2014 ²³	x

²³ Active Ashburton meetings were discontinued by Council.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Operating revenue			
Targeted rates	29	29	30
Subsidies and grants	904	-	-
Other gains	347	-	-
Other revenue	152	2,658	707
Total revenue	1,432	2,687	737
Operating expenditure			
Library	1,105	1,064	1,026
Art, culture and heritage	1,006	1,050	937
Recreation facilities and services	1,559	1,285	792
Total expenditure	3,670	3,399	2,755
Net operating surplus/(deficit)	(2,238)	(712)	(2,018)
Funded by:			
General rates	3,288	3,280	2,963
Transfers (to)/from reserves	(1,050)	(2,568)	(945)
Total funding applied	2,238	712	2,018
Total expenditure includes:			
Depreciation	121	112	105
Internal operating expenditure	365	-	250

The budget showed \$2,500,000 against development and/or financial contributions. This amount is for the Ashburton Stadium Complex Trust fundraising and has been shifted to the other revenue budget of \$2,658,000.

Significant Variances

Total revenue was \$1,255,000 below budget

Council budgeted for \$2,500,000 of income from fundraising undertaken by the Ashburton Stadium Complex Trust. Sponsorship income of \$254,000 and Lotteries grant income of \$650,000 have been recognised in 2013/14.

Operating expenditure was \$271,000 above budget

Council agreed to pay \$400,000 towards the loan balance the Methven Heritage Association had with Heartland bank, and these facilities then vested with Council (see Community Facilities and Support). This expenditure was unbudgeted.

Interest expense incurred on loans uplifted for the construction of the EA Networks Centre was \$181,000 below budget as the project is running behind the original timeframe and the budgeted level of loan funding was not required as at 30 June 2014.

**Capital and Reserves Funding Statement
For the year ended 30 June 2014**

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Capital expenditure			
Library	122	121	104
Art, culture and heritage	320	450	-
Recreation facilities and services	13,686	16,400	1,771
Total capital expenditure	14,128	16,971	1,875
Loan repayments	28	64	-
Capital to be funded	14,156	17,035	1,875
Funded by:			
Depreciation funding	121	112	105
Loans raised	14,342	14,154	1,771
Transfers (to)/from reserves	(307)	2,769	(1)
Total funding applied	14,156	17,035	1,875
Split of capital expenditure:			
Capital - due to growth	-	2,446	333
Capital - increase in level of service	14,128	14,525	1,542
Capital - renewals	-	-	-
Total capital expenditure	14,128	16,971	1,875

Significant Variances

Capital expenditure was \$2,843,000 below budget

The construction of the new EA Networks Centre (stadium and pool complex) is running behind the original timetable. The expected expenditure on this project in 2013/14 was \$16,400,000 but only \$13,686,000 has been incurred. The project is expected to be completed in March 2015.

Arts, Culture and Heritage capital expenditure was \$130,000 below budget. This related to the costs of shelving and other fit out costs that Council agreed to meet. The remaining balance of \$130,000 was spent subsequent to balance date.

Community Facilities and Support

Community Outcomes				
A thriving and diverse local economy	An enjoyable place to live	A safe and healthy community	Sustainable natural and built environments	An involved community with quality leadership
Activities				
Elderly Persons Housing	Community Safety and Wellbeing	Community Grants and Events	Memorial Halls	
	Public Conveniences	Emergency Management		

What we do

Council provides a number of community facilities and support services, including:

- Elderly persons housing
- Grant funding for community organisations
- Public conveniences
- Civil defence and rural fire services

Council provides support to local social service providers through funding grants to community projects and organisations. These include:

- Safer Ashburton District
- Base youth café
- HYPE youth health centre
- Neighbourhood Support
- Ashburton Town Centre Ambassadors
- Community House Mid Canterbury
- Annual contestable grant schemes for community projects, school holiday programmes, heritage buildings and biodiversity protection

What we did in 2013/14

Council's role in ensuring our community has access to appropriate social services and promoting the social wellbeing of the district is primarily through providing funding and advocacy.

Council has provided a facilitation and advocacy role through the Ashburton District Social Wellbeing Forum and initiatives included in the Ashburton District Social Wellbeing Strategy. The Council has not hosted a Social Wellbeing Forum since the Canterbury earthquakes and is working with partner agencies to host a forum as soon as possible in the 2014/15 year.

Community Facilities and Support

Key Projects

Alford Forest fire shed

Council planned to build a new fire shed in Alford Forest for the rural fire unit in the 2013/14 year. Construction of the fire shed was delayed and is expected to be completed in November 2014.

Rural Fire communications equipment

Council has provided the newly established Alford Forest and Lauriston Volunteer Rural Fire Force with communications equipment. Approximately 6 pagers are still to be acquired for the Alford Forest Volunteer Rural Fire Force.

Social sector operational funding grants

Council provided funding to a number of agencies to assist them to provide a range of social services in the District. Grants made in the 2013/14 year were:

- Safer Ashburton District \$109,498
- Town Centre Ambassadors \$24,000
- Base Youth Café \$13,000
- HYPE Youth Health Centre \$7,000
- Neighbourhood Support \$15,000
- Community House Mid Canterbury \$30,000

Mid Canterbury Newcomers Network

Council has provided staff input and support for work undertaken by the Newcomers Network. Council also funded the printing of the Mid Canterbury Migrants and Newcomers Research Report.

“New to Ashburton District” brochure

Council published an updated version of the brochure detailing tips and contacts for new arrivals to the District. The brochure is available from the Council offices, i-Sites and the Newcomers Coordinator based at Safer Ashburton District

Council grants schemes

Council granted \$53,500 toward community projects, \$5,000 for school holiday programmes, \$2,700 in heritage grants and \$10,440 in the new biodiversity grant.

Multi-cultural Bite event

Council provided grant funding of \$5,000 towards the event and staff assistance and support for the planning and undertaking of the event.

Our Service - Performance Results

1. Rental accommodation is well maintained and meets the needs of residents

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Tenants are satisfied with the overall service provided by Council	96%	90%	95%	✓
Tenants are satisfied with the overall standard of accommodation provided by Council	97%	90%	95%	✓

2. Council provides an efficient and responsive service to elderly persons housing tenants

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Customer service requests are completed within 10 working days ²⁴	100%	100%	Not measured	Not measured

3. We work with organisations to contribute to the health, safety and social wellbeing of local residents

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with the level of Council's involvement in social services (Annual Survey of Residents)	89%	85%	89%	✓
Organisations come together regularly to promote social wellbeing ²⁵	No forums hosted	Council hosts one social wellbeing event	No forums hosted	✗
Residents are satisfied with Council's role in the provision of community events (Annual Survey of Residents)	88%	85%	88%	✓

4. Council and partner agencies work together to provide a coordinated response to emergencies

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Council participates in annual Canterbury CDEM group exercise	Council participated in one exercise	Council participates in one exercise	Council participated in one exercise. Exercise Pandora conducted on 4 June 2014.	✓

²⁴ Response times were not recorded consistently, resulting in only a partial data set being available. This has been addressed.

²⁵ Decision was made not to host due to post earthquake commitments of attending organisations. The forums have now resumed.

Community Facilities and Support

5. The community has access to information about local hazards and how to prepare for them

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Civil Defence and/or Rural Fire presentations are delivered to community groups and schools	6 presentations	5 presentations	7 presentations	✓

6. Rural fires are responded to promptly

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Registered volunteer fire force callouts are dispatched within 10 minutes of the alert time	95% 119 of 125 calls responded to within 10 minutes	90%	93.4% within 10 minutes	✓

7. Our civil defence and rural fire services meet the community's needs

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with the civil defence services provided by Council ²⁶ (Annual Survey of Residents)	95%	85%	96%	✓
Residents are satisfied with the rural fire services provided by Council ²⁷ (Annual Survey of Residents)	95%	85%	99%	✓

8. Council's provision of public conveniences meets community expectations

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with Council's public conveniences (Annual Survey of Residents)	86%	85%	83%	✗

9. Council's provides a responsive customer service²⁸

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Customer service requests are responded to within 10 working days ²⁹	22%	85%	100%	✓

²⁶ Survey results are consistent with previous years. The target will be reviewed for the 2015-25 LTP.

²⁷ Survey results are consistent with previous years. The target will be reviewed for the 2015-25 LTP.

²⁸ This measure relates to public conveniences customer service requests.

²⁹ Performance results in this area have improved from last year, as all issues with the service provider have been resolved. In the previous year, the service provider had been changed, which had resulted in difficulties with

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Operating revenue			
Targeted rates	394	394	397
Subsidies	64	90	112
Development and/or financial contributions	382	280	359
Vested assets	2,431	-	-
Other revenue	612	594	563
Total revenue	3,883	1,358	1,431
Operating expenditure			
Elderly person housing	411	475	486
Community safety and well-being	324	336	315
Community grants and events	131	97	131
Emergency management	563	491	576
Public conveniences	383	311	321
Halls	432	348	333
Total expenditure	2,244	2,058	2,162
Net operating surplus/(deficit)	1,639	(700)	(731)
Funded by:			
General rates	988	986	946
Transfers (to)/from reserves	(2,627)	(286)	(215)
Total funding applied	(1,639)	700	731
Total expenditure includes:			
Depreciation	286	304	299
Internal operating expenditure	53	300	40

Significant Variances

Total revenue was \$2,525,000 above budget

Development contributions collected when building consents are approved were up \$102,000 in line with the increased numbers of consents issues in 2014.

The Methven Heritage Associated vested in the Council stage 2 of the Methven Heritage / Mt Hutt Memorial Hall development at a value of \$2,431,000.

Operating expenditure was \$186,000 above budget

There were no significant variances.

communicating response times accurately.

Community Facilities and Support

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Capital expenditure			
Elderly person housing	12	17	33
Community safety and well-being	-	-	-
Community grants and events	-	-	-
Emergency management	4	95	8
Public conveniences	1	11	1
Halls	2,431	-	13
Total capital expenditure	2,448	123	55
Loan repayments	-	-	1
Capital to be funded	2,448	123	56
Funded by:			
Depreciation funding	286	304	299
Loans raised	-	-	-
Transfers (to)/from reserves	2,162	(181)	(243)
Total funding applied	2,448	123	56
 Split of capital expenditure:			
Capital - due to growth	-	-	-
Capital - increase in level of service	2,436	100	12
Capital - renewals	12	23	43
Total capital expenditure	2,448	123	55

Significant Variances

Capital expenditure was \$2,325,000 above budget

The Methven Heritage Association vested in the Council stage 2 of the Methven Heritage / Mt Hutt Memorial Hall development at a value of \$2,431,000.

Economic Development

Community Outcomes			
A thriving and diverse local economy	An enjoyable place to live	Sustainable natural and built environments	
Activities			
Business and Economic Development	District Promotion	District Water Management	Commercial Property
	Forestry	Stockwater	

What we do

Council supports the economic development of the district by funding Council agencies and encouraging sustainable use of our natural resources.

Grow Mid Canterbury works with local businesses on employment and business initiatives. Experience Mid Canterbury promotes our district to New Zealand and the world as a visitor destination.

Council provides a stockwater network to service rural properties. The network has enabled agricultural development in the district and continues to be an important means of promoting agricultural production in the district.

Management of our precious water resources is a key economic issue for Ashburton District, and Council is actively involved in initiatives that link with the Canterbury Water Management Strategy and Ashburton Zone Committee Implementation Plan. Council also supports the protection and restoration of biodiversity in the district, by providing funding for projects and work programmes.

Contributing to economic development helps Council to improve the overall quality of life and wellbeing of our community, now and for the future.

What we did in 2013/14

Key Projects

Rethinking our stockwater services

There has been changes in recent years to how Council's stockwater service is used. With many farms moving to in-ground water for their irrigation and stockwater requirements, there has been significant stockwater race closures.

Council has engaged consultants to prepare a detailed report on options for the future provision of stockwater services and an ecological assessment of the race network has been prepared. These projects follow on from a stockwater customer survey completed in May 2013.

Economic Development

Biodiversity grants

Council established a contestable grant scheme in 2013 to support community projects and initiatives that protect or restore local native biodiversity. Six applications were received in the 2013/14 year with four projects being granted funding for work involving weed control and native plant restoration.

Experience Mid Canterbury – establishment of council controlled organisation (CCO)

Council has formed a CCO for the governance of Experience Mid Canterbury. A liaison group has been established to ensure Council and the Board of Experience Mid Canterbury work effectively together.

Earthquake strengthening of civic administration building

Council budgeted \$1.45 million in 2013/14 for earthquake strengthening work to be undertaken on the Council administration building. This work has been deferred while a comprehensive space assessment is carried out to more clearly identify options for the future use of the building.

Our Service - Performance Results

1. Quality business support and advice is available to local businesses

Performance Measure	2012/2013 Result	2013/14 Target	2013/14 Performance	
Grow Mid Canterbury clients consider the agency delivers a quality service to the district ³⁰	95%	85%	83%	✘
Grow Mid Canterbury clients consider the service has added value to their business ³¹	82%	85%	66%	✘

2. Local tourism operators are supported to grow successful businesses

Performance Measure	2012/2013 Result	2013/14 Target	2013/14 Performance	
Experience Mid Canterbury clients consider the service has added value to their business ³²	68%	80%	52%	✘

³⁰ Note that a low response rate to this survey means the results may not be reliable. This measure will not be used in the LTP 2015-25.

³¹ Note that a low response rate to this survey means the results may not be reliable. This measure will not be used in the LTP 2015-25.

³² Note that a low response rate to this survey means the results may not be reliable. This measure will not be used in the LTP 2015-25.

3. The district is well-promoted as a great year-round destination

Performance Measure	2012/2013 Result	2013/14 Target	2013/14 Performance	
Ashburton District's visitor industry performs better than regional and national averages ³³	Not achieved	Guest nights stayed in Ashburton District increase at a faster rate than the Canterbury region and New Zealand overall	Not achieved Ashburton District: 0.7% Canterbury: 5.6% New Zealand: 5.4%	✘
Residents are satisfied with Council's tourism promotion activities (Annual Survey of Residents)	90%	90%	90%	✓

4. To progress the objectives of the Canterbury Water Management Strategy

Performance Measure	2012/2013 Result	2013/14 Target	2013/14 Performance	
Progress on implementing the actions of the Ashburton Water Management Zone Implementation Programme	Three reports	Two reports	Three reports	✓

5. Stockwater supplied from the Council network is free of pollution

Performance Measure	2012/2013 Result	2013/14 Target	2013/14 Performance	
Average response times to reports of pollution in races ³⁴	46 minutes	1 hour or less	Not measured	Not measured

6. Stockwater service is adequate for customers' needs

Performance Measure	2012/2013 Result	2013/14 Target	2013/14 Performance	
Percentage of customers that are satisfied with the quality of the stockwater service (Annual Survey of Residents)	70%	70%	57% ³⁵	✘
Main races are inspected at least once per year	83%	100% of main races	100%	✓

³³ The post-earthquake visitor sector has been volatile in Canterbury. This performance measure will not be used in the 2015-25 LTP.

³⁴ Response times were not recorded consistently, resulting in only a partial data set being available.

³⁵ A small sample size to this question means the results may not be reliable.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Operating revenue			
Targeted rates	1,181	1,192	1,163
Other gains	4,158	1,451	2,597
Other revenue	9,054	6,686	3,725
Total revenue	14,393	9,329	7,485
Operating expenditure			
Business and economic development	270	288	310
District promotion	387	490	439
District water management	233	276	210
Commercial property	3,331	3,429	4,023
Forestry	3,293	568	1,078
Stockwater	1,298	1,071	1,235
Total expenditure	8,812	6,122	7,295
Net operating surplus/(deficit)	5,581	3,207	190
Funded by:			
Transfer to general rate reserve	(576)	(579)	(486)
Transfers (to)/from reserves	(5,005)	(2,628)	296
Total funding applied	(5,581)	(3,207)	(190)
 Total expenditure includes:			
Depreciation	161	262	138
Internal operating expenditure	603	541	536

Significant Variances

Total revenue was \$5,064,000 above budget

Other gains are \$2,707,000 above budget

The gain on revaluation of Investment Property was budgeted at \$1,269,000 but the actual revaluation gain was \$3,434,000. Unbudgeted gains on sale of Glasgow leases and commercial property was \$723,000.

Other revenue was \$2,368,000 above budget

Council budgeted to sell \$3.85 million of subdivision land relating to Ashburton Business Estate, Geoff Geering Drive and Lake Hood. Actual sales were \$4.41 million. Forestry sales were budgeted at \$565,655 but actual sales were \$1,882,917. This was the result of harvesting wind damaged trees from the unforeseen September 2013 storm. Rental income and interest revenue were also over budget \$185,000 and \$285,000 respectively due to a number of rental reviews leading to higher rentals and sales of property exceeded budget and therefore these proceeds earned additional interest.

Operating expenditure was \$2,690,000 above budget

Commercial property was \$98,000 below budget

Due to delays in completing capital works interest costs were \$229,000 below budget. There were other offsetting variance including legal expenses up \$29,000, valuation fees up \$21,000 and consultancy up \$30,000 which offset the interest cost variance.

Forestry expenditure was \$2,725,000 above budget

The forestry revaluation resulted in a write down of \$2,392,000 in the value of Council's forestry as at 30 June 2014. The budget showed an expected increase in value of \$182,000 above budget as a result of increased harvesting of windblown timber.

Unbudgeted expenditure of \$124,000 was incurred in harvesting windblown timber after the September 2013 wind event.

Stockwater expenditure was \$227,000 above budget

The revaluation of stockwater assets as at 30 June 2014 resulted in a write down in value of \$208,000 which was unbudgeted.

Economic Development

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Capital expenditure			
Commercial property	6,218	5,649	4,089
Stockwater	111	28	54
Total capital expenditure	6,329	5,677	4,143
Loan repayments	1,009	1,927	18
Capital to be funded	7,338	7,604	4,161
Funded by:			
Depreciation funding	161	262	138
Loans raised	3,630	4,690	2,955
Transfers (to)/from reserves	3,547	2,652	1,068
Total funding applied	7,338	7,604	4,161
Split of capital expenditure:			
Capital - due to growth	-	-	-
Capital - increase in level of service	6,320	5,649	4,124
Capital - renewals	9	28	19
Total capital expenditure	6,329	5,677	4,143

Significant Variances

Commercial property capital expenditure was \$652,000 above budget

The over expenditure was due to timing and increased costs associated with the building of the Ashburton Art Gallery and Museum. Because of this delay loan repayments were not required in the 2013/14 year.

Stockwater capital expenditure exceeded budget by \$83,000 and this was a result of undertaking capital works that had been budgeted in previous years.

Parks and Open Spaces

Community Outcomes			
An enjoyable place to live	A thriving and diverse local economy	A safe and healthy community	Sustainable natural and built environments
Activities			
Parks and Recreation	Cemeteries	Reserves and Campgrounds	Reserve Boards

What we do

Council provides the community with access to and use of a number of parks, reserves and open spaces throughout the district, including:

- The Ashburton Domain
- Sports fields
- Children's playgrounds
- Rural reserves
- Small urban parks
- Gardens on roads and in roundabouts

These spaces provide a place for our community to meet be active and enjoy our environment. Having parks and open spaces available in our district is important for our community's wellbeing and makes our environment an attractive and welcoming place for residents and visitors.

What we did in 2013/14

Key Projects

Rakaia playground equipment

New playground equipment has been purchased for the Salmon site in Rakaia. Informal consultation with representatives from Plunket and Rakaia Residents Association was conducted. The equipment consists of a Mouse House, Rocking Horse, Orbit Spinner, Lilly Pad Swing, Wave Rider Seesaw and a pre-school timber play truck structure with a double slide. The installation of the playground equipment is expected to be completed in October.

Domain sports grounds irrigation stage 4

Council has completed the installation of irrigation on sports grounds in the Ashburton Domain with an automatic pop-up system. This completes a four year upgrade of the sportsfields in the Domain.

Alford Forest fire shed

Council was scheduled to build a new fire shed in Alford Forest for the rural fire unit. The fire shed was delayed and is expected to be completed in November 2014.

Our Service - Performance Results

1. Ashburton Domain gardens, playgrounds and sports fields are well maintained

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with the facilities provided at the Ashburton Domain (Annual Survey of Residents)	98%	90%	99%	✓

2. Quality public flowerbeds and displays are provided for the enjoyment of our residents and visitors

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with the district's public flowerbeds and displays ³⁶ (Annual Survey of Residents)	99%	85%	99%	✓

3. Our community participates in caring for and engaging with the district's environment

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Volunteer hours worked per year ³⁷	1,413 hours	1,000 hours	Not measured	Not measured

4. Maintain the quality of the district's sports grounds and playgrounds

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with Council provided sports grounds and playgrounds ³⁸ (Annual Survey of Residents)	96%	85%	98%	✓
Playground equipment meets Council safety standards	65%	All equipment inspected fortnightly	100% ³⁹	✓

³⁶ The survey results are significantly higher than the target. The target will be revised in the 2015-25 LTP.

³⁷ Data set relies on volunteers recording hours and providing these to Council. A complete data set is unavailable.

³⁸ The survey results are significantly higher than the target. The target will be revised in the 2015-25 LTP.

³⁹ Playground equipment has been more consistently inspected this year, due to a more rigorous inspection process.

5. Provide for the current and future burial and remembrance needs of our communities

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
The annual cemetery capital works programme is completed	Achieved	100% completed by 30 June 2014	Not Completed ⁴⁰	✘
Residents are satisfied with the district's cemeteries (Annual Survey of Residents)	98%	90%	97%	✓

6. Cemetery operations are carried out in a timely and accurate manner

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Requests for service are completed within 10 days	None received	100%	100%	✓

7. Facilities are provided that meet the needs of the community

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Residents are satisfied with the standard of camping areas in the district (Annual Survey of Residents)	94%	90%	98%	✓
Service requests are completed within 10 working days ⁴¹	100%	100%	Not measured	Not measured

Variation from planned work programme 2013/14**Baring Square East improvements**

Council budgeted to undertake improvement works in Baring Square East in the 2013/14 year. The works planned were improve lighting, remove concrete colonnades, replace furniture, remove some plants and replace some paved areas with green space. This work has not been done and has been reprogrammed for the 2014/15 year.

⁴⁰ The annual cemetery capital works programme was not completed this year, as the proposed new beam at the Rakaia Cemetery was not done due to a pending closure of a Stockwater race to make room for the beam.

⁴¹ Response times were not recorded consistently, resulting in only a partial data set being available.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Operating revenue			
Targeted rates	876	876	870
Subsidies	23	-	47
Development and/or financial contributions	258	156	134
Vested assets	1,103	-	716
Other revenue	1,133	964	984
Total revenue	3,393	1,996	2,751
Operating expenditure			
Parks and recreation	2,278	1,938	2,180
Cemeteries	334	315	287
Reserves and camp grounds	732	589	617
Reserve boards	469	336	379
Total expenditure	3,813	3,178	3,463
Net operating surplus/(deficit)	(420)	(1,182)	(712)
Funded by:			
General rates	1,338	1,334	1,375
Transfers (to)/from reserves	(918)	(152)	(663)
Total funding applied	420	1,182	712
Total expenditure includes:			
Depreciation	415	374	364
Internal operating expenditure	65	69	67

Significant Variances

Total revenue was \$1,397,000 above budget

Reserve contributions were \$102,000 above budget due to increased subdivision applications during the year.

Vested Asset income was \$1,103,000 above budget

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting is shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had not budgeted for reserve assets vesting in 2013/14.

Other revenue was \$169,000 greater than budget

Tinwald Reserve camping fees continue to exceed budget estimates with actual revenue \$93,000 reserve campground being \$83,000 over budget. Cemetery interment fees were \$58,000 above the budget of \$130,000.

Operating expenditure was \$635,000 above budget

Parks and Recreation expenditure exceeded budget by \$340,000

The costs of maintaining Council's parks and domains exceeded budget by \$200,000. The remaining variance is made up of a number of minor variances.

Reserve and camping grounds expenditure was \$143,000 above budget

This included \$64,000 unplanned expenditure incurred in removing green waste from the EA Networks Centre site. Consultancy costs were \$47,000 above budget, of which \$36,000 related to environmental issues associated with Curries Pit.

Reserve Boards expenditure was \$133,000 above budget

Mt Somers reserve board undertook forestry harvesting work during the year and incurred \$53,000 of unbudgeted expenditure. Total reserve board's maintenance exceeded budget by \$23,000 and salary and wages exceeded budget by \$23,000. This additional spending is met by each reserve board's own funds.

