



# **PROGRESS PAPA KURA**

## **VOLUME THREE - FINANCIALS AND PROJECTIONS**

Papakura District Council Long Term Council Community Plan 2006 - 2016



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As a requirement of the Local Government Act 2002, this document has been audited by Audit New Zealand. Their full opinion can be found on page 6 in Volume Two of Progress Papakura.

# Significant Forecasting Assumptions and Risks

Schedule 10 (section 11) of the Local Government Act 2002 contains provisions relating to 'significant forecasting assumptions'. The Act requires that Council identifies the significant forecasting assumptions and risks underlying the financial estimates. Where there is a high level of uncertainty, Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions.

The Council has made a number of assumptions in preparing this LTCCP. These assumptions are necessary as the planning term for the LTCCP is 10 years and the assumptions ensure that all estimates and forecasts are made on the same basis.

Forecasting assumptions	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
<p>Growth forecasts: The population of the District is estimated to double by 2050. For the period of this plan, growth is expressed in 'planning area units' or 'equivalent households'. It is anticipated that an extra 7,300 'equivalent households' will occur over the 2006 – 2016 period and an extra 3,800 over the 2016 – 2026 period.</p>	<p>That growth is higher than projected, putting increased pressure on Council to provide additional infrastructure and services.</p>	Low	Low	<p>On average, growth is estimated at 700 'equivalent households' per year for the period of this plan.</p> <p>Where growth requires extra infrastructure, Council will require development contributions for this work.</p> <p>Council plans for growth over a twenty year period and reviews the plans on a three-yearly review basis in line with the LTCCP. As a result the impact of growth being higher or lower than expected is likely to be minimal as these will be picked up during the three-yearly review. Should Council be in a situation where growth is significantly higher or lower than projections, it will be forced to review earlier than the three-yearly review due to the impacts on the development contributions being levied. However this will only be the case if the total growth yield for the twenty year period changes significantly. Any change that doesn't result in a change in the overall yield is unlikely to have any material impact on the financial projections.</p>
	<p>That growth is lower than projected, putting pressure on Council to maintain existing infrastructure and services.</p>	Medium	Low	<p>The growth forecasts also drive the timing of the capital works programme. Any significant changes to these will result in changes to the timing of the projects which is updated on an annual basis at Annual Planning time.</p>

## Significant Forecasting Assumptions and Risks

Forecasting assumptions	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
Resource consents - Conditions of resource consents held by Council will not be altered significantly.	Conditions of resource consent are altered significantly and without sufficient warning.	Low	Low	The likelihood of this occurring is minimal as a result of Council's programme of developing integrated catchment management plans with respect to stormwater.
	Work is not performed in accordance with the conditions of the consent.	Low	Low	Council's water and wastewater operations are currently undertaken by United Water Ltd.  Council does not operate any open landfills. Council has a number of closed landfills for which consents have been granted for a term longer than the period of this plan. Council's other landfills still undergoing the consenting process will not have a material impact on the financial projections.
Inflation - The financial information is based on the following adjustments for inflation. Council has used the BERL forecasts of price level changes to calculate the impact of inflation on specific types of expenses in the plan. The rates for the ten years covering the plan is outlined on page 35 of this volume.	That actual inflation will be significantly different from the assumed inflation.	Low Years (1-3)	Low Years (1-3)	Inflation is affected by external economic factors.
		Medium Years (4-10)	Medium Years (4-10)	Council's costs and the income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made.  While individual cost indices will at times vary from what has been included in this plan, the Council has relied on the Reserve Bank use of monetary controls to keep inflation within the 1.5 to 3% range.

Forecasting assumptions	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
Interest – Interest on term debt is calculated at 7.5% per annum. Interest on investments is calculated at 5.75%.	That interest rates will change from those used in the calculations.	Medium	Medium	<p>Interest rates on borrowed funds are largely influenced by factors external to the New Zealand economy.</p> <p>Council will be a 'net borrower' in the period of this LTCCP. Therefore any changes to interest rates on borrowing will have an impact.</p> <p>Council is projecting an increase in debt (internal and external) to fund its capital works programme with levels projected from \$18 million to \$80 million over the period of this plan.</p> <p>Based on projected debt levels, a 1% increase/decrease in interest rates will mean a movement of \$10,000 per year for every \$1 million of debt.</p>

## Significant Forecasting Assumptions and Risks

Forecasting assumptions	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
<p>Land Transport New Zealand (LTNZ) requirements and specifications for the performance of subsidised work will not alter to the extent that they impact adversely on operating costs.</p> <p>The LTNZ subsidy Council has used in the LTCCP is 44% for all years of the plan for the base programme and a range of 44% to 60% for the capital programmes.</p>	<p>Changes in subsidy rate and variation in criteria for inclusion in subsidised works programme.</p>	Low	Medium	<p>LTNZ funding priorities may change as a result of the Land Transport Management Act 2003. Variations in subsidy are possible given the new Government priority given to Auckland roads.</p> <p>A 1% decrease in subsidy in the operating programme will increase Council's cost by \$60,000 to \$100,000 per annum.</p> <p>A 1% decrease in subsidy in the capital programme will increase Council's borrowing and will further result in increased loan repayment and interest costs.</p>
<p>Asset Revaluations and Impacts on Depreciation – These projections include a three yearly estimate to reflect the change in asset valuations. This estimate is based on current information.</p>	<p>The actual revaluation may be higher or lower than the estimates.</p>	High	Low	<p>Variation in values expected to be low unless valuation methodology changes.</p> <p>Revaluations affect the carrying value of fixed and infrastructure assets and the depreciation charge in the year subsequent to the revaluation. The financial effect of the uncertainty is unable to be quantified.</p>

Forecasting assumptions	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty																
Funding sources – Sources of funds are as per the revenue and financing policy.	That some user charges may not be achievable.	Low	Low	Levels of charges have been set at previously achieved levels and modified by future projections based on a set of assumptions. The financial impact is unlikely to be material as some user charges under budget will be likely to be offset by some user charges over budget.																
<p>Depreciation on planned asset acquisitions – The following average depreciation rates have been used for planned asset acquisition:</p> <table border="0"> <tr> <td>Buildings</td> <td>1.5%</td> </tr> <tr> <td>Roads</td> <td>3.1%</td> </tr> <tr> <td>Water</td> <td>0%</td> </tr> <tr> <td>Wastewater</td> <td>0%</td> </tr> <tr> <td>Stormwater</td> <td>1.3%</td> </tr> <tr> <td>Fittings</td> <td>10%</td> </tr> <tr> <td>Computers</td> <td>20%</td> </tr> <tr> <td>Plant vehicles</td> <td>20%</td> </tr> </table>	Buildings	1.5%	Roads	3.1%	Water	0%	Wastewater	0%	Stormwater	1.3%	Fittings	10%	Computers	20%	Plant vehicles	20%	That more detailed analysis of planned capital works once complete may alter the depreciation expense.	Low	Low	Council has an asset management planning and upgrade programme in place. Asset capacity and condition is monitored, with replacement works being planned in accordance with standard asset management and professional practices. Depreciation is calculated in accordance with normal accounting and asset management practices.
Buildings	1.5%																			
Roads	3.1%																			
Water	0%																			
Wastewater	0%																			
Stormwater	1.3%																			
Fittings	10%																			
Computers	20%																			
Plant vehicles	20%																			

# Significant Forecasting Assumptions and Risks

Forecasting assumptions	Risk	Likelihood of occurrence	Financial materiality	Reasons and financial effect of uncertainty
<p>Asset life – Useful life of assets is as recorded in asset management plans or based upon professional advice.</p> <p>Please refer Statement of Accounting Policies, Depreciation Policy.</p>	<p>That assets wear out earlier or later than estimated.</p>	<p>Low</p>	<p>Low</p>	<p>Asset life is based upon estimates of engineers and valuers.</p> <p>Asset replacements - Capital projects could be brought forward in event of early expiration of assets affecting interest costs. (Depreciation expense would also increase). The negative impacts would be at least partially offset by other assets lasting longer than estimated.</p> <p>Council's capital programme is reviewed on an annual basis and any major financial impacts will be taken into account at that point.</p>

## Balanced Budget Requirement

Council, having regard to the matters set out in section 100 (2) (a) - (d) of the Local Government Act 2002, considers that it is financially prudent to set operating revenues at significantly higher levels than operating expenses throughout the 10-year plan to ensure that sufficient revenue is generated to repay loans in accordance with the Liability Management Policy and to provide funding for the capital programme.