Parks and Open Spaces

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Capital expenditure			
Parks and recreation	470	404	363
Cemeteries	19	28	28
Reserves and camp grounds	1,284	135	922
Reserve boards	187	100	189
Total capital expenditure	1,960	667	1,502
Loan repayments	39	39	37
Capital to be funded	1,999	706	1,539
Funded by:			
Depreciation funding	433	374	367
Loans raised	-	-	-
Transfers (to)/from reserves	1,566	332	1,172
Total funding applied	1,999	706	1,539
Split of capital expenditure:			
Capital - due to growth	1,103	285	716
Capital - increase in level of service	807	235	690
Capital - renewals	50	147	96
Total capital expenditure	1,960	667	1,502

Significant Variances

Capital expenditure was \$1,293,000 above budget

Parks and recreation capital expenditure was \$66,000 above budget

Vested assets of \$223,000 from subdivision activity were received which were not budgeted.

Parks capital expenditure and cyclic renewal expenditure was \$157,000 below budget as a number of capital projects were not completed during the year.

Reserves and camping ground capital expenditure was \$1,149,000 above budget

As a result of increased subdivision activity, Council received unbudgeted vested assets of \$880,000. In addition Council purchased land costing \$282,000 to set aside as reserve land in a subdivision.

Reserve Board Capital expenditure was \$87,000 above budget

Tinwald reserve camping ground redevelopment was 70,000 over budget. This work included road and sewer extension and the upgrade of the Tinwald swimming pool.

Democracy and Governance

Community Outcome		
An involved community with quality leadership		
Activities		
Council	Methven Community Board	Youth Council

What we do

Council’s democracy activity is concerned with the decision-making of our elected representatives. Activities in this area include:

- Consulting with the community
- Council meetings
- Strategic planning and reporting
- Developing and implementing policies
- Managing elections
- The Ashburton District Youth Council

Council encourages our community to participate and share their views, in order to best represent the interests of Ashburton District in Council decisions and actions.

What we did in 2013/14

Triennial local elections were held in October 2013. Following elections committee appointments are made and a series of workshops held to introduce new councillors to their role and to ensure returning councillors remain familiar with the changing local government environment.

Council received Tri-annual Performance Reports every months detailing progress made on planned work programmes, financial compliance with adopted budgets and (where applicable) interim results for performance measures included in the Annual Plan 2013/14.

Council made submissions to other organisations during the year, including those specifically to the Local Government Act 2002 Amendment Bill (No. 3), Environment Canterbury Draft Annual Plan 2014/15 and the review of Burial and Cremation Law.

The Ashburton Youth Council continued to successfully promote youth engagement. Projects this year included the “Let’s Be Honest” Youth Forum, holding a “Polar Plunge” at Lake Hood during Youth Week, attending leadership and cultural diversity workshops and representing youth on the Youth Health Centre board.

Key Projects

Annual Plan and Annual Report

Council adopted its Annual Report for the 2012/13 year on 30 October 2013. Once again we received a clear auditor's opinion on our Report. The Annual Report 2013 saw Council end the year with total consolidated equity of \$626 million.

Council adopted its Annual Plan 2014/15 on 26 June 2014. Community consultation on the draft Annual Plan saw 74 submissions made with 21 submitters presenting their feedback to Council in person.

The Annual Plan and Annual Report are available on the Council website www.ashburtondc.govt.nz

Policy review

Council developed a Local Alcohol Policy and a Local Approved Products (legal Highs) Policy. Both policy development processes included extensive community involvement and consultation.

The review of Council's general policies continued, with a number of policies amended, added or replaced through the year.

New Council website

Council launched its new website in September 2013. The new site is a significant improvement on the former site and as part of the process to migrate content to the new site all information was reviewed and updated.

New online services were also introduced during the year, including dog re-registration which have proved extremely popular with residents. Residents can access the Council website at www.ashburtondc.govt.nz

Annual resident survey

Council surveys residents each year to get feedback from our community on their satisfaction with the policy direction of Council and our performance across the range of services we provide. Survey results can be found on the Council website www.ashburtondc.govt.nz

Our Service - Performance Results

1. Council communicates openly and effectively with the community

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the quality of information provided by Council (Annual Survey of Residents)	78%	85%	86%	✓
Residents are satisfied with the level of information provided by Council (Annual Survey of Residents)	65%	82%	78%	✗

2. Council provides opportunities for community involvement in decision making processes

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the community consultation undertaken by Council (Annual Survey of Residents)	52%	72%	53%	✗
Council representatives meet annually with Te Runanga o Arowhenua	0 meetings	1 meeting	1 Meeting ⁴²	✓

3. Effective governance, advocacy and decision making by elected members

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the performance of the Mayor and Councillors (Annual Survey of Residents)	44%	72%	43%	✗
Residents are satisfied with the advocacy role provided by Council (Annual Survey of Residents)	66%	85%	68%	✗

⁴² This meeting was held on 12 September 2013.

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Operating revenue			
Targeted rates	67	67	64
Other revenue	112	90	24
Total revenue	179	157	88
Operating expenditure			
Council	1,694	1,717	1,721
Methven community board	57	68	66
Youth council	16	19	18
Total expenditure	1,767	1,804	1,805
Net operating surplus/(deficit)	(1,588)	(1,647)	(1,717)
Funded by:			
General rates	1,651	1,647	1,542
Transfers (to)/from reserves	(63)	-	175
Total funding applied	1,588	1,647	1,717
Total expenditure includes:			
Depreciation	-	-	-
Internal operating expenditure	-	-	-

Significant Variances

Total revenue was \$22,000 above budget

There were no significant variances.

Operating expenditure was \$37,000 below budget

There were no significant variances.

Capital and Reserves Funding Statement
For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Capital expenditure			
Democracy	-	-	-
Total capital expenditure	-	-	-
Loan repayments	-	-	-
Capital to be funded	-	-	-
Funded by:			
Depreciation funding	-	-	-
Loans raised	-	-	-
Transfers (to)/from reserves	-	-	-
Total funding applied	-	-	-
Split of capital expenditure:			
Capital - due to growth	-	-	-
Capital - increase in level of service	-	-	-
Capital - renewals	-	-	-
Total capital expenditure	-	-	-

Regulatory Services

Community Outcomes					
A thriving and diverse local economy	An enjoyable place to live	A safe and healthy community	Sustainable natural and built environments	An involved community with quality leadership	
Activities					
District Planning	Environmental Health	Liquor Licensing	Animal Control	Building Regulation	Land Information

What we do

Council is responsible for a number of planning and regulatory functions for the district, including:

- District planning
- Monitoring premises for safe food practices
- Checking water quality
- Licensing the sale of alcohol
- Requiring the control of animals
- Regulating for safe buildings
- Enforcing parking regulations and bylaws
- Providing accurate land information

These functions aim to keep the community safe and healthy by minimising hazards, and promoting responsible behaviour.

Council also protects our environment and promotes sustainable development of land.

What we did in 2013/14

Key Projects

Local Alcohol Policy

The Sale and Supply of Alcohol Act enables councils to prepare a Local Alcohol Policy (LAP) to guide alcohol licensing decisions at a local level.

In December 2012 Council decided to develop a LAP and a cross-sectorial working group was established to develop a draft policy. Council adopted a draft LAP in October 2013 and undertook a special consultative procedure to get community feedback. Council received 207 submissions which were all considered with changes subsequently made to the policy.

Council has approved a provisional LAP in principle and is waiting for legal appeals to other policies to be decided before adopting its policy. This will provide Council and potential appellants with information that should minimise the extent of any legal challenges to the policy. It is expected a provisional policy will be adopted in late 2014.

District Licensing Committee – establishment and operation

Council has formed a joint District Licensing Committee (DLC) with Selwyn District Council. The DLC considers all applications for licenses to sell or supply alcohol in the district. This committee was put in place before the statutory deadline of December 2013.

Our Service - Performance Results

1. We provide an efficient and responsive consent processing service

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Resource consents are issued within required timeframes	90%	100%	98.2%	✘
Subdivision plan approval (RMA Section 223) certificates are issued within 5 working days ⁴³	62%	100%	90%	✘
Subdivision consent compliance (RMA Section 224) certificates are issued within 15 working days ⁴⁴	61%	100%	69%	✘

2. We provide quality and timely district planning, processes, advice and information

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Complaints regarding resource consents are responded to within 10 working days ⁴⁵	100%	100%	100%	✓
Residents are satisfied with the standard of Council's district planning activities (Annual Survey of Residents)	71%	85%	77%	✘

3. Food service and premises are safe and healthy for the community

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Registered food premises are inspected each year	85%	100%	100%	✓

⁴³ This performance measure has changed from the version published on page 212 of the Long Term Plan 2012-22 Volume 1. The target time was mistakenly printed in the Long Term Plan as 15 working days.

⁴⁴ The issuing of 224 certificates is often dependent on applicants complying with network operator standards with respect to infrastructure provision in subdivisions. The Council is one operator but also includes EA Networks, Telecom and others.

⁴⁵ This performance measure has changed from the version published on page 213 in the Long Term Plan 2012-22 Volume 1. The original wording was "Enquiries and complaints regarding resource consents are responded to within 10 working days."

Regulatory Services

4. We respond efficiently to nuisance and noise complaints

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Noise complaints are responded to within 2 hours	100%	100%	100%	✓

5. Licensees are well informed of local and legislative requirements regarding the sale of alcohol

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Council's licensee newsletter is distributed to licensees	4 newsletters distributed	4 newsletters distributed	4 newsletters distributed	✓

6. We maintain an accurate district record of dogs and their owners

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Known dogs are registered or otherwise accounted for	97.2%	98%	98%	✓

7. We provide an efficient and responsive animal control service

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Required response times for animal control incidents are met:				
<ul style="list-style-type: none"> Urgent incidents are responded to within one hour 	Not measured	95%	100%	✓
<ul style="list-style-type: none"> Non-urgent complaints are responded to within two hours 	Not measured	95%	Not measured ⁴⁶	-
<ul style="list-style-type: none"> Routine complaints are responded to within three days 	Not measured	95%	Not measured ⁴⁷	-
Residents are satisfied with Council's animal control services (Annual Survey of Residents)	84%	85%	84%	✘

8. We provide quality building regulation services

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Council maintains its Building Consent Authority accreditation	Achieved	Accreditation maintained	Achieved	✓

⁴⁶ Council and its animal control contractor have been unable to develop an accurate and cost-effective method of capturing information for these performance measures.

⁴⁷ See above.

Buildings with compliance schedules are audited each year	13%	10%	10%	✓
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9. We provide accurate information and advice to the community

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Public information sheets are reviewed annually	100%	100%	100%	✓

10. We provide an efficient and responsive building service

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Building consents are processed and decision made within 20 working days	89%	100%	97%	✘
Project information memoranda (PIMs) are issued within 20 working days	91%	100%	100%	✓
Complaints are responded to within 48 hours	100%	100%	100%	✓

11. We provide a prompt and efficient land memoranda service

Performance Measure	2012/13 Result	2013/14 Target	2013/14 Performance	
Land information memoranda are processed within 10 working days	100%	100%	100%	✓
Average processing time of land information memoranda	5.5 days (average)	No more than 10 days in any one month	4.5 days (yearly average) 3.49 days in July 2.75 days in August 4.78 days in September 4.58 days in October 5.21 days in November 4.01 days in December 2.07 days in January 4.5 days in February 6.71 days in March 5.88 days in April 5.96 days in May 4.5 days in June	✓
Residents are satisfied with land information services provided by Council (Annual Survey of Residents)	84%	85%	84%	✘

Financial Summary

Operating Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Operating revenue			
Other revenue	3,920	3,782	3,625
Total revenue	3,920	3,782	3,625
Operating expenditure			
Environmental health	435	430	410
Liquor licensing	153	175	142
Animal control	322	380	306
Building regulation	2,016	1,952	1,865
Water monitoring	266	251	261
Parking	289	368	276
District planning	962	1,161	1,077
Land information	79	97	88
Total expenditure	4,522	4,814	4,425
Net operating surplus/(deficit)	(602)	(1,032)	(800)
Funded by:			
General rates	1,366	1,362	1,133
Transfers (to)/from reserves	(764)	(330)	(333)
Total funding applied	602	1,032	800
Total expenditure includes:			
Depreciation	14	6	8
Internal operating expenditure	133	125	126

Significant Variances

Total revenue was \$138,000 above budget

This variance was a result of increased building activity resulting in building consent income of \$1,606,000 which was \$144,000 over budget.

Operating expenditure was \$292,000 below budget

The 2014 budget included a provision of \$231,000 for possible appeals in finalising the revised District Plan. Only \$83,000 was actually incurred.

The 2014 budget included a provision of \$93,000 to provide external assistance in the building consent area, but only \$27,000 was incurred.

Parking expenditure was \$79,000 below budget which included maintenance costs being \$36,000 below budget.

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Capital expenditure			
Animal control	210	-	33
Parking	88	-	24
Total capital expenditure	298	-	57
Loan repayments	225	225	28
Capital to be funded	523	225	85
Funded by:			
Depreciation funding	14	6	8
Loans raised	83	231	176
Transfers (to)/from reserves	426	(12)	(99)
Total funding applied	523	225	85
Split of capital expenditure:			
Capital - due to growth	-	-	-
Capital - increase in level of service	298	-	57
Capital - renewals	-	-	-
Total capital expenditure	298	-	57

Significant Variances

Capital expenditure was \$298,000 above budget

Council approved the construction of a new dog pond, which was not included in the budget. Capital expenditure of \$210,000 had been incurred to 30 June 2014.

Parking meters costing \$88,000 were purchased during 2013/14. These had been budgeted at \$80,000 in the 2012/13 year.

Miscellaneous Services

Financial Summary

Operating Statement

For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Operating revenue			
Other gains	459	-	433
Other revenue	2,041	2,016	2,583
Total revenue	2,500	2,016	3,016
Operating expenditure			
Non-allocated expenses	668	416	694
Total expenditure	668	416	694
Net operating surplus/(deficit)	1,832	1,600	2,322
Funded by:			
General rates	(1,105)	(1,106)	(1,475)
Transfers (to)/from reserves	(727)	(494)	(847)
Total funding applied	(1,832)	(1,600)	(2,322)
Total expenditure includes:			
Depreciation	-	-	-
Internal operating expenditure	25	-	-

Significant Variances

Total revenue was \$484,000 above budget

This was largely a result of the revaluation of Council's interest rate swaps which resulted in a gain of \$373,000 as at 30 June 2014, and parks department external revenue of \$86,000 which had been shown as a net profit figure in the budget.

Operating expenditure was \$252,000 above budget

The only significant variance was expenditure of \$74,000 incurred by the parks department in undertaking external work.

Capital and Reserves Funding Statement For the year ended 30 June 2014

	Actual 2014 (\$000)	Budget 2014 (\$000)	Actual 2013 (\$000)
Capital expenditure			
Miscellaneous	954	1,254	881
Total capital expenditure	954	1,254	881
Loan repayments	-	30	-
Advances	380	-	-
Capital to be funded	1,334	1,284	881
Funded by:			
Depreciation funding	-	-	-
Loans raised	-	-	-
Transfers (to)/from reserves	1,334	1,284	881
Total funding applied	1,334	1,284	881
Split of capital expenditure:			
Capital - due to growth	-	250	-
Capital - increase in level of service	914	544	784
Capital - renewals	40	460	97
Total capital expenditure	954	1,254	881

Significant Variances

Total capital expenditure was \$300,000 below budget

Information Systems capital expenditure was \$293,000 below budget due to delays in implementing the new Electronic Documents Records management system. This has been carried over to the 2014/15 year.

Financial Statements

Annual Report Disclosure Statement

Statement of Accounting Policies

Statement of Comprehensive Revenue and Expense

Statement of Changes in Net Assets/Equity

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Funding Impact Statements

Annual Report Disclosure Statement

Statement Purpose

The purpose of this statement is to disclose the Council’s financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

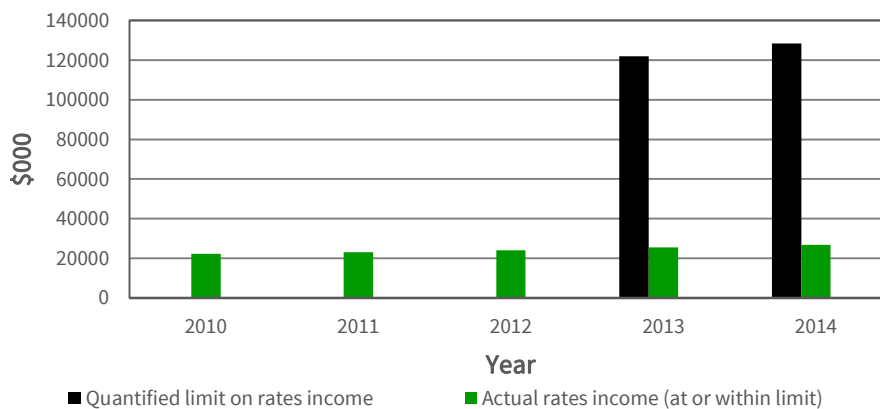
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

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

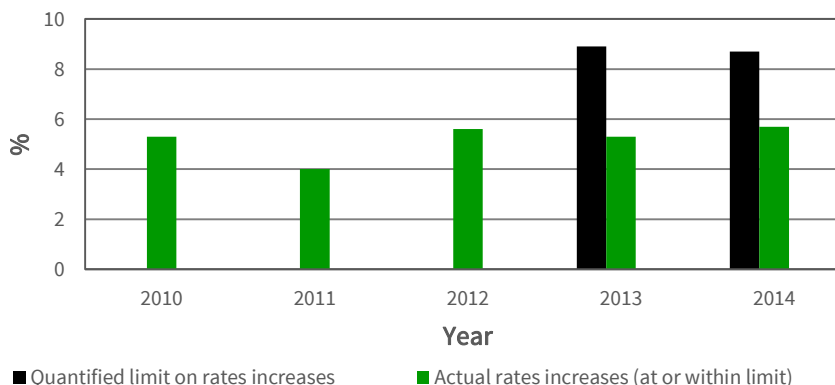
Rates (Income) Affordability

The following graph compares the Council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the Council’s long-term plan. The quantified limit is actual rates income (excluding GST) will not be greater than 1% of the total capital value of the district.



Rates (Increase) Affordability

The following graph compares the Council’s actual rates increase with a quantified limit on rates included in the financial strategy included in the Council’s long-term plan. The quantified limit is no greater than 5% plus LGPI.



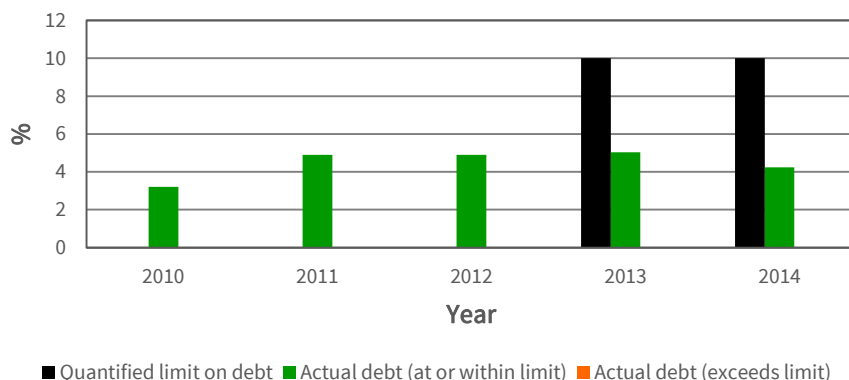
Debt Affordability Benchmark

Annual Report Disclosure Statement

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

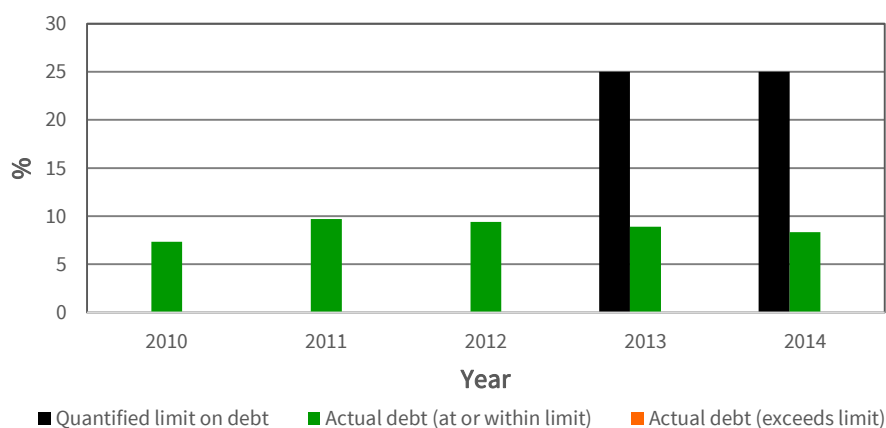
Net Interest as a Percentage of Income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is interest payments to service external debt are less than 10% of the total revenue for the year.



Net Interest as a Percentage of Rates Income

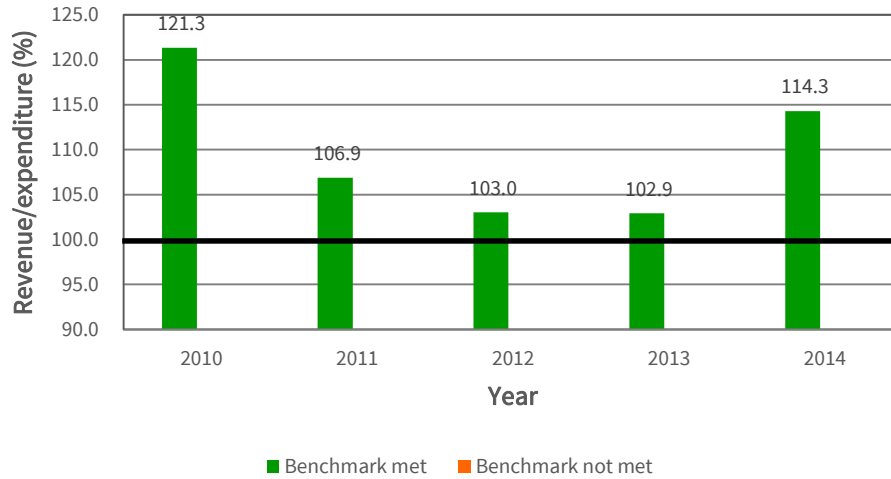
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is interest payments to service external debt are less than 25% of the total rates income for the year.



Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, gains on derivative financial instruments, revaluation of property, plant or equipment and vested assets) as a proportion of operating expenditure (excluding losses on derivative financial instruments and revaluation of property, plant or equipment).

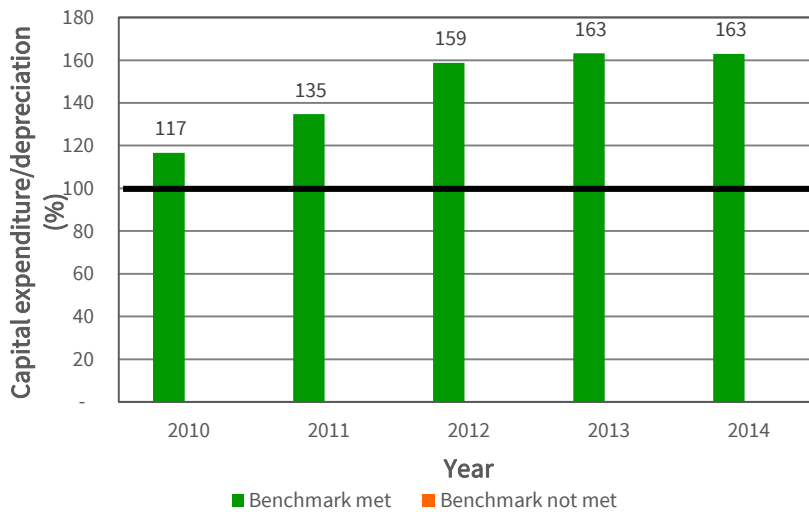
The Council meets this benchmark if its revenue equals or is greater than its operating expenditure.



Essential Services Benchmark

The following graphs display the Council’s capital expenditure on infrastructure as a proportion of depreciation on infrastructure.

The Council meets this benchmark if its capital expenditure on infrastructure equals or is greater than the depreciation

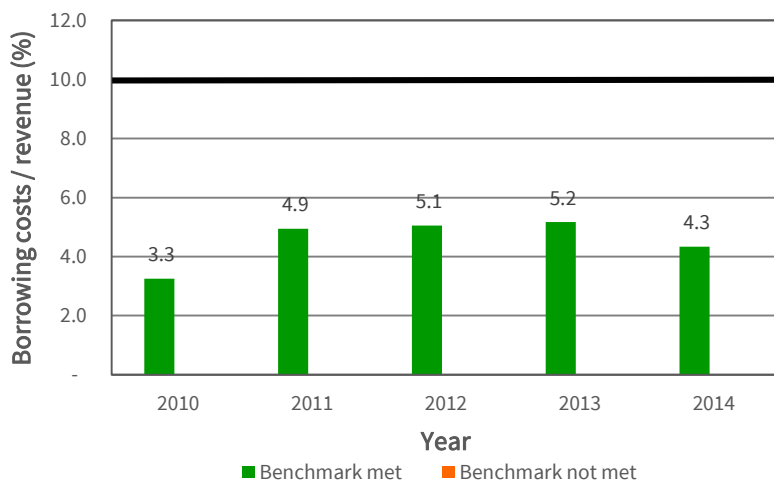


Debt Servicing Benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant or equipment).