# Statement of Prospective Financial Performance

For the Years Ending 30 June 2006 to 30 June 2016

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Forecast	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST OF ACTIVITIES</b>											
Cost of Borrowing	980,216	1,342,718	2,012,130	2,958,016	3,026,153	3,277,487	3,109,206	3,387,146	3,670,172	2,647,112	2,128,441
Depreciation	5,096,000	5,887,440	6,239,641	6,905,127	7,277,548	7,644,900	8,294,177	8,553,370	8,749,473	9,407,418	9,684,377
Other Expenditure	20,874,897	21,699,893	22,933,561	24,204,873	25,139,267	26,357,457	26,896,529	27,420,659	28,186,377	28,951,026	29,365,433
<b>Total Gross Cost of Services of Activities</b>	<b>26,951,113</b>	<b>28,930,051</b>	<b>31,185,332</b>	<b>34,068,016</b>	<b>35,442,968</b>	<b>37,279,844</b>	<b>38,299,912</b>	<b>39,361,175</b>	<b>40,606,022</b>	<b>41,005,556</b>	<b>41,178,251</b>
<b>OTHER COSTS</b>											
Museum Levies	465,000	511,039	567,050	595,164	611,230	626,507	640,918	654,378	666,815	677,482	688,320
MOTAT Levies	150,130	159,139	192,797	213,241	218,996	224,469	229,633	234,455	238,912	242,734	246,616
<b>TOTAL OPERATING COSTS</b>	<b>27,566,243</b>	<b>29,600,229</b>	<b>31,945,179</b>	<b>34,876,421</b>	<b>36,273,194</b>	<b>38,130,820</b>	<b>39,170,463</b>	<b>40,250,008</b>	<b>41,511,749</b>	<b>41,925,772</b>	<b>42,113,187</b>
<b>REVENUE</b>											
Rates Revenue	20,593,972	22,359,961	24,526,986	27,777,263	30,762,238	33,233,503	34,755,378	36,165,895	37,830,716	39,374,941	40,228,868
Charges for Services	2,685,879	4,625,670	4,768,356	4,905,909	5,015,754	5,140,319	5,257,883	5,367,627	5,468,978	5,555,966	5,644,275
Government Grants, Subsidies and Sponsorships	3,953,210	8,487,542	6,600,474	6,050,182	11,220,721	4,760,691	5,358,698	5,959,030	6,028,779	6,223,823	6,689,979

# Statement of Prospective Financial Performance

For the Years Ending 30 June 2006 to 30 June 2016

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Forecast	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment Interest	690,294	211,250	211,250	211,250	211,250	211,250	211,250	211,250	211,250	344,404	1,097,725
Petroleum Tax	170,000	170,000	174,420	178,606	182,535	186,186	189,724	192,949	195,843	198,389	200,968
Development/Financial Contributions	1,645,186	6,702,956	11,162,937	13,840,441	15,944,380	14,710,652	12,114,664	11,579,806	10,312,465	10,481,582	10,653,626
Assets Vested in Council	1,567,479	7,090,480	1,969,920	2,235,777	3,167,515	4,876,981	1,607,526	1,751,787	374,100	379,712	385,408
<b>TOTAL REVENUE</b>	<b>31,306,020</b>	<b>49,647,859</b>	<b>49,414,343</b>	<b>55,199,428</b>	<b>66,504,393</b>	<b>63,119,582</b>	<b>59,495,123</b>	<b>61,228,344</b>	<b>60,422,131</b>	<b>62,558,817</b>	<b>64,900,849</b>
Gain on Sale of Property	860,385	0	515,305	0	0	0	0	0	0	0	0
<b>TOTAL REVENUE AND GAIN ON SALES</b>	<b>32,166,405</b>	<b>49,647,859</b>	<b>49,929,648</b>	<b>55,199,428</b>	<b>66,504,393</b>	<b>63,119,582</b>	<b>59,495,123</b>	<b>61,228,344</b>	<b>60,422,131</b>	<b>62,558,817</b>	<b>64,900,849</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>4,600,162</b>	<b>20,047,630</b>	<b>17,984,469</b>	<b>20,323,007</b>	<b>30,231,199</b>	<b>24,988,762</b>	<b>20,324,660</b>	<b>20,978,336</b>	<b>18,910,382</b>	<b>20,633,045</b>	<b>22,787,662</b>

# Statement of Prospective Movements in Ratepayers' Equity

For the Years Ending 30 June 2007 to 30 June 2016

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ratepayers Equity as at 1 July	400,678,929	420,726,559	460,352,968	483,731,256	513,962,455	562,636,784	586,339,051	607,317,387	651,627,159	675,904,597
Net Surplus/(Deficit) for the year	20,047,630	17,984,469	20,323,007	30,231,199	24,988,762	20,324,660	20,978,336	18,910,382	20,633,045	22,787,662
Increase in Asset Revaluation Reserve	0	21,641,940	3,055,281	0	23,685,567	3,377,607	0	25,399,390	3,644,393	0
<b>TOTAL RECOGNISED REVENUES AND EXPENSES FOR THE YEAR</b>	<b>20,047,630</b>	<b>39,626,409</b>	<b>23,378,288</b>	<b>30,231,199</b>	<b>48,674,329</b>	<b>23,702,267</b>	<b>20,978,336</b>	<b>44,309,772</b>	<b>24,277,438</b>	<b>22,787,662</b>
<b>RATEPAYERS EQUITY AS AT 30 JUNE</b>	<b>420,726,559</b>	<b>460,352,968</b>	<b>483,731,256</b>	<b>513,962,455</b>	<b>562,636,784</b>	<b>586,339,051</b>	<b>607,317,387</b>	<b>651,627,159</b>	<b>675,904,597</b>	<b>698,692,259</b>

# Statement of Prospective Capital Expenditure

For the Years Ending 30 June 2006 to 30 June 2016

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Forecast	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CAPITAL EXPENDITURE BY SIGNIFICANT ACTIVITY</b>											
Democracy and Planning - Other	65,733	115,000	5,155	42,436	5,449	5,586	45,698	5,834	5,944	48,305	6,136
Regulatory Services - Improved Level of Service	0	10,000	95,883	0	0	0	0	0	0	0	0
Transportation and Roding - Improved Level of Service	5,316,807	9,195,152	7,785,710	8,064,412	2,256,092	3,678,842	6,480,068	7,805,638	5,426,363	4,832,278	4,393,238
Transportation and Roding - Growth	1,507,878	2,511,443	2,244,648	2,294,247	3,861,531	3,204,092	2,078,934	2,417,806	2,036,773	1,993,843	1,966,127
Transportation and Roding - Other	2,541,015	3,892,431	3,911,555	3,891,319	17,867,042	13,018,258	4,353,635	4,793,981	5,187,628	5,557,996	5,852,603
Stormwater - Improved Level of Service	2,508,868	9,535,422	3,049,227	2,078,493	2,540,921	2,958,263	2,179,944	3,343,662	2,936,955	2,073,662	2,547,467
Stormwater - Growth	1,583,792	6,179,707	2,013,540	1,435,911	1,718,776	2,130,497	1,535,958	2,102,237	1,886,386	1,490,513	1,758,298
Stormwater - Other	381,329	1,741,671	625,200	541,841	595,603	929,593	622,963	492,623	505,432	646,315	661,178
Waste Management & Minimisation - Improved Level of Service	0	85,000	87,635	84,872	0	0	0	0	0	0	0
Parks and Recreation - Improved Level of Service	1,034,592	12,664,391	7,976,606	6,834,757	4,944,941	6,158,562	6,868,287	9,489,548	4,675,992	4,716,672	5,828,059