Because Statistics New Zealand projects the Council’s population will not grow as fast as the national population growth rate, it means the debt servicing benchmark is met if the Council’s borrowing costs for the year are less than or equal to 10% of its revenue.

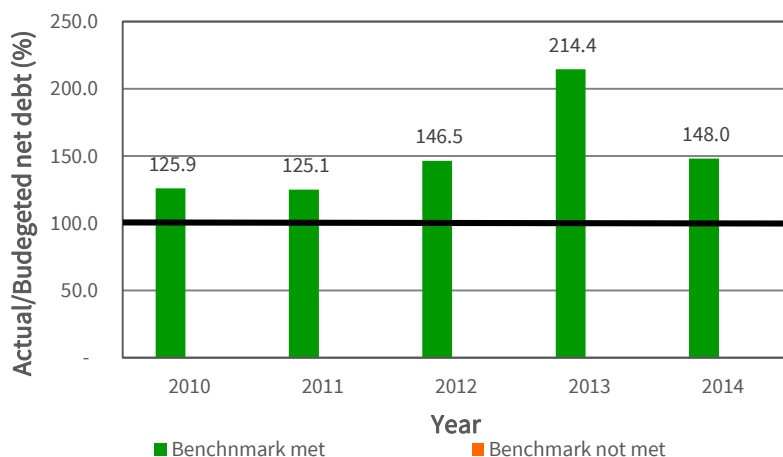
Annual Report Disclosure Statement



Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

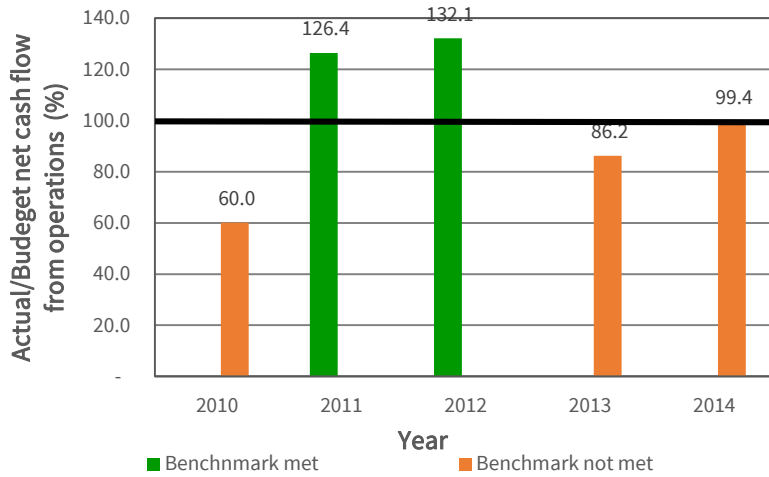
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations Control Benchmark

The graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flows from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Rating Base Information

The number of rating units within the district at the end of the preceding financial year: 15,261

The total capital value of rating units within the district at the end of the preceding financial year: \$12,860,979,100

The total land value of rating units at the end of the preceding financial year: \$8,710,787,050

Insurance of Assets

The total value of all assets that are covered by insurance contracts: \$211.6 million

The maximum amount to which assets are insured: \$249.1 million

The maximum amount to which assets are covered by financial risk sharing arrangements: \$114 million

The total value of the Council’s self-insurance fund: \$2.5 million

The total value of all assets covered by insurance contracts is \$211.6 million. \$183.3 million of these assets are infrastructure assets which are covered to \$114 million through financial risk sharing arrangements.

The Council's underground infrastructure insurance policy provides cover up to a maximum of \$190 million, with 40% or \$76 million provided by the policy and \$114 million provided by Central Government under the Central Government Disaster Recovery Plan.

Council also has one self-insurance fund as follows:

- Disaster insurance reserve as at 30 June 2014 \$2.5 million.

Statement of Accounting Policies

Reporting Entity

The Ashburton District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and qualifies as a public benefit entity (PBE) under the New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS).

The group consists of the Ashburton District Council and its wholly owned subsidiary Ashburton Contracting Limited (Council controlled trading organisation) and Experience Mid Canterbury (Council controlled organisation) and its in-substance subsidiaries the Ashburton Community Water Trust and the Ashburton Stadium Complex Trust. Its 20% equity share of its associate Rangitata Diversion Race Management Limited is equity accounted.

All Ashburton District Council subsidiaries and the Rangitata Diversion Race Management Limited are incorporated and domiciled in New Zealand.

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

Basis of Preparation

The Council and group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements of the Council and group are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 30 October 2014.

Functional and Presentational Currency

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

Measurement Base

The General Accepted Accounting Principles recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis modified by the valuation of certain assets have been followed.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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

Infrastructure Assets

There are a number of assumptions and estimates used when performing the depreciated replacement cost valuations over the Group's infrastructure assets. These include estimates of road pavement component depth, useful and remaining useful lives, estimates of condition of assets (especially underground assets), and assumptions as to the continuation of existing demand patterns and the lack of any major natural weather event that could give rise to significant asset damage and impairment. Assumptions as to actual physical condition of the asset is minimised by physical inspections and condition modelling.

Changes in Accounting Policies

There are no changes in accounting policies.

New Standards and Interpretations Issued and Not Yet Adopted

From 1 July 2014 the public sector in New Zealand moves to new Public Benefit Entity accounting standards (PBE standards). These standards are issued by the New Zealand Accounting Standards Board (NZASB) of the External Reporting Board comprising:

- Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS);
- Public Benefit Entity International Financial Reporting Standards (PBE IFRS), including Public Benefit Entity International Accounting Standards (PBE IAS); and
- Public Benefit Entity Financial Reporting Standards (PBE FRS).

There are new standards that have not been part of the current NZ IFRS PBE suite. In particular there are new standards that deal with exchange and non-exchange revenue and service concession assets.

Significant Accounting Policies

The Council has adopted the following significant accounting policies in the preparation of the financial report.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Council and entities controlled by the Council (its subsidiaries) made up to 30 June each year.

Subsidiaries

Council's subsidiaries are accounted for by applying the purchase method, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra group balances, transactions, income and expenses are eliminated on consolidation.

Control is achieved where the Council has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values on the date of acquisition. Any excess (deficiency) of the cost of the acquisition over (below) the fair values of the identifiable net assets is recognised as Goodwill (Discount on Acquisition). NZ IFRS 3 – Business Combinations, requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in surplus or deficit. NZ IFRS 3 prohibits the recognition of Discount on Acquisition in the Statement of Financial Position.

Statement of Accounting Policies

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Associates

Council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate initially recognised at cost and the carrying amount in the group's financial statements is increased or decreased to recognise the group's share of surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

Joint Ventures

A joint venture is a contractual arrangement whereby the Council and other parties undertake an economic activity that is subject to joint control.

The Council has a 60% interest in the Riverbank View forestry joint venture. This is a jointly controlled operation between the Council, which incurred the planting costs and is liable for the ongoing silviculture costs, and a land owner who provided the land and who meets the land costs such as rates and fencing. The net sale proceeds will be split 60% Council and 40% landowner. The Council's interest in the joint venture is accounted for using the proportionate method of consolidation.

Council's subsidiary Ashburton Contracting Limited (ACL) has entered into an unincorporated joint venture known as the Lake Hood Extension Project. ACL's share is 37.59% (2013: 37.59%) and is accounted for using the equity method.

Budget Figures

The budget figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan and or Long Term Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the account policies adopted by the Council for the preparation of the financial statements.

Goods and Service Tax (GST)

These financial statements have been prepared exclusive of GST, except for receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable surplus for the year. Council is not liable as a separate entity to income tax on any of its activities.

Taxable surplus differs from net surplus as reported in the Statement of Comprehensive Revenue and Expense because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue Recognition

Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods or services.

Rates revenue is recognised by the Group as income on a straight line basis over the rating period.

Water billing is recognised based on the volumes delivered.

Dividends are recognised, net of imputation credits, as revenue when the shareholders' rights to receive payment have been established.

Levies are recognised as income when assessments are issued.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Lease incentives granted are recognised as part of the total rental income. Rental income from investment and other property is recognised in the surplus/deficit on a straight line basis over the term of the lease.

Statement of Accounting Policies

Government grants are recognised as revenue to the extent of eligibility for grants established by the grantor agency, or when the appropriate claims have been lodged. New Zealand Transport Agency roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests and assets vested in the group, with or without restrictions are recognised as revenue when control over the assets is obtained.

Development contributions and financial contributions are recognised as revenue when Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

Ashburton Contracting Limited

Ashburton Contracting Limited recognises contract revenue and contract costs as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of the total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses.

An expected loss on constructed contracts is recognised immediately as an expense in the surplus/deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probably that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Equity

Equity is the community's interest in the Council and group and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council and group make of its accumulated surpluses.

The components of equity are:

- Ratepayers Equity
- Accumulated Operating Reserve
- Revaluation Reserves
- Special Funds and Reserves

Special Funds and Reserves

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

Council-created reserves are reserves established by Council decision. 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 Council.

Accounts Receivable

Accounts receivable include rates and water charges and are recorded at their amortised cost using the effective interest rate method which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for doubtful debts in respect of rates receivables.

Trade receivables are stated at their amortised cost using the effective interest rate method which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially measured at fair value, including transaction costs. At subsequent reporting dates, they are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the surplus/deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Inventories

Council inventories, are valued at the lower of cost and current replacement cost, less any provision against damaged or old items, with the exception of property inventory which are recorded at the lower of cost and net realisable value.

Ashburton Contracting Limited determines cost on a first in first out basis which is valued at lower of cost and net realisable value.

Property is classified as inventory when it is held for sale in the ordinary course of business, or that is in the process of construction or development for such a sale.

Stocks and Bonds

Stocks and bonds are classified as available for sale financial assets. Although they include terms greater than one year, they are readily tradable and are not intended to be held necessarily to maturity. They are revalued each year in the Council's parent financial statements at fair value using market values supplied by an independent advisor. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the surplus or deficit for the period.

Investments

The Council's investments in its subsidiaries are carried at cost less any allowance for impairment loss in the Council's own "parent entity" financial statements.

Statement of Accounting Policies

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Infrastructure Assets are stated at their revalued amounts. The revalued amounts are their fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date.

Additions between valuations are recorded at cost, except for vested assets (see 'Vested Assets'). Certain infrastructure assets and land have been vested in the Council as part of the sub-divisional consent process.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debt balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised in the Other Comprehensive Income will be recognised first in the Other Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to Ratepayer's Equity.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

Work in progress has been stated at the lower of cost and net realisable value. Cost comprises direct material and direct labour together with production overheads.

Council land is recorded at cost and there is currently no intention to revalue these assets.

Property held for service delivery objectives rather than to earn rental or for capital appreciation is included within property plant and equipment. Examples of this are property held for strategic purposes and property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose of holding the property, i.e. Council's elderly housing units.

Buildings

Council buildings are recorded at cost less accumulated depreciation and any accumulated impairment losses and there is currently no intention to revalue these assets.

The directors of Ashburton Contracting Limited resolved to change their policy for recording buildings from cost to fair value as at 30 June 2006. Buildings are now valued annually by an independent registered valuer and are stated at fair value.

Vested Assets

Vested assets are recognised at the cost to the developer, except for land which is valued at fair value at the time of transfer to Council. This is then treated as the cost of the land to Council. These assets, other than land, are also subject to depreciation and subsequent revaluation. The vested reserve land has been initially recognised at the most recent appropriate certified government valuation.

Biological Assets – Forestry

Forests were valued as at 30 June 2014 by Council's District Forester in accordance with NZ IAS – 41 Agriculture. All forests have been valued at 'fair value' less estimated point of sale costs which exclude transportation costs required to get the logs to market. Fair value valuations are based on: plantation age, species, silviculture, type, site, productivity rotation length, expected yields at maturity, expected royalties and discount rate.

Using this information – which is collected from a variety of sources (including Council's own records and data prepared by the Ministry of Agriculture and Forestry) valuations are calculated for each plantation.

Council has a policy to revalue its forests annually. These have been peer reviewed by Guild Forestry (Guild Family Enterprises Ltd), NZ Institute of Forestry registered consultant. Any increase or decrease in the valuation is reflected in the surplus/deficit.

Forestry Carbon Credits

Council holds carbon credits that were received from the Government at nil cost.

Investment Properties

Investment properties are properties which are held to either earn rental income or for capital appreciation or for both. Investment properties are stated at fair value at balance date. An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. No deduction is taken for disposal costs.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

The valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases all notices and where appropriate, counter notices have been validly served within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the surplus/deficit.

Rental income from investment property is accounted for as described in the Revenue Recognition accounting policy.

Statement of Accounting Policies

When an item of property, plant and equipment which is revalued is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to rate-payers equity. Any loss arising in this manner is recognised immediately in the surplus/deficit.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Council holds it to earn rentals or for capital appreciation or both. Any such property interest under which an operating lease classified as an investment property is carried at fair value. Lease income is accounted for as described in the Revenue Recognition accounting policy.

The investment properties were valued by Telfer Young, registered valuers, as at 30 June 2014.

Infrastructure Assets

These are the fixed utility systems that provide a continuing service to the community and are not generally regarded as tradable. They include roads and bridges, water and sewerage services, stormwater systems and parks and reserves. These infrastructural assets are revalued annually, except for land under roads which have not been revalued.

Roading, Footpaths, Wastewater, Stormwater, Stockwater (excluding races), Water Supply, Parks and Solid Waste Assets existing as at 30 June 2014 were revalued on a depreciated replacement cost basis by Council staff and peer reviewed by Opus, independent registered valuers.

The assets were valued using depreciated replacement cost. This required determination of quantities of assets optimised to relate to those required for current service delivery, foreseeable demand, unit rates that reflect replacement with modern engineering equivalent assets, recent contract rates for work in the district, effective lives that take account of local influences and depreciation that defines current value given a definable remaining life.

Land under roads was valued by Quotable Value NZ Limited, independent registered valuers, as at 30 June 2002 and were based on sales of comparable properties. The values relate to an average "unimproved value" calculation in the rural areas of the district, and in the urban areas it is land with no roads, sewers or water supply. Land under roads has not been subsequently revalued and is now carried at deemed cost.

Intangible Assets

Computer Software: Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to ten years). Subsequent expenditure on capitalised computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

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

Costs incurred in acquiring operating system software essential to the operation of an item of Property, Plant and Equipment are included with the item of Property, Plant and Equipment and are not classified as an Intangible Asset. This is consistent with NZ IAS 38 – Intangible Assets.

Other Intangible Assets: An internally generated intangible asset arising from the Council’s development of its research findings is recognised only if all of the following conditions are met:

- An asset is created that can be identified such as new processes
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation and impairment losses and are amortised on a straight line basis over their useful lives.

Subsequent Expenditure: Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation: Amortisation is charged to the surplus/deficit on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment at each balance date.

Depreciation

Land, paintings and works of art are not depreciated.

Depreciation has been provided on a straight line basis on all other property, plant and equipment at rates which will write off the cost (or valuation) to their estimated residual values over their useful lives.

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

Buildings – major	2.0% S.L.	
Buildings – minor	4.0% S.L.	
Heavy plant and machinery	5.0% S.L. – 13.0% S.L.	
Light plant and machinery	6.67% S.L – 25.0% S.L	
Office equipment	10.0% S.L – 36.0% S.L.	
Fixtures and fittings	10.0% S.L.	
Motor vehicles	7.0% S.L. – 13.0% S.L.	
Computer equipment	25.0% S.L. – 33.0% S.L.	
Library books	6.67% S.L.	(Adult nonfiction)
	10.0% S.L.	(All other books)

The depreciation rates of other classes of assets are:

Statement of Accounting Policies

Infrastructural Assets: Infrastructural assets are depreciated on a straight line basis at rates that will write off their cost, less any estimated residual value, over their expected useful life.

Roading	• bridges	80-150 years	
	• culverts	80 years	
	• pavement surface	8-50 years	
	• pavement formation	N/A	(not depreciated)
	• pavement layers	60-80 years	
	• footpaths	25-90 years	
	• street lights	25-50 years	
	• kerb and channel	80 years	
	• traffic signals	12- 55 years	
	• berms	80 years	
	• signs	13 years	
	• road markings	12 years	
	• barriers and rails	25 years	
Water Reticulation	• pipes	60-80 years	
	• valves, hydrants	25 years	
	• pump stations	10-80 years	
	• tanks	25-60 years	
Stockwater	• races	N/A	(not depreciated)
	• structures	60 years	
Sewerage Reticulation	• pipes	60-100 years	
	• laterals	100 years	
	• manholes	60 years	
	• treatment plant	10-100 years	
Stormwater Systems	• pipes	60-80 years	
	• manholes	60 years	
	• structures	20-50 years	
Solid Waste	• litter bins	10 years	
Domains and Cemeteries	• playground equipment	10-50 years	
	• furniture	10-30 years	
	• structures	10-200 years	
	• fences	10-30 years	
	• signs and lighting	10-25 years	
	• irrigation	8-25 years	
	• roading	20-80 years	
	• trees and gardens	N/A	(not depreciated)

Non-Current Assets Held for Resale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within the one year from the date of classification.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group) but not in excess of any cumulative impairment loss

previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale, continue to be recognised.

Non-current assets classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale, continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Impairment

At each balance date, the Council and group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, and for all definite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Council and Group measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost. Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs. This does not apply to assets whose future economic benefits are not directly related to their ability to generate net cash inflows. Recoverable amount is the greater of fair value less costs to sell, and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for the asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the

Statement of Accounting Policies

increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase. An impairment loss recognised for Goodwill is not reversed in a subsequent period.

Employee Entitlements

Provision is made for annual leave, long service leave, sick leave and retiring gratuities.

The retiring gratuity liability and long service leave are assessed on an actuarial basis using future rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Liabilities for accumulating short-term compensated absences (e.g. annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance date, to the extent that the Group anticipate it will be used by staff to cover those future absences.

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the surplus or deficit when they are due.

Landfill Post-closure Costs

The Council has a legal obligation to provide ongoing maintenance and monitoring services at its closed landfill sites.

To provide for the estimated costs of aftercare, an estimate is done of future annual costs and is then subject to a net present value calculation. Details of these costs are shown in Note 26.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Borrowings

Interest-bearing bank loans and overdrafts and other term borrowings, are initially recorded at fair value which is usually the proceeds received, net of direct issue costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Changes in the current amount are recognised in the surplus/deficit.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

All borrowing costs are recognised in the surplus/deficit in the period in which they are incurred.

Trade Payables

Trade payables are stated at their amortised cost which approximates their nominal value given their short term nature.

Leases

Finance Leases: Leases which effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Lease payments are apportioned between finance charges and the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the surplus/deficit. The leased assets are depreciated over the period the Council is expected to benefit from their use. The Council and Group currently have no finance leases on their books.

Operating Leases: Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses on a straight line basis over the term of lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis.

Financial Instruments

The Council and Group is party to financial instruments as part of its everyday operations. These financial instruments include bank accounts, Local Authority stocks and bonds, trade and other receivables, bank overdraft facility, trade and other payables and borrowing. All of these are recognised in the Consolidated Statement of Financial Position, other than Ashburton Contracting Limited's performance bonds which are included in the consolidated column in Note 33 for Contingent Liabilities.

Revenue and Expenditure in relation to all financial instruments are recognised in the surplus/deficit. All financial instruments are recognised in the Statement of Financial Position at their fair value when the Council becomes a party to the contractual provisions of the instrument. The Council and Group's activities expose it primarily to the financial risks of changes interest rates.

The Council and Group uses derivative financial instruments, primarily interest rate swaps, to reduce its risks associated with the interest rate movements. The significant interest rate risk arises from bank loans. The Council and Group's policy is to convert a proportion of its fixed rate debt to floating rates.

The use of financial derivatives is governed by the Council and Group's policies approved by either the Council or the board of directors, which provide written policies on the use of financial derivatives consistent with the Council's risk management strategy.

The Council and Group do not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Interest rate risk: The Council and Group have various financial instruments with off-balance-sheet risk. Their primary purpose is to reduce exposure to fluctuations in interest rates. The financial instruments are subject to the risk that market values may change subsequent to their acquisition. Interest rate swaps have been employed to minimise interest rate exposure. For interest rate swap

Statement of Accounting Policies

agreements, any differential to be paid or received is accrued as interest rates change and is recognised as a component of operating revenue or expense over the life of the agreement.

Credit risk: Contracts that have been entered into with various counter parties have such credit ratings and are in accordance with dollar limits as set forth by the Council and Group.

Collateral: The Council and Group do not generally require collateral or other security to support service or sales contracts. While the Council and Group may be subject to credit losses up to the notional value of the service or goods supplied in the event of non-performance by counterparties, it does not expect such losses to occur.

Concentrations of credit risk: Financial instruments which potentially subject the Council and Group to concentrations of credit risk principally consist of cash, accounts receivable and short term investments. The Council and Group place their cash and short term investments with high credit quality financial institutions and limit the amount of credit exposure on any one financial institution. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers included in the Council and Group's customer base.

Loans / Mortgages

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 rate 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.

Statement of Cash Flows

Cash and cash equivalents: Comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, in which the Council and 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 for the supply of goods and services. Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows given that they are not payments and receipts of the Council and Group.

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.

Summary Cost of Services

The Summary Cost of Services as provided in the Statement of Service Performance report is the net cost of service for significant activities of the Council, and are represented by the costs of providing the service less all directly related revenue that can be allocated to these activities.

Overhead Allocation

The Council has derived the net cost of service for each significant activity of the Council using the cost allocation system outlined below. This involves the cost of internal service type activities being allocated to the external service type activities. External activities are those which provide a service to the public and internal activities are those which provide support to the external activities.

Cost Allocation Policy: Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for Direct and Indirect Costs: 'Direct' costs are those costs directly attributable to a significant activity. 'Indirect costs' are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Cost Drivers for Allocation of Indirect Costs: The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

Internal Charges: Are eliminated at the Council level.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2014

	Note	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Revenue						
Rates, other than metered water supply	2	26,826	26,787	25,565	26,826	25,565
Fees, charges, and targeted rates for water supply		5,528	4,821	4,975	5,528	4,975
Development and financial contributions		1,208	759	1,094	1,208	1,094
Subsidies and grants	3	5,973	7,666	5,316	5,973	5,316
Finance income	4	903	1,029	835	990	795
Other revenue	5	21,494	11,431	13,916	45,272	37,158
Other gains	6	4,964	1,451	3,030	4,964	3,059
Total revenue	1	66,896	53,944	54,731	90,761	77,962
Expenditure						
Personnel costs	7	9,180	9,356	8,544	17,413	16,146
Depreciation and amortisation	8	11,348	11,755	11,271	12,673	12,445
Finance costs	4	2,234	3,744	2,275	2,569	2,530
Other expenses	9	22,212	18,860	20,700	34,248	34,596
Other losses	6	3,492	-	2,229	3,528	2,232
Total expenses	1	48,466	43,715	45,019	70,431	67,949
Share of associate's surplus/(deficit)		-	-	-	1	4
Surplus/(deficit) before taxation		18,430	10,229	9,712	20,331	10,017
Income tax expense	10	95	170	-	668	380
Surplus/(deficit) after taxation		18,335	10,059	9,712	19,663	9,637
Joint venture costs	45	-	-	-	410	63
Surplus after tax and joint venture		18,335	10,059	9,712	20,073	9,700
Other comprehensive revenue						
<i>Items that will be reclassified to surplus/(deficit)</i>						
Financial assets at fair value	23,30	105	-	316	105	316
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain/(loss) on infrastructure revaluation	23,30	21,834	15,632	24,404	21,834	24,404
Gain on land and buildings revaluation	23,30	-	-	-	224	101
Deferred tax on revaluation of buildings	10	-	-	-	(4)	21
Total other comprehensive revenue		21,939	15,632	24,720	22,159	24,842
Total comprehensive revenue and expense		40,274	25,691	34,432	42,232	34,542

Note: The budget for other revenue was shown as \$16,160,000 in the annual plan; \$4,657,000 has been shifted to fees, charges and targeted rates for water supplies with \$164,000 for water meter charges previously included in rates revenue. The budget for development and/or financial contributions was \$3,367,000; \$108,000 has been shifted to other revenue and \$2,500,000 to subsidies and grants. The rates penalties budget of \$180,000 was included as other revenue and has been shifted to rates revenue. The changes have been made to enable comparisons to be accurately drawn.

Revenue variances

Total revenue is \$12,952,000 above budget

The detailed reason for the variance is outlined in the individual activity statements, but are summarised as follows:

Income from fees, charges, and targeted rates for water supplies is \$707,000 above budget

There are a number of activities that have contributed to the variance. DBH and BRANZ building levies were \$142,000 above budget, and building consents \$144,000 above budget. The number of building consents and value were above expected levels.

Fees and charges from Council's Resource Recovery parks were \$286,000 above budget, due to increased tonnage.

Fees charged by the Tinwald camping ground were \$93,000 above budget, reflecting the constant high occupancy of this facility.

Income from Development and Financial contributions is \$449,000 above budget

The number of building consents lodged during 2013/14 was up on budget leading to an increase in development contribution received (which is applied on building consent applications).

Community development contributions were up \$101,000 on budget, Water up \$54,000 on budget and Wastewater \$33,000 up on budget. In addition financial contributions from subdivision activity was \$108,000 above budget.

Income from subsidies and grants were \$1,693,000 below budget

Council budgeted for \$2,500,000 from fundraising undertaken by the Ashburton Stadium Complex Trust (ASCT) towards the new EA Networks stadium and pool complex. Actual revenue for 2013/14 was \$650,000 from the Lotteries Commission (Based on an application by the ASCT) and \$254,000 from the ASCT.

Finance Income was \$126,000 below budget

Increased internal borrowing of funds during the year led to external investments being less than budget and a corresponding decrease in external interest received.

Other revenue income is \$9,465,000 above budget

Vested Assets

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting are shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2012/13 but received assets from five subdivisions. Total vested assets received was \$9,221,000 against a budget of \$1,746,000

Economic Development

Forestry sales were up \$1,316,000 above budget. Council budgeted to begin harvesting the Riverbank view joint venture plantation with expected income of \$565,000. However an extreme wind event during the year resulted in extensive damage to Council's plantations and a significant quantity of windblown timber that required immediate harvesting and sale.

Commercial property budgeted property sales from its property trading of \$3,850,000, actual sales were \$4,414,000.

Statement of Comprehensive Revenue and Expense

Other gains income was \$3,513,000 above budget

Council's revaluation of interest rate swaps as at 30 June 2014 resulted in an unbudgeted gain of \$373,000. Council made a \$347,000 unbudgeted gain as a result of the adjustment of the Electricity Ashburton naming rights net present value adjustment.

The gain on fair value of investment property was budgeted at \$1,269,000 however the actual gain was \$3,434,000.

The Council did not budget for the gain on sale from investment property or property, plant and equipment of \$810,000.

More detailed revenue variance explanations are included in the relevant activity statements

The accompanying notes form part of these financial statements

Expenditure Variances

Personnel costs were \$176,000 below budget

This variance is not significant.

Depreciation and amortisation cost expenditure was \$407,000 below budget

Infrastructure depreciation costs were \$358,000 below budget. The actual depreciation is based on the 2013 asset valuation but the budget is based on an earlier valuation.

Finance costs were \$1,510,000 below budget

Note that the 2013/14 budget for finance costs was overstated by \$615,000 and should have been \$3,129,000 so the actual variance is \$895,000. The offset of this error was that other expenditure was \$615,000 understated.

Delays in the construction of the EA Networks stadium and pool complex has led to a delay in the need for external loan funding and some funding during the year was done using internal loans. As a result external interest costs were \$288,000 below budget.

Loans for the Ashburton Art Gallery and Heritage Centre were budgeted as external loans but were financed by internal loans during 2013/14. This resulted in a reduction of external interest of \$254,000.

Ashburton wastewater interest was \$94,000 below budget due to the delay in the Ashburton relief sewer capital works.

Other expenses are \$3,352,000 above budget

Note that the 2013/14 budget for other expenses were \$615,000 understated (see finance costs above) so the actual budget should have been \$19,475,000 and the real variance is \$2,737,000.

Water supplies expenditure was \$318,000 above budget. Other variances include electricity costs exceeding the budget of \$331,000 by \$49,000 and maintenance costs exceeding the budget of \$1,160,000 by \$155,000, as a result of a high number of leaks caused by unusually high ground water levels during the year.

Wastewater costs were \$185,000 above budget due to increased electricity and maintenance costs as a result of a number of unforeseen blockages.

Stormwater costs were \$143,000 above budget. Investigations as part of developing a stormwater strategy incurred \$149,000 of expenditure which had been budgeted in 2012/13 year.

Refuse and Recycling costs were \$247,000 above budget due to increased tonnage of materials processed through the recovery parks.

Recreation and Leisure costs were \$271,000 above budget. Council agreed to pay \$400,000 towards repaying the loan the Methven Heritage Association had with Heartland Bank. This variance was partially offset by other variances.

Statement of Comprehensive Revenue and Expense

Parks and open spaces expenditure was \$635,000 above budget: Reasons include an over expenditure of \$200,000 in the costs of maintaining Council's parks and reserves, unplanned expenditure of \$64,000 in removing green waste from the EA Networks site, and Mt Somers reserve board forestry harvesting costs incurring \$53,000 of unplanned costs.

Economic development property trading was budgeted with a land cost of \$435,000. Increased sales resulted in a land cost of \$814,000 being incurred.

Other losses were \$3,492,000 against a nil budget

Unbudgeted asset write downs included the following:

Transportation	\$376,000
Water Supplies	\$342,000
Stockwater	\$227,000
Forestry	\$2,392,000

More detailed expenditure variance explanations are included in the relevant activity statements

The accompanying notes form part of these financial statements

Statement of Changes in Net Assets/Equity

For the year ended 30 June 2014

Note	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Balance at 1 July	616,418	607,027	581,986	625,892	591,350
Total comprehensive income	40,274	25,691	34,432	42,232	34,542
Balance at 30 June	656,692	632,718	616,418	668,124	625,892

Statement of Financial Position

As at 30 June 2014

Note	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Current assets					
Cash and cash equivalents	12	6,515	13,874	11,416	8,032
Trade and other receivables	13	6,557	6,485	5,455	7,583
Other financial assets	16	7,000	-	5,951	7,000
Local Authority stocks and bonds	14	5,338	6,259	5,826	5,338
Inventories	15	62	56	61	2,863
Income tax receivable	10	-	-	-	7
Property inventory	18	489	480	561	489
Property intended for sale	19	-	-	660	-
Total current assets		25,960	27,154	29,930	31,305
Non current assets					
Trade and other receivables	13	1,560	1,009	1,005	560
Other financial assets	16	775	566	696	776
Investment in council controlled organisations	16	4,595	4,500	4,500	-
Investment in associate	17	30	-	30	35
Property inventory	18	3,793	4,398	4,512	3,793
Investment properties	20	36,564	45,035	33,685	36,564
Forestry assets	21	4,884	6,446	7,276	4,884
Intangible assets	22	519	569	603	1,198
Property, plant and equipment	23	613,143	614,333	572,085	623,701
Work in progress		18,284	-	8,034	18,365
Share of joint venture	45	-	-	-	5,944
Total non current assets		684,147	676,856	632,426	695,820
Total assets		710,107	704,010	662,356	727,124

Note: The annual report show investments in council controlled organisations as a separate line item. The annual plan included these investments in other financial assets.

The accompanying notes form part of these financial statements.

Statement of Financial Position

Statement of Financial Position continued

	Note	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Current liabilities						
Trade and other payables	24	9,071	5,883	6,230	10,598	7,843
Employee benefit liabilities	25	932	862	941	1,755	1,521
Landfill aftercare liability	26	15	15	15	15	15
Borrowings	27	5,135	2,172	119	5,786	589
Tax payable	10	20	-	-	183	-
Total current liabilities		15,173	8,932	7,305	18,337	9,968
Non current liabilities						
Employee benefit liabilities	25	376	392	363	406	396
Landfill aftercare liability	26	98	118	108	98	108
Deferred taxation liability	10	-	-	-	312	200
Derivative financial instruments	28	281	1,077	655	281	655
Borrowings	27	37,487	60,773	37,507	39,566	39,654
Total non current liabilities		38,242	62,360	38,633	40,663	41,013
Total liabilities		53,415	71,292	45,938	59,000	50,981
Equity						
Ratepayers equity	29	433,202	434,503	419,045	443,563	427,668
Other reserves	30	223,490	198,215	197,373	224,561	198,224
Total equity		656,692	632,718	616,418	668,124	625,892
Total liabilities and equity		710,107	704,010	662,356	727,124	676,873

The financial statements were approved and authorised by the Council for issue on 30 October 2014.

Signed for and behalf of the Council:

Angus McKay
Mayor

Andrew Dalziel
Chief Executive

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2014

	Note	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Cash flows from operating activities						
Receipts from customers		50,724	49,157	44,814	76,307	69,392
Interest received		855	1,029	833	942	792
Dividends received		936	561	1,114	320	207
Payments to suppliers and employees		(30,756)	(27,781)	(29,628)	(50,974)	(50,452)
Interest paid		(2,312)	(3,744)	(2,227)	(2,653)	(2,472)
Net GST paid		(441)	-	227	(636)	415
Income tax		(75)	(170)	-	(370)	(645)
Net cash flow from operating activities	31	18,931	19,052	15,133	22,936	17,237
Cash flows from investing activities						
Sale of property, plant and equipment		1,318	50	826	1,383	1,232
Sale/maturing of shares and investments		1,431	-	8,557	1,926	8,557
Advances repayments		50	-	2,645	200	2,645
Purchase of property, plant and equipment		(30,169)	(36,922)	(16,662)	(32,629)	(19,017)
Purchase of intangible assets		(145)	-	(210)	(168)	(253)
Purchase of shares and investments		(1,239)	-	(2,486)	(1,144)	(2,886)
Advances		(193)	-	(23)	(193)	(173)
Net cash flow from investing activities		(28,947)	(36,872)	(7,353)	(30,625)	(9,895)
Cash flows from financing activities						
Loans raised		5,115	20,441	10,951	5,771	11,591
Loan repayments		-	(2,172)	(12,001)	(1,159)	(12,408)
Net cash flow from financing activities		5,115	18,269	(1,050)	4,612	(817)
Net increase/(decrease) in cash held		(4,901)	449	6,730	(3,077)	6,525
Add opening cash resources		11,416	13,425	4,686	11,109	4,584
Total closing cash resources		6,515	13,874	11,416	8,032	11,109

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Cost of service statements summary

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Revenue			
General rates	8,301	8,272	7,372
Targeted rates	18,383	18,499	18,022
Subsidies and grants	5,973	5,166	4,800
Development and/or financial contributions	1,208	3,367	1,094
Vested assets	9,221	1,746	6,569
Other gains	4,964	1,451	3,030
Other revenue	21,595	17,953	16,370
Revenue per cost of service statements	69,645	56,454	57,257
Internal revenue and interest	(2,749)	(2,510)	(2,526)
Revenue per statement of comprehensive income	66,896	53,944	54,731
Expenditure			
Transportation	11,282	11,307	11,867
Drinking water	4,917	4,257	4,275
Wastewater	4,526	4,341	4,270
Stormwater	909	766	927
Refuse and recycling	4,180	3,933	3,607
Recreation and leisure	3,670	3,399	2,755
Community facilities and support	2,244	2,058	2,162
Economic development	8,812	6,122	7,295
Parks and open space	3,813	3,178	3,463
Democracy and governance	1,767	1,804	1,805
Regulatory services	4,522	4,814	4,425
Miscellaneous	668	416	694
Expenditure per cost of service statements	51,310	46,395	47,545
Internal expenditure and interest	(2,749)	(2,510)	(2,526)
Income tax	(95)	(170)	-
Expenditure per statement of comprehensive revenue and expense	48,466	43,715	45,019
Surplus/(deficit) before tax per statement of comprehensive revenue and expense	18,430	10,229	9,712

Note: These actual income figures net off the rate transfer to reserves of \$576,000 in Economic Development and \$1,105,000 in Miscellaneous. These are also netted off in the budget figures. The rates revenue shown in the cost of service statements is the rate requirement for that activity. The actual rates levied and struck are less the contribution from the surplus generated by the Economic Development and Miscellaneous activities.

2. Rates revenue

	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000
General rate / UAGC	8,301	8,272	7,372
Targeted rates attributable to activities:			
Transportation	6,826	6,773	6,430
Drinking water, excluding water supply rates	3,871	3,873	3,999
Wastewater	3,865	3,859	3,953
Stormwater	797	797	656
Refuse and recycling	477	475	460
Recreation and leisure	29	29	30
Community facilities	394	394	397
Economic development	1,181	1,192	1,163
Parks and open spaces	876	876	870
Democracy	67	67	64
Regulatory services	-	-	-
Miscellaneous	-	-	-
	26,684	26,607	25,394
Rates penalties	142	180	171
	26,826	26,787	25,565

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2014 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000
Rates, other than metered water supply	26,826	26,787	25,565
Targeted water supply rates	224	164	199
Total revenue from rates	27,050	26,951	25,764

Notes to the Financial Statements

Rates remissions

Rates revenue is shown gross of rates remissions. ADC's rates remission policy allows ADC to remit rates on:

- Community, sporting and other organisations
- Land protected for natural, historic or cultural conservation
- Excess water rates due to a leak fault in internal reticulation
- Uniform annual general charges and targeted rates on separately inhabited rating units occupied by a dependant member of the family of the owner of the rating unit (e.g. granny flat).

	2014 Council Actual \$000	2014 Council Budget \$000	2013 Council Actual \$000
Rates remissions	117	90	100
	<u>117</u>	<u>90</u>	<u>100</u>

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water and solid waste. Non-rateable land does not constitute a remission under ADC's rates remissions policy.

3. Subsidies and grant revenue

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Land Transport NZ government grants	4,922	4,641	4,922	4,641
Ministry of Health drinking water related subsidies	61	-	61	-
NZ Rural Fire subsidy	59	100	59	100
Lotteries NZ	650	-	650	-
EA Networks Stadium sponsorship grants	254	516	254	516
Other grant revenue	27	59	27	59
Total subsidies and grant revenue	<u>5,973</u>	<u>5,316</u>	<u>5,973</u>	<u>5,316</u>

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2013 nil).

4. Finance income and finance costs

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Finance income				
Interest income:				
- term deposits	495	325	582	361
- other trade receivables	76	78	76	2
- stocks and bonds	332	432	332	432
Total finance income	903	835	990	795
Finance costs				
Interest expense:				
- borrowings	1,962	1,983	2,297	2,238
- interest rate swaps	272	292	272	292
Total finance costs	2,234	2,275	2,569	2,530
<i>Allocation of finance costs:</i>				
Potable water supplies	86	40	86	40
Wastewater	813	886	813	886
Stormwater	38	-	38	-
Commercial property	558	638	558	638
Community development	422	315	422	315
Environmental services	11	12	11	12
Other operations	306	384	641	639
Total finance costs	2,234	2,275	2,569	2,530

5. Other revenue

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Forestry sales	1,883	888	1,883	888
Investment property rental income	1,442	1,404	1,442	1,404
Fines and parking infringements	391	428	391	428
Petrol tax	300	299	300	299
Vested assets	9,221	6,569	9,221	6,569
Land sales	4,476	576	4,476	576
Dividend income	936	1,114	320	207
Sales, services and other income	2,845	2,638	27,239	26,787
Total other revenue	21,494	13,916	45,272	37,158

Notes to the Financial Statements

6. Other gains and other losses

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Other gains				
Gain on changes in fair value of interest rate swap (Note 28)	373	422	373	422
Gain on changes in fair value of investment properties (Note 20)	3,434	411	3,434	411
Gain on disposal of investment properties	260	217	260	217
Gain on disposal of property, plant and equipment	550	573	550	602
Gain on changes in fair value of forestry (Note 21)	-	1,259	-	1,259
Gain on fair value of EA Networks naming sponsorship	347	-	347	-
Gain on fair value of advance	-	148	-	148
Total other gains	4,964	3,030	4,964	3,059
Other losses				
Loss on changes in fair value of forestry (Note 21)	2,392	-	2,392	-
Loss on disposal of investment properties	-	882	-	882
Loss on disposal of property, plant and equipment	1,100	1,347	1,136	1,350
Total other losses	3,492	2,229	3,528	2,232

7. Personnel costs

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Salaries and wages	9,188	8,501	17,398	16,084
Employer contributions to defined contribution plans	-	-	13	13
Increase/(decrease) in employee entitlements	(8)	43	2	49
Total personnel costs	9,180	8,544	17,413	16,146

8. Depreciation and amortisation

Depreciation and amortisation expense by significant activity

	2014	2013	2014	2013
	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Roading	5,329	5,808	5,329	5,808
Footpaths	845	466	845	466
Wastewater	1,428	1,413	1,428	1,413
Stormwater	289	276	289	276
Water supplies	1,363	1,279	1,363	1,279
Stockwater	34	35	34	35
Solid waste	106	105	106	105
Emergency management	10	19	10	19
Commercial properties	127	112	127	215
Parks and recreation	252	226	252	226
Reserves and camping areas	79	65	79	65
Cemeteries	4	3	4	3
Library	121	105	121	105
Elderly persons housing	76	84	76	84
Public conveniences	62	62	62	62
Reserve boards and halls	218	205	218	205
Environmental services	14	8	14	2
Plant and miscellaneous operations	991	1,000	2,316	2,077
Total depreciation	11,348	11,271	12,673	12,445

Depreciation and amortisation expense by asset classification

	2014	2013	2014	2013
	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Buildings	604	587	630	600
Plant and machinery	423	419	1,561	1,440
Equipment, furniture and fittings	323	360	409	424
Library books	107	92	107	92
Water supplies				
- treatment plants and facilities	467	402	467	402
- reticulation and other assets	895	878	895	878
Stockwater	34	36	34	36
Wastewater				
- treatment plants and facilities	667	660	667	660
- reticulation and other assets	761	753	761	753
Stormwater	290	276	290	276
Roading and footpaths	6,174	6,275	6,174	6,275
Parks, cemeteries and domains	274	258	274	258
Landfills and solid waste collection	100	99	100	99
Total property plant and equipment	11,119	11,095	12,369	12,193
Intangible assets	229	176	304	252
Total depreciation	11,348	11,271	12,673	12,445

Notes to the Financial Statements

9. Other expenses

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Directors fees	-	-	152	130
Fees to principal auditor:				
Audit fees for financial statements	108	103	178	149
Discretionary grants/contributions	1,790	1,855	1,790	1,855
Rental and operating lease costs	48	44	48	223
Bad debts written off	-	-	193	1
Impairment of property, plant and equipment	-	-	188	-
ACC levy	67	56	208	56
Other operating expenses	20,199	18,642	31,491	32,182
Total other expenses	22,212	20,700	34,248	34,596

The Council made discretionary grants and contributions to the following organisations during the year:

Organisation	\$	Organisation	\$
Advance Ashburton Community Foundation	10,000	Lynn Historical Woodworking Trust	1,000
Ashburton Art Gallery & Museum Board Inc	390,000	Methven Public Library	5,500
Ashburton Cadet Corps Association	230	Methven Swimming Pool Assn Inc	14,350
Ashburton Christian Ministers Association	2,000	Mid Canterbury Childrens Events & Activite	2,000
Ashburton College	575	Mid Canterbury Cricket Assn	1,000
Ashburton Community Pool	380,300	Mid Canterbury Hockey Assn	1,000
Ashburton Community Conservation Trust	2,250	Mid Canterbury Newcomers Network	1,500
Ashburton Community House	30,000	Mid Canterbury Softball Association Inc.	1,750
Ashburton District Neighbourhood Support	15,000	Mt Hutt College	575
Ashburton Pottery Society	350	Mt Somers Old Post Office Library	2,500
Ashburton Performing Arts Theatre Trust	135,880	Pendarves Hall Society	500
Ashburton Railway and Preservation Society	2,400	Presbyterian Support	2,000
Ashburton Safer Community Council	133,000	Rakaia Bowling Club	700
Experience Mid Canterbury	300,116	Rakaia Library	2,500
Ashburton Youth Café Charitable Trust	14,000	Rakaia Rugby Club Inc.	3,500
Ashburton Youth Health Trust	7,000	Royal NZ Plunket Car Seat Service	1,500
Bike Methven	2,500	Society of St Vincent de Paul	5,000
Canterbury West Coast Sports Trust	45,000	Southern Netball Club	5,000
Ashburton Woodworkers Incorporated	2,000	Staveley Campsite Committee	2,190
Girl Guiding South Canterbury	1,500	Tinwald Pony Club	1,500
Grow Mid Canterbury	244,459	Riverbridge Native Species Trust	1,000
Hinds Community Centre	3,372	Warren Jowett Heritage Grant	700
Hinds Squash Club	3,000	Upper Rangitata Gorge Landcare group	5,000
Hakatere Marae	2,000	Willowby Hall Society	630
			1,789,827

10. Taxation

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Components of tax expense recognised in statement of comprehensive revenue and expense:				
Current Taxation	95	-	603	421
Overprovision of prior year tax	-	-	(44)	-
Deferred tax prior year adjustment	-	-	-	(7)
Deferred taxation	-	-	109	(34)
Income tax expense	95	-	668	380

Components of deferred tax recognised directly in equity:

Revaluation of property plant and equipment	-	-	(4)	21
Income tax expense	-	-	(4)	21

Relationship between tax expense and accounting profit:

Surplus/(deficit) before tax	18,430	9,712	20,331	10,017
Tax at 28%	5,160	2,719	5,693	2,805
<i>Add/(less) tax effect of:</i>				
(Non Taxable Income)/Non Deductible Expenditure	(4,701)	(2,302)	(5,025)	(2,425)
Imputation credit adjustment	(364)	(389)	-	-
Tax loss not recognised	-	(28)	-	-
	95	-	668	380

Imputation credit account:

Balance at the start of the year	-	-	2,422	2,383
Income tax payments/(refunds)	-	-	347	428
Imputation credits accrued on balance of current year tax not yet paid	-	-	163	-
Credits attached to dividends paid	-	-	(240)	(389)
Balance at the end of the year	-	-	2,692	2,422

Movement in tax (refund)/payable:

Balance at start of year	-	-	(7)	217
Taxation (paid)/refunded	(75)	-	(369)	(645)
Provided for this year	95	-	603	421
Overprovision prior year	-	-	(44)	-
Balance at the end of the year	20	-	183	(7)

Notes to the Financial Statements

Group deferred taxation

Deferred taxation assets and liabilities

	Assets	Liabilities	Net
	2014	2014	2014
	\$000	\$000	\$000
Property, plant and equipment	-	(389)	(389)
Employee benefits	159	-	159
Retentions	-	(134)	(134)
Capitalised interest	-	(29)	(29)
Provisions	67	-	67
Intangible Assets	-	(31)	(31)
Work in Progress	45	-	45
Balance at end of year	271	(583)	(312)

	Assets	Liabilities	Net
	2013	2013	2013
	\$000	\$000	\$000
Property, plant and equipment	-	(362)	(362)
Employee benefits	143	-	143
Retentions	-	(128)	(128)
Capitalised interest	-	(14)	(14)
Provisions	126	-	126
Intangible Assets	-	(36)	(36)
Work in Progress	71	-	71
Tax losses	-	-	-
Balance at end of year	340	(540)	(200)

Movement in temporary differences

	Balance 1-Jul-13 \$000	Recognised in income \$000	Recognised in equity \$000	Balance 30-Jun-14 \$000
Property, plant and equipment	(362)	(23)	(4)	(389)
Employee benefits	143	16	-	159
Retentions	(128)	(6)	-	(134)
Capitalised interest	(14)	(15)	-	(29)
Provisions	126	(59)	-	67
Intangible assets	(36)	5	-	(31)
Work in progress	71	(26)	-	45
	(200)	(108)	(4)	(312)

	Balance 1-Jul-12 \$000	Recognised in income \$000	Recognised in equity \$000	Balance 30-Jun-13 \$000
Property, plant and equipment	(307)	(76)	21	(362)
Employee benefits	136	7	-	143
Retentions	(103)	(25)	-	(128)
Capitalised interest	(7)	(7)	-	(14)
Provisions	13	113	-	126
Intangible assets	(41)	5	-	(36)
Work in progress	46	25	-	71
	(263)	42	21	(200)

Council has not recognised tax losses of \$0 (2013 \$28,000) with a tax benefit of \$0 (2013 \$7,840).

The group has no deferred tax asset relating to 2014 losses (2013 nil). Tax losses of \$0 (2013 nil) with a tax benefit of \$0 (2013 nil) have not been recognised by the group.

The Council's subsidiary, Ashburton Contracting Limited, has imputation credits of \$2,692,000 (2013 \$2,422,000) which can be used to impute dividend payments to the Council.