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Forecast	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Parks and Recreation - Growth	208,908	2,035,616	816,888	203,701	105,879	408,895	563,387	424,249	137,522	137,809	367,548
Arts and Culture - Improved Level of Service	352,500	2,458,300	1,291,843	248,781	1,938,230	295,608	2,078,612	446,161	290,618	320,023	283,427
Community Development - Improved Level of Service	84,400	910,700	114,957	251,964	131,178	116,252	725,427	78,151	87,363	123,177	110,424
Cemeteries and Public Conveniences - Improved Level of Service	12,000	15,500	2,573	2,642	2,708	180,068	138,595	141,229	153,009	145,783	147,970
Cemeteries and Public Conveniences - Other	180,000	250,000	133,770	133,155	141,900	9,973	7,920	6,917	11,725	5,951	10,872
Property and Other - Improved Level of Service	1,219,230	853,250	356,727	2,363,730	236,964	452,510	283,646	2,900,289	448,758	264,569	497,471
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>16,997,052</b>	<b>52,453,583</b>	<b>30,511,917</b>	<b>28,472,261</b>	<b>36,347,214</b>	<b>33,546,999</b>	<b>27,963,074</b>	<b>34,448,325</b>	<b>23,790,468</b>	<b>22,356,896</b>	<b>24,430,818</b>

# Statement of Prospective Funding

For the Years Ending 30 June 2007 to 30 June 2016

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>SOURCES OF FUNDING</b>										
Surplus/(Deficit) from Operations	20,047,630	17,984,469	20,323,007	30,231,199	24,988,762	20,324,660	20,978,336	18,910,382	20,633,045	22,787,662
Non cash items										
Depreciation not Funded	1,118,962	1,200,676	1,277,943	1,345,452	1,409,630	1,483,940	1,572,173	1,659,256	1,738,740	1,815,361
Depreciation applied to Expenditure	4,522,028	4,787,317	5,347,471	5,653,384	5,956,571	6,531,554	6,702,502	6,811,539	7,390,035	7,590,468
Non operational Sources of Funding										
Loans Raised	16,616,530	4,572,798	1,630,563	0	1,781,236	1,697	4,421,473	0	0	0
Transfer from Reserves	11,378,079	3,917,008	1,410,542	4,076,331	2,992,019	3,864,504	5,613,554	5,444,871	6,068,972	12,000,000
Transfers within Equity	0	160,000	0	0	0	0	0	0	0	0
<b>TOTAL SOURCES OF FUNDING</b>	<b>53,683,229</b>	<b>32,622,268</b>	<b>29,989,526</b>	<b>41,306,366</b>	<b>37,128,218</b>	<b>32,206,355</b>	<b>39,288,038</b>	<b>32,826,048</b>	<b>35,830,792</b>	<b>44,193,491</b>
<b>FUNDING APPLIED</b>										
Purchase and Construction of Fixed Assets	52,453,583	30,511,917	28,472,261	36,347,214	33,546,999	27,963,074	34,448,325	23,790,468	22,356,896	24,430,818
Loans Repaid	0	0	0	2,096,899	0	0	0	3,540,441	6,464,502	7,041,652
Transfer to Reserve Funds	1,110,167	1,999,206	1,408,206	2,826,178	3,542,872	4,202,749	4,797,086	5,450,516	6,962,949	12,672,738
Transfers within Equity	119,479	111,145	109,059	36,075	38,347	40,532	42,627	44,623	46,445	48,283
<b>TOTAL FUNDING APPLIED</b>	<b>53,683,229</b>	<b>32,622,268</b>	<b>29,989,526</b>	<b>41,306,366</b>	<b>37,128,218</b>	<b>32,206,355</b>	<b>39,288,038</b>	<b>32,826,048</b>	<b>35,830,792</b>	<b>44,193,491</b>
<b>NET FUNDING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Statement of Prospective Financial Position