The Council does not have a deferred tax balance.

Notes to the Financial Statements

11. Capital expenditure and statement of acquisitions and replacements

Capital expenditure

	2014	2013	2014	2013
	Council	Council	Group	Group
	\$000	\$000	\$000	\$000
Roading	10,401	10,772	10,401	10,772
Footpaths	486	618	486	618
Drinking water	1,699	2,174	1,699	2,174
Wastewater	1,864	983	1,864	983
Stormwater	1,273	540	1,273	540
Solid waste	157	98	157	98
Library	122	104	122	104
Arts and culture	320	-	320	-
Recreation facilities and services	13,686	1,771	13,686	1,771
Elderly housing	12	33	12	33
Emergency management	4	8	4	8
Public conveniences	1	1	1	1
Halls	2,431	13	2,431	13
Commercial property	6,218	4,019	6,218	4,019
Stockwater	111	54	111	54
Parks and recreation	470	363	470	363
Cemeteries	19	28	19	28
Reserves and camping grounds	1,284	993	1,284	993
Reserve boards	187	106	187	106
Environmental services	298	57	298	57
Other operations	954	818	3,414	3,092
	<u>41,997</u>	<u>23,553</u>	<u>44,457</u>	<u>25,827</u>

Note: This table includes capital expenditure which is not complete. Incomplete capital work is included as work in progress in the Statement of Financial Position.

Statement of acquisitions and replacements

Council is required to disclose any significant acquisitions or replacement of assets undertaken during the 2013/14 year. For this disclosure Council deems acquisitions or replacements of assets greater than \$500,000 to be significant.

Project	Reason for undertaking the project	Budget 2013/14 \$000	Actual 2013/14 \$000	Status	Variance to budget
Ashburton relief sewer upgrade	To continue the upgrade of the Ashburton sewer network	\$1,714	\$205	Ongoing	This project has been carried over to 2014/15
Ashburton Mill Creek bank stabilisation	To continue the stabilisation of Mill Creek	\$505	\$51	Ongoing	This project t has been carried over to 2014/15
EA Networks Stadium	To provide a stadium and pool complex for the community	\$16,400	\$13,686	In progress	Completion expected in March 2015
Art gallery and heritage centre	To build a new art gallery and heritage centre	\$3,144	\$4,959	In Progress	Building was completed in September 2014
Geoff Geering Drive Subdivision	To undertake stage 2 of the residential subdivision	\$800	\$0	Ongoing	Carried over to 2014/15
Purchase of residential properties	Purchased properties relating to the Ashburton 2 nd bridge project	\$Nil	\$1,165	Complete	
Civic Building earthquake strengthening	To undertake strengthening of the Council civic building	\$1,450	\$0	Ongoing	Timetable changed as further strengthening options are investigated

12. Cash and cash equivalents

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Cash floats	2	2	2	2
Bank current account	2,394	1,669	5,622	2,484
Short term deposits	4,119	9,745	4,119	9,745
Bank overdraft	-	-	(1,711)	(1,122)
	<u>6,515</u>	<u>11,416</u>	<u>8,032</u>	<u>11,109</u>

The carrying value of short term deposits with maturity dates of three months or less approximates their fair value.

There is currently no cash and cash equivalents that have been earmarked by trust deed or Council resolution for any specified purpose use.

Ashburton Contracting Limited has overdraft facilities with the ANZ Bank of New Zealand Ltd of \$3,575,000 (2013 \$2,575,000). The effective interest rate on call deposits ranges from 2.6% to 3.0% (2013 0.75% to 3.0%). The effective interest rate on overdraft facilities ranges from 6.04% to 6.47% (2013 6.53% to 7.05%).

Notes to the Financial Statements

13. Trade and other receivables

	2014	2013	2014	2013
	Council	Council	Group	Group
	\$000	\$000	\$000	\$000
Rates receivable	535	520	535	520
Other receivables	4,091	3,510	6,428	6,045
Loan / Mortgages ⁽¹⁾	1,380	1,000	380	-
Related party receivables	1,723	894	-	-
Community loans	215	72	215	72
Prepayments	189	509	285	622
Retentions	-	-	514	513
	8,133	6,505	8,357	7,772
Provision for impairment/ doubtful debts	(16)	(45)	(214)	(489)
Total trade and other receivables	8,117	6,460	8,143	7,283
Loan / Mortgages ⁽¹⁾	1,380	1,000	380	-
Community loans	180	5	180	5
Non current portion	1,560	1,005	560	5
Current portion	6,557	5,455	7,583	7,278

(1) Council currently has a related party loan to Ashburton Contracting Limited of \$1 million which is due for repayment on 1 July 2015.

The fair value of community loans is \$215,000 (2013 \$72,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipients financial risk factors of 6.0% (2013 6.0%). The face value for community loans is \$215,000 (2013 \$73,000).

The fair value of receivables is \$6,191,000 (2013 \$6,824,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipient's financial risk factors of 6.0% (2013 6.0%). The face value of other receivables is \$6,191,000 (2013 \$6,824,000).

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

The Council does not provide for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The age of rates receivable overdue, whose payment terms have been renegotiated, but not impaired, are as follows:

	2014 Council Actual \$000	2013 Council Actual \$000
< 12 months	483	479
> 12 months	52	41
Carrying amount	535	520

As of 30 June 2014 and 30 June 2013 all overdue receivables, except for rates receivable, have been assessed for impairment (doubtful debts) and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

	2014			2013		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	4,093	-	4,093	4,467	-	4,467
Past due 1-60 days	1,739	-	1,739	149	-	149
Past due 61-120 days	195	-	195	328	(30)	298
Past due > 120 days	2,106	(16)	2,090	1,561	(15)	1,546
	8,133	(16)	8,117	6,505	(45)	6,460
Group						
Not past due	6,654	-	6,654	4,613	-	4,613
Past due 1-60 days	279	-	279	626	-	626
Past due 61-120 days	223	-	223	728	(30)	698
Past due > 120 days	1,201	(214)	987	1,805	(459)	1,346
	8,357	(214)	8,143	7,772	(489)	7,283

Movement in the provision for impairment/doubtful debts

The impairment provision has been calculated based on expected losses for Council's and Group's pool of debtors. Expected losses have been determined based on an analysis of Council and Group losses in previous periods and review of specific debtors. Movements in the provision for impairment of receivables and community loans are as follows:

	2014 Council Actual \$000	2013 Council Actual \$000	2014 Group Actual \$000	2013 Group Actual \$000
Opening balance	45	25	489	50
Additional provisions made	-	20	27	439
Receivables written off	29	-	302	-
Closing balance	16	45	214	489

Notes to the Financial Statements

14. Stocks and bonds

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
<i>Financial assets available for sale</i>				
Bonds	5,338	5,826	5,338	5,826
	<u>5,338</u>	<u>5,826</u>	<u>5,338</u>	<u>5,826</u>

Stocks and bonds are classified as available-for-sale financial assets. Although they include terms greater than one year, they are readily tradable and are not intended to be held necessarily to maturity. They are revalued each year in the Council's financial statements at fair value using market value supplied by Bancorp Treasury Services Limited.

Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the surplus or deficit for the period.

Maturity analysis and effective interest rates

The maturity dates for Local Authority stocks and bonds are as follows:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Maturing within 1 year	1,026	593	1,026	593
- Weighted average interest rate	7.8%	3.8%	7.8%	3.8%
Maturing between 1 and 5 years	4,312	4,186	4,312	4,186
- Weighted average interest rate	5.6%	6.4%	5.6%	6.4%
Maturing after 5 years	-	1,047	-	1,047
- Weighted average interest rate	-	5.9%	-	5.9%
	<u>5,338</u>	<u>5,826</u>	<u>5,338</u>	<u>5,826</u>

For the purposes of allocating to a financial asset category, local authority stocks and bonds are classified as available for sale assets.

15. Inventories

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Metal	-	-	892	1,069
Services	-	-	363	265
Rubbish bags/bins	33	33	33	33
Other raw materials	29	28	1,575	970
	<u>62</u>	<u>61</u>	<u>2,863</u>	<u>2,337</u>

No inventories are pledged as security for liabilities nor are any subject to retention of title clauses.

16. Other financial assets

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Current portion				
Term deposits greater than 90 days	7,000	5,951	7,000	6,351
Total current portion	7,000	5,951	7,000	6,351
Non current portion				
<i>Investment in CCOs and similar entities</i>				
Experience Mid Canterbury	95	-	-	-
Ashburton Contracting Ltd	4,500	4,500	-	-
	4,595	4,500	-	-
<i>Investment in other entities</i>				
NZ Local Government	53	53	53	53
Local Government Funding Agency	240	160	240	160
Transwaste Canterbury Ltd	480	480	480	480
Barrhill Chertsey Irrigation	-	1	-	1
Electricity Ashburton Limited	1	1	2	2
Ashburton Trading Society Ltd	1	1	1	1
	775	696	776	697
Total non-current portion	5,370	5,196	776	697
Total other financial assets	12,370	11,147	7,776	7,048

The Council's shareholding in other companies is as follows:

- NZ Local Government Insurance Corp. Limited
0.5% shareholding – 56,016 shares
The current net asset backing is \$1.12 per share (2013 \$1.17)
- Transwaste Canterbury Limited
3.0% shareholding – 600,000 shares (shares paid up to \$0.80 per share)
The current net asset backing is \$1.80 per share (2013 \$1.30)
- Electricity Ashburton
Along with approximately 12,500 customers, the ADC, Ashburton Contracting limited and several of the Reserve Boards and Memorial Halls have been allocated 100 voting rebate shares in Electricity Ashburton which is registered as a cooperative company under the Co-operative Companies Act 1996. These shares are non-tradable. In total the Group has been allocated 2,300 shares valued at \$1 each.
- Unlisted shares – valuation
The investment by the Council in Ashburton Contracting Limited and the other companies listed above, are carried at cost in the Council's statement of financial position. These shares are unlisted and, accordingly, there are no published price quotations to determine the fair value of these investments. In addition, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. As a result Council is reporting these at cost.

For the purposes of allocating to a financial asset category, other shares in other companies are classified as available for sale assets.

Notes to the Financial Statements

17. Investment in associate

	2014 Council Actual \$000	2013 Council Actual \$000
Investment in Rangitata Diversion Race Management Limited	30	30
<i>Summarised financial information of associate presented on a gross basis</i>		
Assets	8,048	7,798
Liabilities	7,822	7,579
Revenue	2,905	2,247
Surplus/(deficit)	7	6
Group's interest	20%	20%

18. Property inventory

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Land and development	4,281	5,073	4,281	5,073
	<u>4,281</u>	<u>5,073</u>	<u>4,281</u>	<u>5,073</u>

This is shown in the Statement of Financial Position as:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Current portion	489	561	489	561
Non current portion	3,793	4,512	3,793	4,512
	<u>4,281</u>	<u>5,073</u>	<u>4,281</u>	<u>5,073</u>

Property inventory held for sale is the Ashburton Business Estate, Geoff Geering Drive (previously known as Albert Street) and Lake Hood properties.

19. Property intended for sale

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Land and buildings	-	660	-	660
	<u>-</u>	<u>660</u>	<u>-</u>	<u>660</u>

20. Investment property

	2014	2013	2014	2013
	Council	Council	Group	Group
	\$000	\$000	\$000	\$000
Opening balance	33,685	42,441	33,685	42,441
Additions from acquisitions	16	12	16	12
Disposals	(571)	(8,473)	(571)	(8,473)
Transfers to land or assets held for sale	-	(706)	-	(706)
Fair value gains/(losses) on valuation	3,434	411	3,434	411
Closing balance	36,564	33,685	36,564	33,685

The Council's investment properties are valued annually and recorded at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by Telfer Young dated 30 June 2014. The value for 2014 is \$36,563,000 (2013 \$34,345,000).

21. Forestry

	2014	2013	2014	2013
	Council	Council	Group	Group
	\$000	\$000	\$000	\$000
Opening balance	7,276	6,017	7,276	6,017
Fair value gains/(losses)				
- due to harvest	(2,040)	(253)	(2,040)	(253)
- due to unit rate changes and growth	(352)	1,512	(352)	1,512
Closing balance	4,884	7,276	4,884	7,276

The Council owns 1,750 hectares of forest predominantly planted in radiate pines ranging in age from 27 years to 34 years.

The Council also has a 60% interest in the Riverbank View forestry joint venture; 140 hectares. This is a jointly controlled operations venture between the Council, which incurred the planting costs and is liable for the on-going silviculture costs, and a landowner who provided the land and who meets the land costs such as rates and fencing. The net sale proceeds will be split 60% Council and 40% landowner. The Council's interest in the joint venture is accounted for using the proportionate method of consolidation.

Forestry is revalued each year by the Council's qualified Forester. The valuation has been performed as per Accounting Policies with a pre-tax discount rate of 8%.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber processes. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Notes to the Financial Statements

22. Intangible assets

	Council Software \$000	Group Software \$000	Group Consents \$000	Group Total \$000
Opening balance 1/07/13	603	158	574	1,335
Additions	145	22	-	167
Disposals	-	(20)	-	(20)
Current year amortisation	(229)	(45)	(30)	(304)
Reverse amortisation on disposal	-	20	-	20
Closing balance 30/06/14	519	135	544	1,198
Cost	2,161	345	680	3,186
Accumulated amortisation	(1,642)	(210)	(136)	(1,988)
Carrying value	519	135	544	1,198

	Council Software \$000	Group Software \$000	Group Consents \$000	Group Total \$000
Opening balance 1/07/12	569	167	605	1,341
Additions	210	36	-	246
Disposals	-	(3)	-	(3)
Current year amortisation	(176)	(45)	(31)	(252)
Reverse amortisation on disposal	-	3	-	3
Closing balance 30/06/13	603	158	574	1,335
Cost	2,014	343	680	3,037
Accumulated amortisation	(1,411)	(185)	(106)	(1,702)
Carrying value	603	158	574	1,335

The amortisation charge has been recognised in expenses (see note 8).

Forestry Carbon Credits

Council holds 101,420 carbon credit units as at 30 June 2014; post 1989 15,860 and pre 1990 85,560 (2013 84,118; post 1989 15,291 and pre 1990 68,827). These units were allocated to Council by the government at nil cost.

23. Property, plant and equipment

Council 2014		Accumulated depreciation & impairment 1/07/2013 \$000	Carrying value 1/07/2013 \$000	Current year additions \$000	Current year disposals \$000	Accumulated depreciation on disposals reversed \$000	Current year depreciation \$000	Impairment losses expensed \$000	Net revaluation increase/ (decrease) \$000	Accumulated depreciation on reval. \$000	Cost/ fair value 30/06/2014 \$000	Accumulated depreciation & impairment 30/06/2014 \$000	Carrying value 30/06/2014 \$000
Operational assets													
Freehold land	29,906	-	29,906	1,719	(8)	-	-	-	-	-	31,617	-	31,617
Buildings	19,228	(6,625)	12,603	12,083	-	-	(604)	-	-	-	31,311	(7,229)	24,082
Plant and machinery	5,239	(3,430)	1,809	879	(850)	684	(423)	-	-	-	5,268	(3,169)	2,099
Equipment, furniture and fittings	3,153	(2,377)	776	1,331	-	-	(323)	-	-	-	4,484	(2,700)	1,784
Library books	2,745	(2,426)	319	120	-	-	(107)	-	-	-	2,865	(2,533)	332
Total operational assets	60,271	(14,858)	45,413	16,132	(858)	684	(1,457)	-	-	-	75,545	(15,631)	59,914
Infrastructural assets													
Roading and footpaths	350,336	-	350,336	10,383	(376)	-	(6,174)	-	9,593	6,174	369,936	-	369,936
Water supplies													
- treatment plants and facilities	11,083	-	11,083	410	(1)	-	(467)	-	(178)	467	11,314	-	11,314
- reticulation and other assets	45,981	-	45,981	806	(340)	-	(895)	-	1,816	895	48,263	-	48,263
Wastewater schemes													
- treatment plants and facilities	22,357	-	22,357	214	-	-	(667)	-	(75)	667	22,496	-	22,496
- reticulation and other assets	34,502	-	34,502	1,541	(80)	-	(761)	-	(435)	761	35,528	-	35,528
Stormwater	20,486	-	20,486	1,137	-	-	(290)	-	167	290	21,790	-	21,790
Stockwater	31,113	-	31,113	57	(95)	-	(34)	-	958	34	32,033	-	32,033
Solid waste	2,068	-	2,068	161	(11)	-	(100)	-	(38)	100	2,180	-	2,180
Parks, cemeteries and domains	8,890	(144)	8,746	597	(18)	-	(274)	-	389	249	9,858	(169)	9,689
Total infrastructural assets	526,816	(144)	526,672	15,306	(921)	-	(9,662)	-	12,197	9,637	553,398	(169)	553,229
Total	587,087	(15,002)	572,085	31,438	(1,779)	684	(11,119)	-	12,197	9,637	628,943	(15,800)	613,143

Notes to the Financial Statements

Council 2013		Accumulated depreciation & impairment	Carrying value	Current year additions	Current year disposals	Accumulated depreciation on disposal	Current year depreciation	Impairment losses expensed	Net revaluation increase/ (decrease)	Accumulated depreciation reversed on reval.	Cost/ fair value	Accumulated depreciation & impairment	Carrying value
1/07/2012	1/07/2012	1/07/2012	1/07/2012	2013	2013	2013	2013	2013	2013	30/06/2013	30/06/2013	30/06/2013	30/06/2013
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets													
Freehold land	29,424	-	29,424	720	(238)	-	-	-	-	-	29,906	-	29,906
Buildings	18,897	(6,091)	12,806	633	(302)	53	(587)	-	-	-	19,228	(6,625)	12,603
Plant and machinery	4,870	(3,106)	1,764	501	(132)	95	(419)	-	-	-	5,239	(3,430)	1,809
Equipment, furniture and fittings	3,073	(2,018)	1,055	83	(3)	1	(360)	-	-	-	3,153	(2,377)	776
Library books	2,643	(2,334)	309	102	-	-	(92)	-	-	-	2,745	(2,426)	319
Total operational assets	58,907	(13,549)	45,358	2,039	(675)	149	(1,458)	-	-	-	60,271	(14,858)	45,413
Infrastructural assets													
Roading and footpaths	329,889	(6,128)	323,761	11,506	(392)	-	(6,275)	-	9,333	12,403	350,336	-	350,336
Water supplies	9,848	-	9,848	1,708	(71)	-	(402)	-	(402)	402	11,083	-	11,083
- treatment plants and facilities	45,018	-	45,018	1,480	(62)	-	(878)	-	(455)	878	45,981	-	45,981
Wastewater schemes	19,603	-	19,603	136	-	-	(660)	-	2,618	660	22,357	-	22,357
- treatment plants and facilities	34,338	-	34,338	656	(6)	-	(753)	-	(486)	753	34,502	-	34,502
- reticulation and other assets	19,652	-	19,652	809	-	-	(276)	-	25	276	20,486	-	20,486
Stormwater	32,748	-	32,748	-	(202)	-	(36)	-	(1,433)	36	31,113	-	31,113
Stockwater	2,108	-	2,108	70	(3)	-	(99)	-	(107)	99	2,068	-	2,068
Solid waste	8,809	(121)	8,688	514	(2)	-	(258)	-	(431)	235	8,890	(144)	8,746
Parks, cemeteries and domains	502,013	(6,249)	495,764	16,879	(738)	-	(9,637)	-	8,662	15,742	526,816	(144)	526,672
Total infrastructural assets	560,920	(19,798)	541,122	18,918	(1,413)	149	(11,095)	-	8,662	15,742	587,087	(15,002)	572,085
Total													

Notes to the Financial Statements

Group 2013

	Cost/ fair value 1/07/2012 \$000	Accumulated depreciation & impairment 1/07/2012 \$000	Carrying value 1/07/2012 \$000	Current year additions \$000	Current year disposals \$000	Accumulated depreciation reversed on disposal \$000	Current year depreciation expensed \$000	Impairment losses expensed \$000	Net revaluation increase/ (decrease) \$000	Accumulated depreciation reversed on reval. \$000	Cost/ fair value 30/06/2013 \$000	Accumulated depreciation & impairment 30/06/2013 \$000	Carrying value 30/06/2013 \$000
Operational assets													
Freehold land	30,134	3	30,137	720	(238)	-	-	-	-	-	30,616	3	30,619
Buildings	19,180	(6,106)	13,074	1,080	(302)	53	(600)	-	96	4	20,054	(6,649)	13,405
Plant and machinery	18,383	(10,136)	8,247	2,976	(278)	196	(1,440)	1	-	-	21,081	(11,379)	9,702
Equipment, furniture and fittings	3,454	(2,276)	1,178	162	(19)	15	(424)	-	-	-	3,597	(2,685)	912
Library books	2,643	(2,334)	309	102	-	-	(92)	-	-	-	2,745	(2,426)	319
Total operational assets	73,794	(20,849)	52,945	5,040	(837)	264	(2,556)	1	96	4	78,093	(23,136)	54,957
Infrastructural assets													
Roading and footpaths	329,889	(6,128)	323,761	11,506	(392)	-	(6,275)	-	9,333	12,403	350,336	-	350,336
Water supplies	9,848	-	9,848	1,708	(71)	-	(402)	-	(402)	402	11,083	-	11,083
- treatment plants and facilities	45,018	-	45,018	1,480	(62)	-	(878)	-	(455)	878	45,981	-	45,981
Wastewater schemes	19,603	-	19,603	136	0	-	(660)	-	2,618	660	22,357	-	22,357
- treatment plants and facilities	34,338	-	34,338	656	(6)	-	(753)	-	486	753	34,502	-	34,502
- reticulation and other assets	19,652	-	19,652	809	-	-	(276)	-	25	276	20,486	-	20,486
Stormwater	32,748	-	32,748	-	(202)	-	(36)	-	(1,433)	36	31,113	-	31,113
Stockwater	2,108	-	2,108	70	(3)	-	(99)	-	(107)	99	2,068	-	2,068
Solid waste	8,809	(121)	8,688	514	(2)	-	(258)	-	(431)	235	8,890	(144)	8,746
Parks, cemeteries and domains	502,013	(6,249)	495,764	16,879	(738)	-	(9,637)	-	8,662	15,742	526,816	(144)	526,672
Total infrastructural assets	575,807	(27,098)	548,709	21,919	(1,575)	264	(12,193)	1	8,758	15,746	604,909	(23,280)	581,629

Core infrastructure asset disclosures

The Local Government (Financial Reporting and Prudence) Regulations 2014 requires Council to disclose additional information for core infrastructure assets. These are defined in the regulations as roading and footpaths, water supplies, wastewater schemes, stormwater and flood protection. The council does not own any flood protection infrastructure.

Core asset capital expenditure

Constructed assets refer to capital additions that have been engaged and constructed by the Council as part of the management of the network. Transferred or vested assets are assets where the construction has been engaged by a third party and when complete the ownership has been transferred to the Council, for example infrastructure assets resulting from a subdivision. This table does not include incomplete assets which remain as work in progress in the statement of financial position.

	2014	2014	2014	2013	2013	2013
	Constructed	Transferred/ vested assets	Total additions	Constructed	Transferred/ vested assets	Total additions
	\$000	\$000	\$000	\$000	\$000	\$000
Roading and footpaths	7,186	3,197	10,383	7,047	4,459	11,506
Water supplies						-
- treatment plants and facilities	410	-	410	1,708	-	1,708
- reticulation and other assets	417	389	806	1,112	368	1,480
	827	389	1,216	2,820	368	3,188
Wastewater schemes						-
- treatment plants and facilities	214	-	214	91	45	136
- reticulation and other assets	575	966	1,541	120	536	656
	789	966	1,755	211	581	792
Stormwater	-	1,137	1,137	364	445	809
Total core asset additions	8,802	5,689	14,491	10,442	5,853	16,295

Notes to the Financial Statements

Core asset replacement cost

Council's core infrastructure assets are revalued annually using depreciated replacement cost (DRC). DRC is referred to as the carrying value of these assets in the financial statements. DRC is the replacement cost of the asset less accumulated depreciation based on the assets age, this results in a current value given a definable remaining useful life. The following table details the carrying value and associated replacement cost for each core infrastructure category.