For the Years Ending 30 June 2007 to 30 June 2016

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>										
Current Assets										
Cash and Deposits	1,500,000	1,500,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,600,000	1,800,000	1,800,000
Short Term Investments	2,398,378	1,436,047	418,089	426,248	495,575	694,135	1,194,302	152,577	723,246	1,809,034
Receivables	3,674,024	3,984,697	4,440,078	4,856,087	5,205,069	5,425,640	5,630,169	5,867,668	6,104,877	6,332,853
<b>Total Current Assets</b>	<b>7,572,402</b>	<b>6,920,744</b>	<b>6,658,167</b>	<b>7,082,335</b>	<b>7,500,644</b>	<b>7,919,775</b>	<b>8,624,471</b>	<b>7,620,245</b>	<b>8,628,123</b>	<b>9,941,887</b>
Non-Current Assets										
Term Investments	43,459,292	43,445,642	43,431,150	43,415,764	43,400,828	43,393,763	43,393,763	43,393,763	43,393,763	43,393,763
Fixed Assets	416,790,968	462,545,184	487,822,598	516,892,264	566,479,928	589,526,431	615,421,385	655,861,771	672,455,642	687,202,083
<b>Total Non-Current Assets</b>	<b>460,250,260</b>	<b>505,990,826</b>	<b>531,253,748</b>	<b>560,308,028</b>	<b>609,880,756</b>	<b>632,920,194</b>	<b>658,815,148</b>	<b>699,255,534</b>	<b>715,849,405</b>	<b>730,595,846</b>
<b>TOTAL ASSETS</b>	<b>467,822,662</b>	<b>512,911,570</b>	<b>537,911,915</b>	<b>567,390,363</b>	<b>617,381,400</b>	<b>640,839,969</b>	<b>667,439,619</b>	<b>706,875,779</b>	<b>724,477,528</b>	<b>740,537,733</b>

# Statement of Prospective Financial Position For the Years Ending 30 June 2007 to 30 June 2016

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Accounts Payable	8,719,346	9,720,192	9,820,745	11,160,968	10,734,787	10,529,924	11,722,392	10,433,844	10,269,102	10,631,580
Deposits Held	700,000	700,000	700,000	740,000	740,000	740,000	790,000	790,000	790,000	790,000
Current Portion of Landfill Post-closure Costs	47,779	41,032	34,413	32,222	29,895	27,435	24,848	22,138	19,320	16,389
Current Portion of Bank Loans	10,329,096	11,609,479	12,066,037	11,478,905	11,977,651	11,978,126	13,216,139	12,224,815	10,414,755	8,443,092
<b>Total Current Liabilities</b>	<b>19,796,221</b>	<b>22,070,703</b>	<b>22,621,195</b>	<b>23,412,095</b>	<b>23,482,333</b>	<b>23,275,485</b>	<b>25,753,379</b>	<b>23,470,797</b>	<b>21,493,177</b>	<b>19,881,061</b>
<b>Non-Current Liabilities</b>										
Landfill Post-closure Costs	739,353	634,955	532,515	498,631	462,611	424,539	384,499	342,586	298,959	253,607
Bank Loans	26,560,529	29,852,944	31,026,949	29,517,182	30,799,672	30,800,894	33,984,354	31,435,237	26,780,795	21,710,806
<b>Total Non-Current Liabilities</b>	<b>27,299,882</b>	<b>30,487,899</b>	<b>31,559,464</b>	<b>30,015,813</b>	<b>31,262,283</b>	<b>31,225,433</b>	<b>34,368,853</b>	<b>31,777,823</b>	<b>27,079,754</b>	<b>21,964,413</b>
<b>TOTAL LIABILITIES</b>	<b>47,096,103</b>	<b>52,558,602</b>	<b>54,180,659</b>	<b>53,427,908</b>	<b>54,744,616</b>	<b>54,500,918</b>	<b>60,122,232</b>	<b>55,248,620</b>	<b>48,572,931</b>	<b>41,845,474</b>
<b>NET ASSETS</b>	<b>420,726,559</b>	<b>460,352,968</b>	<b>483,731,256</b>	<b>513,962,455</b>	<b>562,636,784</b>	<b>586,339,051</b>	<b>607,317,387</b>	<b>651,627,159</b>	<b>675,904,597</b>	<b>698,692,259</b>
<b>REPRESENTED BY</b>										
<b>RATEPAYERS EQUITY</b>	<b>420,726,559</b>	<b>460,352,968</b>	<b>483,731,256</b>	<b>513,962,455</b>	<b>562,636,784</b>	<b>586,339,051</b>	<b>607,317,387</b>	<b>651,627,159</b>	<b>675,904,597</b>	<b>698,692,259</b>