	Replacement Cost 30-Jun-14 \$000	Carrying Value 30-Jun-14 \$000	Replacement Cost 30-Jun-13 \$000	Carrying Value 30-Jun-13 \$000
Roading and footpaths	495,402	369,936	476,715	350,336
Water supplies				
- treatment plants and facilities	14,986	11,314	14,309	11,083
- reticulation and other assets	76,067	48,263	72,769	45,981
	91,053	59,577	87,078	57,064
Wastewater schemes				
- treatment plants and facilities	27,942	22,496	27,101	22,357
- reticulation and other assets	67,110	35,528	65,564	34,502
	95,052	58,024	92,665	56,859
Stormwater	30,046	21,790	28,448	20,486
	711,553	509,327	684,906	484,745

24. Trade and other payables

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Trade payables	5,782	4,063	7,899	5,781
Accruals and other expenses	387	391	387	687
Amounts due to related parties	624	468	-	-
Revenue in advance	1,793	1,000	1,793	1,000
Retentions / bonds awaiting contract work	485	308	519	375
	9,071	6,230	10,598	7,843

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payable approximate their fair value.

25. Employee benefit liabilities

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Accrued pay	182	170	465	170
Annual and long service leave	745	734	1,295	1,347
Retirement gratuities	376	395	376	395
Sick Leave	5	5	25	5
	<u>1,308</u>	<u>1,304</u>	<u>2,161</u>	<u>1,917</u>

This is shown in the Statement of Financial Position as:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Current	932	941	1,755	1,521
Non current	376	363	406	396
	<u>1,308</u>	<u>1,304</u>	<u>2,161</u>	<u>1,917</u>

Employee benefit liabilities are incurred to cover statutory and other obligations and include annual leave, long service leave, sick leave and retirement gratuities.

26. Landfill aftercare liability

The Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites in the district after closure, in some cases 35 years after closure.

Costs to be incurred for the district's landfills have been estimated by Council as follows:

	2014 \$000	2013 \$000
Ashburton	5	5
Hinds	2	2
Rakaia	3	3
Methven	3	3
Mayfield	2	2
	<u>15</u>	<u>15</u>

Maintenance and monitoring costs have been calculated using a net present value calculation of 6.0% (2013 6.0%). The aftercare liability balance is:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Opening balance	123	133	123	133
Provision used during the year	(14)	(17)	(14)	(17)
Additional provision made during the year	4	7	4	7
Revised estimated monitoring costs	-	-	-	-
Closing balance	<u>113</u>	<u>123</u>	<u>113</u>	<u>123</u>

This is shown in the Statement of Financial Position as:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Current	15	15	15	15
Non current	98	108	98	108
	<u>113</u>	<u>123</u>	<u>113</u>	<u>123</u>

Notes to the Financial Statements

27. Borrowings

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Opening balance	37,626	38,676	40,243	41,060
Loans raised during the year	5,115	10,951	5,771	11,400
Loans repaid during the year	(119)	(12,001)	(662)	(12,217)
Closing balance	42,622	37,626	45,352	40,243

This is shown in the Statement of Financial Position as:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Current	5,135	119	5,786	589
Non current	37,487	37,507	39,566	39,654
	42,622	37,626	45,352	40,243

Loans taken out by the Council are secured over rates of the Council. These are issued at fixed and floating interest rates. ACL loans are secured over certain plant items specified in the loan agreements.

The borrowing balance above includes a drawdown of \$11.175 million of a \$15 million Westpac Bank Limited loan facility (2013 \$11.175 million of a \$26 million facility). The Westpac loan facility maturity date is 31 March 2016.

Maturity analysis and effective interest rates

The following is a maturity analysis of the Council and Group's borrowing. There are no early repayment options.

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Within one year (current)	5,135	119	5,786	589
- weighted average effective interest rates	6.8%	6.0%	6.7%	6.6%
1 to 2 years	11,310	16,294	12,230	16,778
- weighted average effective interest rates	4.7%	4.8%	4.8%	4.8%
2 to 3 years	8,635	119	9,737	876
- weighted average effective interest rates	5.2%	6.0%	5.4%	6.9%
3 to 4 years	135	8,619	192	9,525
- weighted average effective interest rates	5.3%	5.2%	5.8%	5.3%
4 to 5 years	2,135	119	2,135	119
- weighted average effective interest rates	5.8%	6.0%	5.8%	6.0%
Greater than 5 years	15,272	12,356	15,272	12,356
- weighted average effective interest rates	6.0%	6.0%	6.0%	6.0%
	42,622	37,626	45,352	40,243

Fair value of non-current borrowings

The carrying amounts and fair values of non-current borrowings are as follows:

	2014	2014	2013	2013
	Book value	Fair value	Book value	Fair value
	\$000	\$000	\$000	\$000
Secured loans - Council	42,622	42,622	37,507	37,507
Secured loans - ACL	2,730	2,730	2,147	2,147
	45,352	45,352	39,654	39,654

Liability management policy

Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the ADC's Long Term Plan. There were no significant variations or material departures from Council's Liability Management Policy. External debt limits per Council's Long Term Plan (financial strategy) are:

	Target	2014	2013
	Council	Council	Council
Interest payments as a percentage of council revenue	< 10%	2.9%	4.2%
Interest payments as a percentage of total rates	< 25%	7.3%	8.9%

Internal borrowing

	Balance			Balance
	1/07/2013	Borrowed	Repaid	30/06/2014
	\$000	\$000	\$000	\$000
Cemeteries	59		4	55
Commercial Property	9,120	3,630	1,001	11,749
Employment Business	475	-	8	467
Environmental services	1,935	83	225	1,793
Footpaths	1,148	-	46	1,102
Parks	521	-	36	485
Roading	256	-	68	188
Stormwater	2,019	-	96	1,923
Drinking water	8,573	229	381	8,421
Wastewater	1,632	-	310	1,322
Arts and Culture	-	320	-	320
Recreation Facilities	-	8,065	28	8,037
Miscellaneous	1,847	-	1	1,846
	27,585	12,327	2,204	37,708

Total interest of \$1,655,000 was charged on internal loans during the year (2013 \$1,337,000).

Notes to the Financial Statements

Internal borrowing continued

	Balance 1/07/2012 \$000	Borrowed \$000	Repaid \$000	Balance 30/06/2013 \$000
Cemeteries	61	-	2	59
Commercial Property	6,175	2,955	10	9,120
Employment Business	475	-	-	475
Environmental services	1,787	176	28	1,935
Footpaths	1,194	-	46	1,148
Parks	557	-	36	521
Roading	190	129	63	256
Stormwater	1,902	169	52	2,019
Drinking water	7,973	888	288	8,573
Wastewater	1,901	-	269	1,632
Miscellaneous	67	1,788	8	1,847
	<u>22,282</u>	<u>6,105</u>	<u>802</u>	<u>27,585</u>

28. Derivative financial instruments

The notional principal amounts outstanding of borrowings using fixed-to-floating interest rate swaps are:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Notional principal amount	16,000	16,000	16,000	16,000
	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>

The non-current liability portion of the financial derivative in relation to these borrowings using the floating-to-fixed interest rate swaps is:

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Interest rate swaps	281	655	281	655
	<u>281</u>	<u>655</u>	<u>281</u>	<u>655</u>

29. Ratepayers equity

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
Balance at 1 July	419,045	429,339	427,668	437,974
Surplus/(deficit) after taxation	18,335	9,712	20,073	9,700
Appropriations to/from reserves	(4,178)	(20,006)	(4,178)	(20,006)
Balance at 30 June	<u>433,202</u>	<u>419,045</u>	<u>443,563</u>	<u>427,668</u>

30. Other reserves

	2014 Council \$000	2013 Council \$000	2014 Group \$000	2013 Group \$000
<i>Revaluation reserves</i>				
Infrastructural assets				
Balance at 1 July	156,066	131,662	156,066	131,662
Revaluations	21,834	24,404	21,834	24,404
Balance at 30 June	177,900	156,066	177,900	156,066
Property, plant and equipment				
Balance at 1 July	-	-	851	729
Revaluations	-	-	224	101
Disposals	-	-	-	-
Deferred taxation adjustment	-	-	(4)	21
Balance at 30 June	-	-	1,071	851
Total revaluation reserves	177,900	156,066	178,971	156,917
<i>Separate reserves and special funds (refer details below)</i>				
Balance at 1 July	41,626	21,620	41,626	21,620
Plus special funds/separate reserves movements				
Operating income	27,951	24,108	27,951	24,108
Operating expenditure	(17,758)	(17,968)	(17,758)	(17,968)
	10,193	6,140	10,193	6,140
Capital income	5,024	1,980	5,024	1,980
Capital expenditure	(11,212)	(6,438)	(11,212)	(6,438)
	(6,188)	(4,458)	(6,188)	(4,458)
Transfers in	4,724	20,279	4,724	20,279
Transfers out	(4,551)	(1,955)	(4,551)	(1,955)
	173	18,324	173	18,324
Total net movement	4,178	20,006	4,178	20,006
Balance at 30 June	45,804	41,626	45,804	41,626
<i>Fair value through other comprehensive income reserve</i>				
Balance at 1 July	(319)	(635)	(319)	(635)
Net revaluation gains/(losses)	105	316	105	316
Balance at 30 June	(214)	(319)	(214)	(319)
Total other reserves	223,490	197,373	224,561	198,224

Notes to the Financial Statements

Separate reserves and special funds summary

	Separate Reserves \$000	Special Funds \$000	Sinking Funds \$000	Trust Funds \$000	Total \$000
Balance at 1 July 2013	33,876	7,676	55	19	41,626
Operating income	27,758	192	-	1	27,951
Operating expenditure	(17,758)	-	-	-	(17,758)
Capital income	5,024	-	-	-	5,024
Capital expenditure	(11,212)	-	-	-	(11,212)
Transfers in	2,506	2,218	-	-	4,724
Transfers out	(2,120)	(2,431)	-	-	(4,551)
Balance at 30 June 2014	38,074	7,655	55	20	45,804
Balance at 1 July 2012	13,721	7,825	55	19	21,620
Operating income	23,903	205	-	-	24,108
Operating expenditure	(17,968)	-	-	-	(17,968)
Capital income	1,980	-	-	-	1,980
Capital expenditure	(6,438)	-	-	-	(6,438)
Transfers in	19,269	1,010	-	-	20,279
Transfers out	(591)	(1,364)	-	-	(1,955)
Balance at 30 June 2013	33,876	7,676	55	19	41,626

Trust fund reserves represent funds held by Council on behalf of others. These funds are only available to be used for the purposes set out in the Trust documents.

For detailed information about the purpose of each separate reserve and special fund and deposits/withdrawals of each fund refer to note 48.

31. Reconciliation of surplus/deficit with net cash flow from operating activities

	2014	2013	2014	2013
	Council	Council	Group	Group
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Operating surplus/(deficit) after taxation	18,335	9,712	20,073	9,700
<i>Add/(less) non-cash items:</i>				
Vested assets	(9,221)	(6,569)	(9,221)	(6,569)
Depreciation and amortisation	11,348	11,271	12,673	12,445
Impairment of property, plant and equipment	-	-	(188)	(1)
Deferred tax	-	-	112	-
(Gain)/loss in fair value of forestry assets	2,393	(1,259)	2,393	(1,259)
(Gain)/loss in fair value of investment property	(3,434)	(411)	(3,434)	(411)
(Gain)/loss in fair value of EA Networks naming sponsorship	(347)	-	(347)	-
Increase/(decrease) in long term staff provisions	13	(29)	10	(20)
Increase/(decrease) in landfill provision	(10)	(10)	(10)	(10)
Unwind discount on borrowing	(119)	-	(119)	-
Capitalised interest on advances/investments	(7)	(148)	(7)	(148)
(Gain)/loss on change in joint venture shareholding	-	-	-	(90)
Share of joint venture (surplus)/deficit	-	-	410	(63)
<i>Add/(less) items classified as investing or financing activities:</i>				
(Gains)/losses on property, plant & equipment disposals	550	774	586	748
(Gains)/losses on investment property disposals	(260)	665	(260)	661
<i>Add/less movements in working capital items:</i>				
(Increase)/decrease in inventories	791	235	265	1,057
(Increase)/decrease in trade & other receivables	(1,500)	1,060	(703)	1,266
Increase/(decrease) in trade & other payables	762	185	680	465
Increase/(decrease) in current staff provisions	(9)	79	234	112
Increase/(decrease) in financial derivatives	(374)	(422)	(374)	(422)
Increase/(decrease) in taxation payable	20	-	163	(224)
Net cash inflow from operating activities	18,931	15,133	22,936	17,237

Notes to the Financial Statements

32. Commitments and operating leases

Operating and capital commitments represent expenditure contracted for at balance date but not yet incurred.

	2014 Council Actual \$000	2014 Group Actual \$000	2013 Council Actual \$000	2013 Group Actual \$000
Operating				
Roading	1,755	1,755	3,214	3,214
Footpaths	188	188	267	267
Wastewater/stormwater/water maintenance	61	61	575	575
Solid waste management	8,444	8,444	5,298	5,298
Public Conveniences	87	87	149	149
Parks	20	20	42	42
Parking	31	31	22	22
Total operating commitments	10,586	10,586	9,567	9,567
Less than one year	5,788	5,788	5,465	5,465
Between one and two years	1,607	1,607	3,308	3,308
Between two and five years	3,191	3,191	794	794
Greater than five years	-	-	-	-
	10,586	10,586	9,567	9,567
Capital				
Roading	792	792	2,094	2,094
Footpaths	43	43	141	141
Wastewater/stormwater/water maintenance	615	615	1,494	1,494
Stockwater	-	-	78	78
Other operations	-	702	82	784
Commercial property	17,422	17,422	3,278	3,278
Total capital commitments	18,872	19,574	7,167	7,869
Total commitments	29,458	30,160	16,734	17,436

Operating leases as lessor

Both the Council and Ashburton Contracting Limited lease out investment property under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate lease payments to be collected under non-cancellable operating leases are shown below.

	2014 Council Actual \$000	2014 Group Actual \$000	2013 Council Actual \$000	2013 Group Actual \$000
Non cancellable operating leases as lessor:				
Less than one year	802	802	825	825
Between one and five years	2,041	2,041	2,343	2,343
Later than five years	3,068	3,068	3,586	3,586
	5,911	5,911	6,754	6,754

33. Contingent liabilities

	2014 Council Actual \$000	2014 Group Actual \$000	2013 Council Actual \$000	2013 Group Actual \$000
Contingent liability	-	-	708	2,192
Performance bonds	-	294	-	-
Guarantees	-	-	600	600
Total contingent liabilities	-	294	1,308	2,792

Ashburton Contracting Limited has jointly and severally guaranteed 40% (2013 40%) of the Bank of New Zealand advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$1,174,063 (2013 \$3,709,238).

Total contingent liability for the Lake Hood Extension project is therefore \$470,000 (2013 \$1,484,000).

Ashburton Contracting Limited also holds forward exchange contracts at 30 June 2014 to purchase USD\$181,737 (2013 USD\$136,296) as which were marked to market to the equivalent of \$216,410 (2013 \$170,958).

Rangitata Diversion Race Management Limited

The company has a contingent liability as at 31 May 2014. A potential dispute has arisen between the company and Barrhill Chertsey Irrigation Limited (BCI) regarding the terms upon which the parties entered into an infrastructure access deed on 4 December 2009. BCI has made a claim to reconsider that terms of that deed. Arbitration between the company and BCI continues and it is not known if this matter will proceed towards court.

New Zealand Local Government Funding Agency (NZLGFA)

Ashburton District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and has a current credit rating from Standard and Poor's of AA+.

Ashburton District Council, a local authority guarantor of the NZLGFA, and is one of the 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. At 30 June 2014, the Council has borrowed \$15 million from the NZLGFA (2013 \$10 million). Together with the other shareholders and guarantors, the Council is a guarantor of all of NZLGFA's borrowings.

As at 30 June 2014, NZLGFA had borrowings totalling \$4,250 million (2013 \$2,497 million).

Financial International Reporting Standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Notes to the Financial Statements

34. Financial instruments

Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

	Council 2014 \$000	Group 2014 \$000	Council 2013 \$000	Group 2013 \$000
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	6,515	9,743	11,416	12,231
Trade and other receivables	7,713	7,643	5,879	6,589
Other financial assets:				
- term deposits	7,000	7,000	5,951	6,351
- community loans	215	215	72	72
	<u>21,443</u>	<u>24,601</u>	<u>23,318</u>	<u>25,243</u>
<i>Held-to-maturity</i>				
Local authority stocks and bonds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fair value through other comprehensive income</i>				
Local authority stocks and bonds	5,338	5,338	5,826	5,826
	<u>5,338</u>	<u>5,338</u>	<u>5,826</u>	<u>5,826</u>
Financial liabilities:				
<i>Fair value through surplus or deficit</i>				
Derivative financial instrument liabilities				
- interest rate swaps	281	281	655	655
	<u>281</u>	<u>281</u>	<u>655</u>	<u>655</u>
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	9,071	10,598	6,230	7,843
Borrowing:				
- bank overdraft	-	(1,711)	-	(1,122)
- secured loans	42,622	45,352	37,626	40,243
	<u>51,693</u>	<u>54,239</u>	<u>43,856</u>	<u>46,964</u>

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (Level 1) – Financial instrument with quoted prices for identical instruments in active market.

- Valuation technique using observable inputs (Level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable input (Level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position. There were no transfers between the different levels of the fair value hierarchy.

	Total	Quoted market price	Observable inputs	Significant non- observable inputs
	\$000	\$000	\$000	\$000
2014 Council				
<i>Financial assets</i>				
Local authority stocks	-	-	-	-
Bonds	5,338	5,338	-	-
<i>Financial liabilities</i>				
Interest rate swaps	281	-	281	-
2014 Group				
<i>Financial assets</i>				
Local authority stocks	-	-	-	-
Bonds	5,338	5,338	-	-
<i>Financial liabilities</i>				
Interest rate swaps	281	-	281	-
2013 Council				
<i>Financial assets</i>				
Local authority stocks	-	-	-	-
Bonds	5,826	5,826	-	-
<i>Financial liabilities</i>				
Interest rate swaps	655	-	655	-
2013 Group				
<i>Financial assets</i>				
Local authority stocks	-	-	-	-
Bonds	5,826	5,826	-	-
<i>Financial liabilities</i>				
Interest rate swaps	655	-	655	-

Notes to the Financial Statements

Financial instrument risks

The Group has exposure to market, credit and liquidity risks that arise in the normal course of the Group's business.

The Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Treasury Liability and Investment Management policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

- Fair value interest rate risk – Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes the Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowings that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at variable interest rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk.
- Cash flow interest rate risk – Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates. The effect of this is when floating interest rates increase over that of the fixed rate entered into; Council pays the lower rate, i.e. the swap rate. If floating market interest rates decrease and are below the level of the fixed rate Council will be locked in to the higher fixed rate i.e. the swap rate. Under the interest rate swaps, Council agrees with Westpac Bank to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal amounts outstanding of borrowings using fixed-to-floating interest rate swaps at 30 June 2014 are:

	2014	2013	2014	2013
	Council	Council	Group	Group
	\$000	\$000	\$000	\$000
Notional principal amount	16,000	16,000	16,000	16,000
	16,000	16,000	16,000	16,000

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charged over rates. Other than local authorities, the group only invests funds with those entities which have a Standard and Poor's credit rating of at least A- for both short term and long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The carrying amount of the Group's financial assets (Cash and cash equivalents, trade and other receivables, local authority stocks and bonds, advances and other financial assets) represents the Group's maximum exposure to credit risk.

The Council is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings. Information about this exposure is explained in note 33.

Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is as follows:

	Council	Group	Council	Group
	2014	2014	2013	2013
	\$000	\$000	\$000	\$000
Cash and cash equivalents	6,515	5,624	11,416	12,231
Trade and other receivables	7,713	7,643	5,879	6,589
Community loans	215	215	72	72
Term deposits greater than 90 days	7,000	7,000	5,951	6,351
Local authority stocks and bonds	5,338	5,338	5,826	5,826
	<u>26,781</u>	<u>25,820</u>	<u>29,144</u>	<u>31,069</u>

Notes to the Financial Statements

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council 2014 \$000	Group 2014 \$000	Council 2013 \$000	Group 2013 \$000
Counterparties with credit ratings:				
<i>Cash at bank and term deposits</i>				
AA-	13,515	16,743	17,367	18,582
	<u>13,515</u>	<u>16,743</u>	<u>17,367</u>	<u>18,582</u>
<i>Local authority stocks and bonds</i>				
AA	516	516	-	-
AA-	1,447	1,447	1,048	1,048
A+	1,026	1,026	1,067	1,067
A	-	-	593	593
A-	1,596	1,596	2,500	2,500
BBB-	753	753	618	618
	<u>5,338</u>	<u>5,338</u>	<u>5,826</u>	<u>5,826</u>
Counterparties without credit ratings:				
<i>Community loans</i>				
Community loans	215	215	72	72
	<u>215</u>	<u>215</u>	<u>72</u>	<u>72</u>

Debtors and other receivables arise mainly from the Council's statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that ADC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liability risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close our market positions. ADC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, ADC maintains a target level of investments that must mature within the next 12 months.

ADC manages its borrowing in accordance with its funding and financial policies, which includes a Treasury Liability and Investment Management policy. These policies have been adopted as part of the ADC's Long Term Community Plan.

The Council is exposed to liquidity risk as a guarantor of all NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 33.

Contractual maturity analysis on financial liabilities

The table below analyses ADC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and exclude interest.

	Note	Liability carrying amount \$000	Contractual cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
2014 Council							
Trade and other payables	24	9,071	9,071	9,071	-	-	-
Bank overdraft	12	-	-	-	-	-	-
Borrowings	27	42,622	42,622	5,135	11,310	10,905	15,272
Interest rate swaps	28	281	281	-	-	281	-
		51,974	51,974	14,206	11,310	11,186	15,272
2014 Group							
Trade and other payables	24	10,598	10,598	10,598	-	-	-
Bank overdraft	12	(1,711)	(1,711)	(1,711)	-	-	-
Borrowings	27	45,352	45,352	5,786	12,230	12,064	15,272
Interest rate swaps	28	281	281	-	-	281	-
		54,520	54,520	14,673	12,230	12,345	15,272
2013 Council							
Trade and other payables	24	6,230	6,230	6,230	-	-	-
Bank overdraft	12	-	-	-	-	-	-
Borrowings	27	37,626	37,626	119	16,294	8,857	12,356
Interest rate swaps	28	655	655	-	-	655	-
		44,511	44,511	6,349	16,294	9,512	12,356
2013 Group							
Trade and other payables	24	7,843	7,843	7,843	-	-	-
Bank overdraft	12	(1,122)	(1,122)	(1,122)	-	-	-
Borrowings	27	40,243	40,243	589	16,778	10,520	12,356
Interest rate swaps	28	655	655	-	-	655	-
		47,619	47,619	7,310	16,778	11,175	12,356

Notes to the Financial Statements

Contractual maturity analysis on financial assets

The table below analyses the Council and Group's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Note	Asset carrying amount (\$000)	Contractual cashflows (\$000)	Less than 1 year (\$000)	1-2 years (\$000)	2-5 years (\$000)	More than 5 years (\$000)
2014 Council							
Cash and cash equivalents	12	6,515	6,515	6,515	-	-	-
Term deposits greater than 90 days	16	7,000	7,000	7,000	-	-	-
Trade and other receivables	13	7,713	7,713	6,333	1,380	-	-
Local authority stocks & bonds	14	5,338	5,338	1,026	259	4,053	-
Community loans	13	215	215	35	180	-	-
		<u>26,781</u>	<u>26,781</u>	<u>20,909</u>	<u>1,819</u>	<u>4,053</u>	<u>-</u>
2014 Group							
Cash and cash equivalents	12	9,743	9,743	9,743	-	-	-
Term deposits greater than 90 days	16	7,000	7,000	7,000	-	-	-
Trade and other receivables	13	7,643	7,643	6,263	1,380	-	-
Local authority stocks & bonds	14	5,338	5,338	1,026	259	4,053	-
Community loans	13	215	215	35	180	-	-
		<u>29,939</u>	<u>29,939</u>	<u>24,067</u>	<u>1,819</u>	<u>4,053</u>	<u>-</u>
2013 Council							
Cash and cash equivalents	12	11,416	11,416	11,416	-	-	-
Term deposits greater than 90 days	16	5,951	5,951	5,951	-	-	-
Trade and other receivables	13	6,388	6,388	5,388	-	1,000	-
Local authority stocks & bonds	14	5,826	5,826	593	1,067	3,119	1,047
Community loans	13	72	73	68	5	-	-
		<u>29,653</u>	<u>29,654</u>	<u>23,416</u>	<u>1,072</u>	<u>4,119</u>	<u>1,047</u>
2013 Group							
Cash and cash equivalents	12	12,231	12,231	12,231	-	-	-
Term deposits greater than 90 days	16	6,351	6,351	6,351	-	-	-
Trade and other receivables	13	7,211	7,211	7,211	-	-	-
Local authority stocks & bonds	14	5,826	5,826	593	1,067	3,119	1,047
Community loans	13	72	73	68	5	-	-
		<u>31,691</u>	<u>31,692</u>	<u>26,454</u>	<u>1,072</u>	<u>3,119</u>	<u>1,047</u>

Sensitivity analysis for interest rate risk

As at 30 June 2014 it was estimated that a general increase of one percentage point in interest rates would increase the surplus by \$527,000 for the Council and Group (2013 \$462,000 for the Council and Group). This calculation is based on financial instruments that are subject to variable interest rates but excludes fixed rate financial instruments and financial instruments that are subject to variable interest but where the interest rate risk is managed through interest rate swaps.

In addition to the above, at 30 June 2014 it was estimated that a general increase of one percentage point in interest rates would reduce equity by \$91,000 (2013 \$130,000) for the Group and the Council by adjustments made to the fair value of local authority stocks and bonds that are carried at fair value.

Notes to the Financial Statements

35. Related parties

The Ashburton District Council is the ultimate parent of the group and controls three entities, being Ashburton Contracting Limited, the Ashburton Stadium Complex Trust and the Ashburton Community Water Trust. Each of these entities are deemed to be a related party; however all transactions between the entity and Ashburton District Council have been completed on an arm's length basis.

The following transactions were carried out with related parties:

	2014	2013
	Actual	Actual
	\$000	\$000
Ashburton Contracting Limited		
Services paid by ACL to ADC	132	150
Dividends paid by ACL to ADC	616	907
Services provided by ACL to ADC	7,473	6,372
Accounts receivable by ADC from ACL	12	18
Accounts payable from ADC to ACL	624	468
Interest on Loans	76	76
ACL Loan owed at balance date	1,000	1,000
Amounts payable to Ashburton Stadium Complex Trust	29	-
Sponsorship provided to Ashburton Stadium Complex Trust	25	-
Experience Mid Canterbury		
ADC grants to EMC	300	-
Ashburton Community Water Trust		
ADC grants to the Community Water Trust	7	6
Accounts payable from ADC to ACWT	-	-
Ashburton Stadium Complex Trust		
ADC Grants to Ashburton Stadium Complex Trust	26	-
Sponsorship income from ASCT to ADC	254	516
Accounts receivable by ADC from Ashburton Stadium Complex Trust	1,711	849
Accounts payable from ASCT to ADC	184	-
Transwaste Canterbury Limited		
Services provided by Transwaste	1,544	932
Transport equalisation payment to ADC	144	127
Dividends paid by Transwaste to ADC	320	207
Accounts payable by ADC to Transwaste	131	106
Canterbury Economic Development Corporation Ltd (CEDC)		
ADC payments to CEDC	-	-
Rangitata Diversion Race Management Ltd		
Annual contribution for operating and shutdown expenses	57	48
Grow Mid Canterbury		
Annual grant from ADC	244	244

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly. These are identified as the Mayor, Councillors, Chief Executive Officer and the Senior Management Team. During the year they, as part of a normal customer relationship, were involved in minor transactions with Ashburton District Council such as payment of rates, building and resource consents, etc. Apart from these minor transactions:

Browns Farms Limited (Councillor Brown, shareholder) paid the Council \$Nil for grazing and harvesting (2013 \$4,186)

Rota Services (Councillor Nelson, owner) was paid \$12,470 for contract services to the Council (2013 \$14,998)

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2013 nil).

36. Remuneration

Total staff numbers by remuneration band

	2014 Council Actual \$000	2013 Council Actual \$000
< \$60,000	96	88
\$60,000 - \$80,000	33	25
\$80,000 - \$100,000	10	9
\$100,000 - \$120,000	8	-
\$100,000 - \$140,000	-	7
\$120,000 - \$280,000	7	-
\$140,000 - \$260,000	-	3
Total employees	154	132

Total remuneration includes non-financial benefits paid to employees. At balance date the Council employed 115 full-time employees (2013 103). The balance of staff represents 16 full-time equivalent employees (2013 14). A full-time employee is determined on the basis of a 40 hour working week.

Notes to the Financial Statements

Elected representatives (Mayor and Councillors)

	2014 Council Actual \$000	2013 Council Actual \$000
Mayor		
A McKay	89	87
Councillors		
L J Leadley	9	28
R J Kilworth	9	28
D Favel	20	19
D Mcleod	20	19
D N Nelson	27	28
N A Brown	27	28
I J Burgess	6	19
P W Reveley	15	-
J Sparks	6	19
A Urquhart	15	-
R Ellis	15	-
R Beavan	15	-
M Nordqvist	21	19
A Totty	24	19
S Wilson	25	19
K Cutforth	22	19
	<hr/> 365	<hr/> 351

Chief executive officer

The Chief Executive of the Ashburton District Council, appointed under section 42 of the Local Government Act 2002, received a salary package that has been broken down under his contract received the following benefits:

	2014 Council Actual \$000	2013 Council Actual \$000
Previous Chief Executive Officer		
Salary	122	241
Vehicle (market value)	2	12
Telephone rental	-	1
Current Chief Executive Officer		
Salary	222	-
Vehicle (market value)	-	-
Telephone rental	-	-
	<hr/> 346	<hr/> 254

Senior management (excluding chief executive)

	2014	2013
	Council	Council
	Actual	Actual
	\$000	\$000
Short term employee benefits	677	758
Superannuation	13	32
Termination benefits	90	135
	<u>780</u>	<u>925</u>

Total key management costs for 2014 are \$1,491,000 (2013 \$1,530,000).

37. Severance payments

Section 19 of Schedule 10 of the Local Government Act 2002 requires the disclosure of the number of employees who received severance payments and the amount of each severance payment made as defined under that legislation.

	2014	2013
	Council	Council
	Actual	Actual
	\$000	\$000
Severance payments	-	12
	<u>-</u>	<u>12</u>

For the year ended 30 June 2014 Council made no severance payments (2013 1).

Notes to the Financial Statements

38. Ashburton Contracting Limited

Nature and scope of activities

Ashburton Contracting Limited is 100% owned by Ashburton District Council and took over the works and services operations previously performed by the Council's Works Business Unit. The company carries out construction and maintenance of drainage and water services, roads and footpaths, drives, buildings including plumbing, carpentry and painting work, and environmental services including refuse collection, landfill and recycling operations etc. The company also operates a mechanical workshop and a light engineering workshop and supplies goods, materials, services and equipment for sale or hire.

Objectives of the company

1. Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
2. Conduct its affairs in accordance with sound business practice.

Board of Directors

Mr Roger Bonifant (Chairman)

Mr Darcy Prendergast

Mr Murray Frost

Mr Philip Dunstan

General Manager

Mr Gary Casey

Contact

Ashburton Contracting Limited

South Street

P O Box 264

Ashburton

Phone (03) 308 4039; Fax (03) 308 0288

www.ashcon.co.nz

Performance measures

The Company's actual performance compared to targets as specified in the 2013/14 Statement of Corporate Intent, were as follows:

1. The Company budgeted for a profit before tax of \$1,639,000 and actual profit before tax for this period was \$2,053,531
2. The Company achieved an annual rate of return based on average equity of 13%
3. The Company attained the Document Review Certificate (in accordance with Transit New Zealand requirements) effective 1 July 1996 and attained full certification for its roading division in terms of ISO 9001 effective 1 July 1997. The Company has maintained the standards required within the Certification throughout the year.
4. There were no breaches of the Resource Management Act during the year.
5. The Company received an unqualified Audit Report of its Financial Statements for the year ended 30 June 2014
6. The ratio of shareholders' funds to total assets as at 30 June 2014 was 62% (target ratio to be no less than 50%).
7. The Directors expect to approve a final dividend, which with the interim already paid, is at least 50% of the tax paid surplus, in accordance with the Statement of Intent. Target dividend was \$610,000. \$185,000 was paid with \$425,000 yet to be paid.

Statement of comprehensive revenue and expense for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	30,943	30,613
Operating and other expenses	29,300	29,217
Operating surplus before taxation	1,643	1,396
Share of joint venture Surplus/(deficit)	410	63
Taxation expense	(573)	(380)
Net surplus/(deficit)	1,480	1,079
Other comprehensive income	220	122
Total comprehensive income	1,700	1,201

Notes to the Financial Statements

39. Ashburton Community Water Trust

The Council has an interest in the Ashburton Community Water Trust. The Trust was incorporated on 13 April 2000. The Trust is created as an in-substance subsidiary and consolidated in the Council's financial statements.

Objectives of the Trust

1. To coordinate a community approach to water
2. The education of the community in relation to water issues
3. To encourage and support the further development of the region's water resources for the benefit of the Ashburton District community
4. The provision of encouragement (whether monetary or otherwise) as the trustees may deem appropriate to assist with the implementation of any developments for the better use of water in the Ashburton District
5. The provision of grants and/or loans to enable feasibility studies to be undertaken in respect of water issues
6. Funding and supporting research into water issues including the enhancement of the Ashburton River and resolution of other local environment issues
7. The acquisition of such equipment as might be necessary to further the objects of the Trust

Performance measures

Six monthly reports are presented to Council that were satisfactory to the Council

The Council has resolved not to require six monthly reports due to the low level of activity currently being undertaken by the Trust.

Statement of comprehensive revenue and expense for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	7	15
Operating and other expenses	28	36
Operating surplus before taxation	(21)	(21)
Taxation expense	-	-
Net surplus/(deficit)	(21)	(21)

40. The Ashburton Stadium Complex Trust

Ashburton District Council has an interest in the Ashburton Stadium Complex Trust which was formed on 4 August 2005. The Trust has been treated as an in-substance subsidiary and consolidated in the Council's financial statements from the 2006 financial year.

Statement of comprehensive revenue and expense for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	450	949
Operating and other expenses	70	590
Operating surplus before taxation	380	359
Taxation expense	-	-
Net surplus/(deficit)	380	359

41. Experience Mid Canterbury

In 2013 Council took the decision to create a Council Controlled Organisation (CCO) called Experience Mid Canterbury to deliver promotion and marketing activities on behalf of Council. The CCO came into being on 1 July 2013.

The Council invested \$95,000 to purchase the net assets and liabilities of the Ashburton Tourism Board in the creation of Experience Mid-Canterbury.

Statement of comprehensive revenue and expense for the year ended 30 June 2014

	2014	2013
	Actual	Actual
	\$000	\$000
Operating revenue	298	-
Operating and other expenses	316	-
Operating surplus before taxation	(18)	-
Taxation expense	-	-
Net surplus/(deficit)	(18)	-

42. Local Government Insurance Corporation Limited

Ashburton District Council has a minority shareholding of 56,016 shares out of 11,030,364 shares. The other shares are held by other New Zealand Territorial and Regional Councils.

43. Transwaste Canterbury Limited

Performance Measures: Transwaste operated their landfill during the year with no breaches of the Resource Management Act 1991.

Notes to the Financial Statements

44. Rangitata Diversion Race Management Limited

Ashburton District Council owns 30,000 Ordinary C shares of \$1 and 50,000 Deferred D shares of \$1 out of 200,000 total shares in Rangitata Diversion Race Management Limited.

45. Joint Venture – Lake Hood Extension Project

During the 2008 financial year Ashburton Contracting Limited entered into an agreement for a 35% participation in an unincorporated Joint Venture known as the Lake Hood Extension Project. The objective of the joint venture is to further develop Lake Hood and an adjacent site by the creation of an enlarged lake and provision of residential and rural lifestyle blocks. The participants completed the purchase of land for the project and have obtained the necessary resource consents for the project.

On May 2011 Ashburton Contracting Limited's participation was reduced to 32.55% as a result of a fourth party purchasing a 7% interest; however during the 2012/13 year one of the joint venture participants sought to reduce their investment. As a result Ashburton Contracting Limited's share in the Lake Hood Extension Project has now increased to 37.59%.

Summarised financial information of joint venture

	2014	2013
	Actual	Actual
	\$000	\$000
Assets	18,217	19,752
Liabilities	(2,405)	(5,027)
Equity	15,812	14,725
Company's interest at 37.59% (2012 32.55%)	5,944	5,535
Revenue	4,391	1,523
Surplus/(deficit)	1,010	191
Company's interest at 37.59%	410	63
(2013 32.55% for 11 months and 37.59% for 1 month)		

The results of the Joint Venture have been included in the financial statements using the equity method. The surplus for the year includes an increase in the valuation of investment property of \$6,000 (2013 \$97,348). This valuation was performed by a registered valuer at 30 June 2014.

Contingent liabilities related to the Joint Venture are shown in note 33.

46. Canterbury Economic Development Company Limited

The councils in the Canterbury region have established a council controlled organisation (CCO) to provide regional governance functions required by the Ministry of Economic Development with respect to regional economic development funding initiatives. This organisation is responsible for applying for central government funding and overseeing the use and disbursement of funding received. All councils in the Canterbury region own an equal share of the organisation. Ashburton District and Selwyn District have nominated two directors between them, one being the Ashburton District Mayor.

47. Subsequent Events

Eastfields Investments Ltd

Council passed a resolution on the 3rd April 2014 to become a participant in an unincorporated joint venture called Eastfields Investments Ltd. The purpose of the joint venture is to undertake redevelopment of the Ashburton CBD on land bounded by Burnett Street, Cass Street and Tancred Street. This area had seen a number of buildings demolished as a result of earthquake damage and the landowners (including the Council) believed there were real economic and environmental benefits in undertaking the redevelopment in a coordinated fashion that would rejuvenate the central CBD.

On 1 July 2014 Council sold to the joint venture land and buildings for the sum of \$1,710,000, and took up a 29% shareholding in the joint venture and a current account of \$210,000 owed by the joint venture.

Ashburton Art Gallery and Heritage Centre

Construction of the Ashburton Art Gallery and Heritage centre was completed on 28 August 2014. The total cost of the complete project was \$9,713,566.

Council had been advised by the NZ Lotteries Grants Board of a grant of \$500,000 to help fund the cost of the air conditioning plant in the building and \$200,000 towards lighting and storage systems. This income has not been recognised in the 2013/14 year as the terms of the grant were not met as at 30 June 2014.

Council has also received confirmation on the 18th September 2014 of a grant of \$1,080,000 from the Regional Museums Policy fund administered by the Ministry for Arts, Culture and Heritage towards the cost of this project.

Both these grant amounts will be recognised in the 2014/15 year.

There are no other events in relation to the Council or its subsidiaries that materially affect the financial statements.

Notes to the Financial Statements

48. Separate reserves and special funds

The purpose of individual separate reserves and special funds are provided below. The balances and movements are summarised in note 30.

Separate reserves

Wastewater reserves

Each waste water scheme retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the scheme. Each individual reserve balance is only available for use by that scheme.

All wastewater reserves are part of the wastewater activity.

Scheme	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Ashburton	2,719	5,254	(4,636)	3,337
Methven	279	291	(283)	287
Rakaia	261	321	(228)	354
	<hr/> 3,259	<hr/> 5,866	<hr/> (5,147)	<hr/> 3,978

Scheme	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Ashburton	1,340	4,810	(3,431)	2,719
Methven	347	405	(473)	279
Rakaia	148	334	(221)	261
	<hr/> 1,835	<hr/> 5,549	<hr/> (4,125)	<hr/> 3,259

Drinking water reserves

Each drinking water scheme retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the scheme. Each individual reserve balance is only available for use by that scheme. All drinking water reserves are part of the drinking water activity.

Scheme	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Ashburton	1,121	3,237	(3,289)	1,069
Methven	(144)	520	(514)	(137)
Rakaia	221	217	(149)	289
Fairton	111	71	(166)	16
Hakatere	(24)	74	(60)	(9)
Hinds	20	98	(97)	21
Mayfield	63	103	(91)	75
Chertsey	36	58	(64)	30
Methven/Springfield	(7)	98	(91)	1
Montalto	65	122	(173)	14
Mt Somers	15	359	(357)	17
Dromore	33	71	(70)	35
Winchmore	33	50	(39)	44
Lake Hood	61	102	(62)	101
Barrhill	22	81	(214)	(111)
	1,626	5,262	(5,434)	1,454

Scheme	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Ashburton	856	3,614	(3,349)	1,121
Methven	(228)	1,005	(921)	(144)
Rakaia	147	207	(133)	221
Fairton	104	68	(61)	111
Hakatere	(32)	70	(62)	(24)
Hinds	11	93	(84)	20
Mayfield	77	96	(110)	63
Chertsey	28	60	(52)	36
Methven/Springfield	(6)	90	(91)	(7)
Montalto	9	115	(59)	65
Mt Somers	18	107	(110)	15
Dromore	33	64	(64)	33
Winchmore	27	50	(44)	33
Lake Hood	16	179	(134)	61
Barrhill	-	22	-	22
	1,060	5,840	(5,274)	1,626

Notes to the Financial Statements

Footpath reserves

Each footpath area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All footpath reserves are part of the transportation activity.

Rating area	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Ashburton	271	791	(635)	427
Methven	(16)	172	(166)	(10)
Rakaia	(179)	105	(43)	(117)
Rural	(115)	86	(53)	(81)
	(39)	1,154	(897)	218

Rating area	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Ashburton	120	744	(593)	271
Methven	(32)	248	(232)	(16)
Rakaia	(187)	106	(98)	(179)
Rural	(91)	98	(122)	(115)
	(190)	1,196	(1,045)	(39)

Reserve board reserves

Each reserve board retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each reserve board. Each individual reserve balance is only available for use by that reserve board.

All reserve board reserves are part of the community facilities activity.

Reserve board	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Alford Forest	2	1	(1)	2
Chertsey	7	1	(0)	8
Dorie	1	1	(1)	1
Ealing	11	2	-	13
Ashburton Forks	4	2	(0)	5
Highbank	15	1	(0)	16
Hinds	6	3	(1)	8
Lynnford	(1)	0	(0)	(1)
Maranon	1	1	(0)	2
Mayfield	(6)	8	(9)	(7)
Methven	6	10	(14)	2
Mt Somers	25	138	(113)	50
Pendarves	-	0	(1)	(0)
Rakaia	136	24	(26)	134
Ruapuna	1	13	(7)	6
Seafield	4	0	(0)	4
Tinwald	270	326	(383)	213
	482	533	(557)	458

Reserve board	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Alford Forest	(2)	5	(1)	2
Chertsey	7	-	-	7
Dorie	6	3	(8)	1
Ealing	9	2	-	11
Ashburton Forks	4	1	(1)	4
Highbank	14	1	-	15
Hinds	16	1	(11)	6
Lynnford	(1)	-	-	(1)
Maranon	1	-	-	1
Mayfield	(3)	1	(4)	(6)
Methven	8	8	(10)	6
Mt Somers	31	40	(46)	25
Pendarves	-	-	-	-
Rakaia	136	19	(19)	136
Ruapuna	(1)	9	(7)	1
Seafield	3	1	-	4
Tinwald	225	409	(364)	270
	453	500	(471)	482

Notes to the Financial Statements

Memorial hall reserves

Each memorial hall retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each hall. Each individual reserve balance is only available for use by that memorial hall.

All memorial hall reserves are part of the community facilities activity.

Memorial hall	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Laghmor/Westerfield	28	2	(0)	29
Mayfield	27	4	(4)	27
Mt Hutt	(47)	2,490	(2,461)	(17)
Rakaia	-	12	(9)	2
Tinwald	(4)	8	(13)	(10)
	4	2,515	(2,488)	31

Memorial hall	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Laghmor/Westerfield	29	2	(3)	28
Mayfield	26	5	(4)	27
Mt Hutt	(41)	-	(6)	(47)
Rakaia	1	16	(17)	-
Tinwald	7	20	(31)	(4)
	22	43	(61)	4

Parks and beautification reserves

Each beautification area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All parks and beautification reserves are part of the parks and open spaces activity.

Beautification area	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Ashburton Domain Gardens	(275)	652	(760)	(383)
Baring Square East	92	62	(41)	113
Baring Square West	28	32	(24)	36
Ashburton Town Centre	317	364	(308)	374
Methven Beautification	87	146	(160)	73
Rakaia	(27)	94	(110)	(44)
Ashburton Urban	(4)	530	(594)	(68)
Rural	99	36	(43)	92
State Highway 1	83	58	(63)	78
Passive reserves	71	(4)	(1)	66
Neighbourhood grounds	(168)	173	(192)	(187)
Ashburton domain sportsgrounds	(130)	169	(173)	(134)
Other sports fields	109	95	(155)	49
Ashburton Business Estate	(29)	151	(122)	(0)
	253	2,557	(2,746)	64

Beautification area	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Ashburton Domain Gardens	(175)	638	(738)	(275)
Baring Square East	88	155	(151)	92
Baring Square West	17	35	(24)	28
Ashburton Town Centre	283	232	(198)	317
Methven Beautification	148	147	(208)	87
Rakaia	(7)	79	(99)	(27)
Ashburton Urban	6	333	(343)	(4)
Rural	94	52	(47)	99
State Highway 1	70	59	(46)	83
Passive reserves	67	4	-	71
Neighbourhood grounds	(172)	122	(118)	(168)
Ashburton domain sportsgrounds	(83)	174	(221)	(130)
Other sports fields	159	92	(142)	109
Ashburton Business Estate	-	105	(134)	(29)
	495	2,227	(2,469)	253

Notes to the Financial Statements

Refuse collection reserves

Each refuse collection area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All refuse collection reserves are part of the refuse and recycling activity.

Rating area	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Ashburton	316	848	(872)	292
Methven	(32)	144	(143)	(32)
Rakaia	(32)	87	(80)	(25)
Hinds	0	14	(12)	2
Mt Somers	(17)	9	(9)	(17)
Mayfield	(6)	6	(12)	(12)
	229	1,108	(1,129)	208

Rating area	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Ashburton	241	817	(742)	316
Methven	(62)	154	(124)	(32)
Rakaia	(40)	80	(72)	(32)
Hinds	(3)	14	(11)	-
Mt Somers	(16)	9	(10)	(17)
Mayfield	(6)	6	(6)	(6)
	114	1,080	(965)	229

Stormwater reserves

Each stormwater area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All stormwater reserves are part of stormwater activity.

Rating area	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Ashburton	178	2,004	(1,894)	287
Methven	63	57	(60)	60
Rakaia	77	15	(7)	85
Hinds	14	2	(2)	14
Rural	7	0	-	7
	339	2,078	(1,963)	454

Rating area	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Ashburton	30	1,346	(1,198)	178
Methven	58	133	(128)	63
Rakaia	71	15	(9)	77
Hinds	15	2	(3)	14
Rural	7	-	-	7
	181	1,496	(1,338)	339

Other separate reserves

Separate reserves also include the following:

- Stockwater reserve – Stockwater (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the targeted rating areas. The reserve balance is only available for use by the stockwater rating areas. The stockwater reserve is part of the economic development activity.
- Forestry reserve – the net surplus from the Council’s forestry operations are held in this reserve. Each year a transfer from this reserve is made to offset the general rate and uniform annual general charge. The forestry reserve is part of the economic development activity.
- Dividend account – the proceeds from the sale of the Council’s Lyttelton Port Company Ltd shareholding some years ago. The balance is not restricted in its use and can be used for purposes approved by Council. The dividend account is part of the miscellaneous activity.
- Property reserves – there are two property reserves, one that holds the proceeds of any property sales (and which property purchases are funded) and a reserve from which income and expenditure from the Council’s airport operation are retained. Both property reserves are part of the economic development activity.

Notes to the Financial Statements

- Youth council reserve – the council provides funds to support the activities of the youth council. These funds are retained in a separate reserve, the balance of which is only available for this activity. The youth council reserve is part of the democracy and governance activity.
- Library reserve – the net annual surplus or deficit (including capital income and expenditure) of the district’s libraries are retained in this reserve. The balance is only available for the library activity. The library reserve is part of the community recreation and leisure activity.
- Rural fire reserve – The rural fire activity (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. The balance is only available for use by that activity. The rural fire reserve is part of the community facilities and support activity.
- Parking reserve – Council’s parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates of the lifetime of the activity. The balance is only available for use by that activity. The parking reserve is part of the regulatory services activity.
- Festive lighting reserve – this reserve is funded from rates and contributions. The reserve retains its own surplus or deficit (including capital income and expenditure) which accumulates of the lifetime of the activity. The balance is only available for use by that activity. The festive lighting reserve is part of the parks and open spaces activity.
- Animal control reserve – Council’s animal control enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates of the lifetime of the activity. The balance is only available for use by that activity. The animal control reserve is part of the regulatory services activity.
- Elderly person housing reserve – Council provides elderly persons units for rent. The activity is required to be self-funding with no rate input. The annual surplus or deficit (including capital income and expenditure) is retained in this reserve. The balance can only be used for this activity. The elderly person housing reserve is part of the community facilities and support activity.
- Road safety reserve – Council undertake road safety that is funded by rates and the NZTA subsidy. The reserve retains the activity’s surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The road safety reserve is part of the transportation activity.
- Arts and culture reserve – the arts and culture activity retains the activity’s surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The arts and culture reserve is part of the community recreation and leisure activity.

Notes to the Financial Statements

Other separate reserves	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Stockwater	(397)	1,060	(1,159)	(496)
Forestry	1,204	1,323	(931)	1,596
Dividend account	12,094	190	(200)	12,084
Property	12,812	6,796	(4,097)	15,511
Airport	(160)	190	(30)	(1)
Youth Council	15	20	(16)	18
Library	154	1,068	(1,033)	189
Rural Fire	109	530	(568)	72
Parking	1,477	602	(366)	1,713
Festive lighting	60	11	(18)	53
Animal control	284	349	(532)	102
Elderly persons housing	308	487	(347)	449
Road safety	(83)	181	(107)	(8)
Arts and culture	(154)	1,408	(1,326)	(72)
	<u>27,723</u>	<u>14,215</u>	<u>(10,729)</u>	<u>31,209</u>
Other separate reserves	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Stockwater	(405)	1,669	(1,661)	(397)
Forestry	1,528	754	(1,078)	1,204
Dividend account	11,783	488	(177)	12,094
Property	(4,925)	20,096	(2,359)	12,812
Airport	(133)	35	(62)	(160)
Youth Council	15	18	(18)	15
Library	152	1,032	(1,030)	154
Rural Fire	185	524	(600)	109
Parking	1,295	606	(424)	1,477
Festive lighting	44	27	(11)	60
Animal control	230	392	(338)	284
Elderly persons housing	265	478	(435)	308
Road safety	(79)	115	(119)	(83)
Arts and culture	(204)	987	(937)	(154)
	<u>9,751</u>	<u>27,221</u>	<u>(9,249)</u>	<u>27,723</u>
2014 Total separate reserves per summary (note 30)	<u>33,876</u>	<u>35,289</u>	<u>(31,090)</u>	<u>38,075</u>
2013 Total separate reserves per summary (note 30)	<u>13,721</u>	<u>45,152</u>	<u>(24,997)</u>	<u>33,876</u>

Special funds

Special funds have been set up for specific purposes. Their use is restricted to the purpose for which they were set up. They retain their surplus or deficit but are used to meet the costs that comply with their purpose. Many of these funds were inherited from Ashburton County and Ashburton Borough Councils' at the time of amalgamation in 1989.

These funds are included in the miscellaneous activity.

Special funds include the following reserves:

- Roading bridges reserve – to fund the costs associated with maintaining or upgrading Council bridges.
- Road and Sealing reserves – to meet the costs of maintaining roads in the District.
- Ashburton stormwater reserve – to assist with the funding urban stormwater in Ashburton.
- Arts Centre improvement reserve – to assist in the provision of art gallery services.
- Historical acquisition reserve – to assist the museum in purchasing items or improving its service.
- Town centre beautification reserve – to meet development costs incurred in the upgrade of the Ashburton town centre.
- Access Trust reserve – this fund was set up with money received from government employment assistance in past years and is used to fund projects that are similar in purpose to those Access programmes of the past.
- Purchase and improvement reserve – this reserves if funded form financial contributions levied on subdivisions under the Resource Management Act. Its use is governed by the Act.
- Land subdivision and Land purchase and improvement reserves – this fund is used to purchase land for reserve purposes.
- Plant renewal reserve – purchases of new vehicles and equipment are made from this reserve. It is funded through depreciation charges on those items.
- Civic amenities reserve – this is an old Ashburton Borough reserve created to fund amenities that provided civic facilities in the Ashburton urban area.
- Other asset reserves – this reserve is to fund asset purchases, however the type of asset was not specified.
- Disaster insurance reserve – Council retains a cash reserve as part of its insurance provisions. This reserve along with its normal insurances and LAPP insurance should ensure that the Government meets it contribution towards any major disaster. This fund meets the annual cost of Council's membership of LAPP.
- Capital services reserve – community development contributions are reflected in this account and are applied when required for the purpose the contribution was initially taken.
- Town clock maintenance reserve – to assist with the maintenance of the Ashburton town clock in Baring Square East.
- Contingency reserve – a fund set up to meet unforeseen expenditure of any nature.

Notes to the Financial Statements

Special fund	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
Roading Bridges	171	2	-	173
Road	303	98	-	401
Sealing	88	1	(89)	0
Ashburton stormwater	1	0	(1)	(0)
Arts centre improvement	66	2	-	68
Historial acquisition	14	0	-	14
Town centre beautification	232	6	-	238
Access Trust	34	1	-	35
Purchase and improvement	2,679	714	(484)	2,908
Heritage Grant Funding	42	16	(0)	58
Land purchase and improvement	381	5	(386)	0
Plant renewal	401	1,104	(584)	921
Civic amenities	14	0	(14)	(0)
Other assets	428	6	(433)	0
Disaster insurance	2,585	67	(104)	2,548
Capital services	206	388	(319)	275
Town clock maintenance	15	0	(16)	(1)
Contingency	16	0	-	16
Total special funds (note 30)	7,676	2,410	(2,431)	7,655

Special fund	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
Roading Bridges	167	4	-	171
Road	295	8	-	303
Sealing	86	2	-	88
Ashburton stormwater	1	-	-	1
Arts centre improvement	64	2	-	66
Historial acquisition	14	-	-	14
Town centre beautification	226	6	-	232
Access Trust	38	1	(5)	34
Purchase and improvement	2,737	206	(264)	2,679
Heritage Grant funding	41	1	-	42
Land purchase and improvement	371	10	-	381
Plant renewal	403	528	(530)	401
Civic amenities	14	-	-	14
Other assets	417	11	-	428
Disaster insurance	2,583	68	(66)	2,585
Capital services	337	368	(499)	206
Town clock maintenance	15	-	-	15
Contingency	16	-	-	16
Total special funds (note 30)	7,825	1,215	(1,364)	7,676

Notes to the Financial Statements

Sinking and trust funds

Council took up a loan to buy shares in Ashburton Contracting Limited when the company was first established. Each year a principal repayment is made to the sinking fund reserve and held here until the term of the loan matures and a principal payment can be made.

The trust fund is for a bequest to Council to maintain the John Grigg statue in Baring Square West and educational grants.

	Balance 1-Jul-13 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-14 \$000
ACL sinking fund	55	-	-	55
John Grigg statue trust fund	19	1	-	20

	Balance 1-Jul-12 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30-Jun-13 \$000
ACL sinking fund	55	-	-	55
John Grigg statue trust fund	19	-	-	19

Funding Impact Statements

1. Council Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2013 Annual Report \$000	2013 Annual Plan \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC*, rates penalties	8,301	8,272	7,372	7,293
Targeted rates (other than water supply)	18,383	18,335	18,022	17,864
Subsidies and grants for operating purposes	1,735	1,863	1,674	1,532
Fees, charges and targeted rates for water supply	5,523	4,821	4,972	4,495
Interest and dividends from investments	1,839	1,590	1,949	1,450
Local authorities fuel tax, fines, infringement fees and other receipts	11,484	9,083	6,922	6,276
Total sources of operating funding	47,265	43,964	40,911	38,910
Applications of operating funding				
Payments to staff and suppliers	32,346	29,805	28,982	29,385
Finance costs	1,988	3,110	1,983	2,926
Other operating funding applications	377	182	1,359	20
Total applications of operating funding	34,711	33,097	32,324	32,331
Surplus/(deficit) of operating funding	12,554	10,867	8,587	6,579
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	4,238	3,308	3,127	3,511
Development and/or financial contributions	1,208	3,475	1,094	3,050
Increase/(decrease) in debt	16,083	17,247	5,303	12,208
Gross proceeds from sale of assets	2,600	-	8,958	3,597
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	24,129	24,030	18,482	22,366
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	3,882	333	5,354
- to improve the level of service	24,729	24,124	9,026	16,942
- to replace existing assets	8,047	8,916	7,794	9,604
Increase/(decrease) in reserves	3,334	(2,025)	9,916	(2,955)
Increase/(decrease) in investments	573	-	-	-
Total applications of capital funding	36,683	34,897	27,069	28,945
Surplus/(deficit) of capital funding	(12,554)	(10,867)	(8,587)	(6,579)
Funding Balance	-	-	-	-

Note: The annual plan included \$2,500,000 for development and/or financial contributions which has been shifted to subsidies and grants for capital expenditure.

Funding Impact Statements

Reconciliation of Council Funding Impact Statement to Statement of Comprehensive Revenue and Expense

	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000	Budget 2013 \$000
Total sources of operating funding	47,265	43,964	40,911	42,028
<i>plus capital funding sources treated as income</i>				
Subsidies and grants for capital expenditure	4,238	3,308	3,127	3,511
Development and/or financial contributions	1,208	3,475	1,094	3,050
<i>plus income not treated as funding sources</i>				
Vested assets	9,221	1,746	6,569	2,383
Other gains	4,964	1,451	3,030	1,572
Revenue per statement of comprehensive revenue and expenses	66,896	53,944	54,731	52,544
Total applications of operating funding	34,711	33,097	32,324	32,331
<i>plus expenditure not treated as funding applications</i>				
Depreciation	10,357	10,788	10,271	10,110
Other losses	3,493	-	2,424	-
less income tax in activity funding applications	(95)	(170)	-	-
Expenditure per statement of comprehensive revenue and expenses	48,466	43,715	45,019	42,441
Surplus/(deficit) before tax per statement of comprehensive revenue and expenses	18,430	10,229	9,712	10,103

The depreciation in the Council Funding Impact Statement does not include depreciation incurred in internal activities of Council (overhead departments). Costs of these overhead departments are allocated across all activities of Council but are not specifically identified by their components, such as depreciation costs. The Statement of Comprehensive Revenue and Expense does include all depreciation, including overhead departments.

2. Group of Activities Funding Impact Statements

Transportation Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	267	267	283	264
Targeted rates (other than water supply)	6,826	6,773	6,588	6,360
Subsidies and grants for operating purposes	1,648	1,768	1,235	1,436
Fees, charges and targeted rates for water supply	21	8	8	8
Internal charges and overheads recovered	14	56	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	531	483	606	545
Total sources of operating funding	9,307	9,355	8,720	8,613
Applications of operating funding				
Payments to staff and suppliers	4,630	4,614	4,686	4,462
Finance costs	-	7	8	4
Internal charges and overheads applied	102	138	79	85
Other operating funding applications	-	-	-	-
Total applications of operating funding	4,732	4,759	4,773	4,551
Surplus/(deficit) of operating funding	4,575	4,596	3,947	4,062
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	3,273	3,308	3,646	3,511
Development and/or financial contributions	13	52	55	54
Increase/(decrease) in debt	(114)	(114)	(114)	20
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	3,172	3,246	3,587	3,585
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	406	231	469
- to improve the level of service	1,278	656	728	784
- to replace existing assets	6,412	6,538	6,594	6,435
Increase/(decrease) in reserves	57	242	(19)	(41)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	7,747	7,842	7,534	7,647
Surplus/(deficit) of capital funding	(4,575)	(4,596)	(3,947)	(4,062)
Funding Balance	-	-	-	-

Funding Impact Statements

Drinking Water Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	28	28	-	22
Targeted rates (other than water supply)	3,871	3,873	4,075	3,980
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	313	184	183	178
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	158	149	119	124
Total sources of operating funding	4,370	4,234	4,377	4,304
Applications of operating funding				
Payments to staff and suppliers	2,499	2,219	2,429	2,566
Finance costs	86	143	262	258
Internal charges and overheads applied	622	573	409	425
Other operating funding applications	5	-	-	-
Total applications of operating funding	3,212	2,935	3,100	3,249
Surplus/(deficit) of operating funding	1,158	1,299	1,277	1,055
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	61	-	-	-
Development and/or financial contributions	210	85	79	76
Increase/(decrease) in debt	(151)	(244)	(195)	(31)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	120	(159)	(116)	45
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	439	155	157	135
- to replace existing assets	873	979	1,011	918
Increase/(decrease) in reserves	(227)	6	(7)	47
Increase/(decrease) in investments	193	-	-	-
Total applications of capital funding	1,278	1,140	1,161	1,100
Surplus/(deficit) of capital funding	(1,158)	(1,299)	(1,277)	(1,055)
Funding Balance	-	-	-	-

Wastewater Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	-	-	-	-
Targeted rates (other than water supply)	3,865	3,859	4,026	3,931
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	49	43	48	47
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	589	464	302	325
Total sources of operating funding	4,503	4,366	4,376	4,303
Applications of operating funding				
Payments to staff and suppliers	1,940	1,707	1,862	1,796
Finance costs	815	909	891	839
Internal charges and overheads applied	263	261	80	96
Other operating funding applications	1	-	-	-
Total applications of operating funding	3,019	2,877	2,833	2,731
Surplus/(deficit) of operating funding	1,484	1,489	1,543	1,572
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	345	186	186	179
Increase/(decrease) in debt	(310)	911	891	280
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	35	1,097	1,077	459
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	429	447	1,135
- to improve the level of service	297	1,445	1,504	578
- to replace existing assets	601	724	766	1,157
Increase/(decrease) in reserves	621	(12)	(97)	(839)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	1,519	2,586	2,620	2,031
Surplus/(deficit) of capital funding	(1,484)	(1,489)	(1,543)	(1,572)
Funding Balance	-	-	-	-

Funding Impact Statements

Stormwater Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	89	89	76	72
Targeted rates (other than water supply)	797	797	682	644
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	-	2	2	2
Internal charges and overheads recovered	6	6	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	37	45	45	40
Total sources of operating funding	929	939	805	758
Applications of operating funding				
Payments to staff and suppliers	460	303	306	294
Finance costs	38	60	68	55
Internal charges and overheads applied	121	111	104	107
Other operating funding applications	-	-	-	-
Total applications of operating funding	619	474	478	456
Surplus/(deficit) of operating funding	310	465	327	302
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	-	-	-	-
Increase/(decrease) in debt	(96)	(96)	430	(80)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	(96)	(96)	430	(80)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	62	-	250
- to improve the level of service	136	758	518	249
- to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	78	(451)	239	(277)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	214	369	757	222
Surplus/(deficit) of capital funding	(310)	(465)	(327)	(302)
Funding Balance	-	-	-	-

Refuse and Recycling Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	967	964	956	1,006
Targeted rates (other than water supply)	477	475	527	456
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	1,632	1,337	1,299	1,238
Internal charges and overheads recovered	400	396	402	379
Local authorities fuel tax, fines, infringement fees and other receipts	821	653	618	601
Total sources of operating funding	4,297	3,825	3,802	3,680
Applications of operating funding				
Payments to staff and suppliers	3,668	3,432	3,318	3,238
Finance costs	-	-	21	17
Internal charges and overheads applied	397	396	402	379
Other operating funding applications	-	-	-	-
Total applications of operating funding	4,065	3,828	3,741	3,634
Surplus/(deficit) of operating funding	232	(3)	61	46
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	-	108	105	102
Increase/(decrease) in debt	-	-	(14)	151
Gross proceeds from sale of assets	2	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	2	108	91	253
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	4	4	4
- to improve the level of service	107	57	57	100
- to replace existing assets	50	17	17	185
Increase/(decrease) in reserves	77	27	74	10
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	234	105	152	299
Surplus/(deficit) of capital funding	(232)	3	(61)	(46)
Funding Balance	-	-	-	-

Funding Impact Statements

Community Recreation and Leisure Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	3,288	3,280	4,082	2,942
Targeted rates (other than water supply)	29	29	29	29
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	45	15	23	22
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	107	143	68	66
Total sources of operating funding	3,469	3,467	4,202	3,059
Applications of operating funding				
Payments to staff and suppliers	2,680	2,570	2,234	2,106
Finance costs	419	717	1,190	557
Internal charges and overheads applied	365	-	603	250
Other operating funding applications	85	-	-	-
Total applications of operating funding	3,549	3,287	4,027	2,913
Surplus/(deficit) of operating funding	(80)	180	175	146
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	904	-	2,500	2,083
Development and/or financial contributions	-	2,500	-	-
Increase/(decrease) in debt	14,314	14,090	11,254	9,805
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	15,218	16,590	13,754	11,888
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	2,446	2,824	2,446
- to improve the level of service	14,128	14,525	11,296	9,785
- to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	1,010	(201)	(191)	(197)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	15,138	16,770	13,929	12,034
Surplus/(deficit) of capital funding	80	(180)	(175)	(146)
Funding Balance	-	-	-	-

Community Facilities and Support Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	988	986	965	938
Targeted rates (other than water supply)	394	394	401	390
Subsidies and grants for operating purposes	64	90	108	91
Fees, charges and targeted rates for water supply	3	2	2	2
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	609	592	575	559
Total sources of operating funding	2,058	2,064	2,051	1,980
Applications of operating funding				
Payments to staff and suppliers	1,857	1,454	1,625	1,618
Finance costs	-	-	-	-
Internal charges and overheads applied	53	300	72	68
Other operating funding applications	48	-	-	-
Total applications of operating funding	1,958	1,754	1,697	1,686
Surplus/(deficit) of operating funding	100	310	354	294
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	382	280	280	270
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	382	280	280	270
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	5	100	97	85
- to replace existing assets	12	23	47	34
Increase/(decrease) in reserves	465	467	490	445
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	482	590	634	564
Surplus/(deficit) of capital funding	(100)	(310)	(354)	(294)
Funding Balance	-	-	-	-

Funding Impact Statements

Economic Development Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	(576)	(579)	(662)	(496)
Targeted rates (other than water supply)	1,181	1,192	1,172	1,157
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-
Internal charges and overheads recovered	333	318	673	317
Local authorities fuel tax, fines, infringement fees and other receipts	8,721	6,369	2,476	3,361
Total sources of operating funding	9,659	7,300	3,659	4,339
Applications of operating funding				
Payments to staff and suppliers	5,126	4,196	3,582	4,647
Finance costs	307	954	936	853
Internal charges and overheads applied	603	541	373	374
Other operating funding applications	-	170	170	-
Total applications of operating funding	6,036	5,861	5,061	5,874
Surplus/(deficit) of operating funding	3,623	1,439	(1,402)	(1,535)
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	-	-	-	-
Increase/(decrease) in debt	2,621	2,763	(737)	1,375
Gross proceeds from sale of assets	2,398	-	3,699	3,597
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	5,019	2,763	2,962	4,972
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	800
- to improve the level of service	6,320	5,649	2,074	4,596
- to replace existing assets	9	28	30	25
Increase/(decrease) in reserves	2,313	(1,475)	(544)	(1,984)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	8,642	4,202	1,560	3,437
Surplus/(deficit) of capital funding	(3,623)	(1,439)	1,402	1,535
Funding Balance	-	-	-	-

Parks and Open Spaces Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC* and rates penalties	1,338	1,334	1,391	1,365
Targeted rates (other than water supply)	876	876	887	854
Subsidies and grants for operating purposes	23	4	4	4
Fees, charges and targeted rates for water supply	466	404	387	375
Internal charges and overheads recovered	69	168	81	78
Local authorities fuel tax, fines, infringement fees and other receipts	599	389	339	336
Total sources of operating funding	3,371	3,175	3,089	3,012
Applications of operating funding				
Payments to staff and suppliers	3,312	2,735	2,760	2,681
Finance costs	4	1	4	4
Internal charges and overheads applied	65	69	63	64
Other operating funding applications	-	-	-	-
Total applications of operating funding	3,381	2,805	2,827	2,749
Surplus/(deficit) of operating funding	(10)	370	262	263
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	258	156	295	286
Increase/(decrease) in debt	(39)	(39)	(39)	(39)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	219	117	256	247
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	285	-	100
- to improve the level of service	807	235	344	340
- to replace existing assets	50	147	161	130
Increase/(decrease) in reserves	(648)	(180)	13	(60)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	209	487	518	510
Surplus/(deficit) of capital funding	10	(370)	(262)	(263)
Funding Balance	-	-	-	-

Funding Impact Statements

Democracy Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC*, rates penalties	1,651	1,647	1,605	1,530
Targeted rates (other than water supply)	67	67	63	63
Subsidies and grants for operating purposes	-	1	1	1
Fees, charges and targeted rates for water supply	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	112	89	59	18
Total sources of operating funding	1,830	1,804	1,728	1,612
Applications of operating funding				
Payments to staff and suppliers	1,767	1,804	1,728	1,612
Finance costs	-	-	-	-
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	1,767	1,804	1,728	1,612
Surplus/(deficit) of operating funding	63	-	-	-
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	-	-	-	-
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	63	-	-	-
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	63	-	-	-
Surplus/(deficit) of capital funding	(63)	-	-	-
Funding Balance	-	-	-	-

Regulatory Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC*, rates penalties	1,366	1,362	1,275	1,125
Targeted rates (other than water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	2,994	2,826	2,707	2,623
Internal charges and overheads recovered	273	273	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	653	683	810	787
Total sources of operating funding	5,286	5,144	4,792	4,535
Applications of operating funding				
Payments to staff and suppliers	4,337	4,648	4,217	4,177
Finance costs	12	23	44	45
Internal charges and overheads applied	133	125	105	105
Other operating funding applications	26	12	20	20
Total applications of operating funding	4,508	4,808	4,386	4,347
Surplus/(deficit) of operating funding	778	336	406	188
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	-	-	-	-
Increase/(decrease) in debt	(142)	6	(225)	(10)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	(142)	6	(225)	(10)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	-	-	80
- to improve the level of service	298	-	-	-
- to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	338	342	181	98
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	636	342	181	178
Surplus/(deficit) of capital funding	(778)	(336)	(406)	(188)
Funding Balance	-	-	-	-

Funding Impact Statements

Miscellaneous Funding Impact Statement

For the year ended 30 June 2014

	2014 Annual Report \$000	2014 Annual Plan \$000	2014 LTP Year 2 \$000	2013 LTP Year 1 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC*, rates penalties	(1,105)	(1,106)	(1,398)	(1,475)
Targeted rates (other than water supply)	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-
Internal charges and overheads recovered	1,655	1,296	1,134	1,179
Local authorities fuel tax, fines, infringement fees and other receipts	386	720	944	965
Total sources of operating funding	936	910	680	669
Applications of operating funding				
Payments to staff and suppliers	71	120	195	189
Finance costs	307	296	295	294
Internal charges and overheads applied	25	-	-	-
Other operating funding applications	212	-	-	-
Total applications of operating funding	615	416	490	483
Surplus/(deficit) of operating funding	321	494	190	186
* Uniform Annual General Charges				
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and/or financial contributions	-	-	-	-
Increase/(decrease) in debt	-	(30)	(30)	(30)
Gross proceeds from sale of assets	200	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	200	(30)	(30)	(30)
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	250	-	70
- to improve the level of service	914	544	306	290
- to replace existing assets	40	460	783	720
Increase/(decrease) in reserves	(813)	(790)	(929)	(924)
Increase/(decrease) in investments	380	-	-	-
Total applications of capital funding	521	464	160	156
Surplus/(deficit) of capital funding	(321)	(494)	(190)	(186)
Funding Balance	-	-	-	-

Audit Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Ashburton District Council and group's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of Ashburton District Council (the District Council) and group. The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council and group that comprise:
 - the statement of financial position as at 30 June 2014 on page 109 and 110;
 - the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2014 on pages 104, 109 and 111; and
 - the statement of accounting policies and notes to the financial statements that include other explanatory information about the financial statements on pages 88 to 103, 105 to 108 and 112 to 176;
- the statement of service provision (referred to as Council Activities) for each group of activities carried out by the District Council on pages 20 to 81;
- the funding impact statements in relation to each group of activities of the District Council on pages 179 to 190;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 20 to 81;
- the funding impact statement of the District Council on pages 177 and 178; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 83 to 87, 135 and 136.

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on pages 139 and 140;

Audit Report

- reserve funds on pages 164 to 176;
- remuneration paid to the elected members and certain employees of the District Council on page 156;
- employee staffing levels and remuneration on page 155;
- severance payments on page 157;
- council-controlled organisations on pages 158 to 163;
- rating base units on page 87; and
- insurance of assets on page 87.
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 19; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 9.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council and group on pages 88 to 176:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2014; and
 - the results of its operations and cash flows for the year ended on that date.
- the Council Activities of the District Council on pages 20 to 81:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.

- The funding impact statements in relation to each group of activities of the District Council on pages 179 to 190, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- The statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 20 to 81, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- The funding impact statement of the District Council on pages 177 and 178, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- The disclosures on pages 83 to 87, 135 and 136 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 October 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and Council Activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

Audit Report

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported Council Activities within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and Council Activities that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows; and
 - fairly reflect its service performance, including achievements compared to forecast.
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure

spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;

- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the *Other Requirements*, we have carried out an assurance engagement providing an auditor's report to the Council's bond trustees, which is compatible with those independence requirements. Other than this assignment we have no relationship with or interests in the District Council or any of its subsidiaries.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