# Statement of Prospective Public Debt

For the Years Ending 30 June 2006 to 30 June 2016

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Forecast	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	15,000,930	19,124,415	36,889,625	41,462,423	43,092,986	40,996,087	42,777,323	42,779,020	47,200,493	43,660,052	37,195,550
Movement in Loans	4,123,485	17,765,210	4,572,798	1,630,563	(2,096,899)	1,781,236	1,697	4,421,473	(3,540,441)	(6,464,502)	(7,041,652)
Closing Balance	19,124,415	36,889,625	41,462,423	43,092,986	40,996,087	42,777,323	42,779,020	47,200,493	43,660,052	37,195,550	30,153,898

# Statement of Prospective Cashflows

For the Years Ending 30 June 2007 to 30 June 2016

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Cash provided from:										
Rates	22,142,474	24,480,744	27,641,295	30,700,319	33,104,192	34,676,866	36,162,077	37,692,887	39,293,279	40,176,375
Charges for Services	4,373,963	4,706,817	4,741,481	4,932,186	4,988,854	5,167,316	5,357,343	5,314,692	5,461,430	5,581,284
Investment Income	209,209	209,883	209,246	209,420	209,714	210,279	210,350	210,205	343,360	1,096,722
Government Subsidies	8,383,033	6,530,479	5,947,585	11,126,994	4,682,065	5,309,003	5,912,950	5,975,270	6,170,380	6,638,616
Petrol Tax and Other Receipts	165,176	171,189	173,870	178,209	182,557	187,430	190,822	193,373	195,922	198,597
Development/Financial Contributions	6,702,956	11,162,937	13,840,441	15,944,380	14,710,652	12,114,664	11,579,806	10,312,465	10,481,582	10,653,626
Deposits Received	75,000	0	0	40,000	0	0	50,000	0	0	0
	42,051,811	47,262,049	52,553,918	63,131,508	57,878,034	57,665,558	59,463,348	59,698,892	61,945,953	64,345,220
Cash applied to:										
Payment to Suppliers and Employees	23,329,358	23,286,205	25,103,017	25,310,289	27,506,551	27,938,506	27,722,985	29,857,618	30,028,260	30,172,032
Interest Paid	1,343,310	2,011,730	2,957,976	3,025,617	3,277,657	3,109,288	3,386,669	3,670,687	2,647,102	2,128,474
	24,672,668	25,297,935	28,060,993	28,335,906	30,784,208	31,047,794	31,109,654	33,528,305	32,675,362	32,300,506

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	17,379,143	21,964,114	24,492,925	34,795,602	27,093,826	26,617,764	28,353,694	26,170,587	29,270,591	32,044,714
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Cash provided from:										
Investments	747	793	842	894	0	0	0	0	0	0
Sale of Fixed Assets	0	675,305	0	0	0	0	0	0	0	0
Advance Repaid	12,110	12,857	13,650	14,492	15,386	14,936	7,065	0	0	0
	12,857	688,955	14,492	15,386	15,386	14,936	7,065	0	0	0
Cash applied to:										
Additions to Fixed Assets	45,886,437	28,188,198	26,855,938	32,705,930	28,820,671	26,427,966	32,275,000	23,871,871	22,035,420	23,917,274
Investments Made	0	0	0	0	450	7,871	7,065	0	0	0
	45,886,437	28,188,198	26,855,938	32,705,930	28,821,121	26,435,837	32,282,065	23,871,871	22,035,420	23,917,274
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>	(45,873,580)	(27,499,243)	(26,841,446)	(32,690,544)	(28,805,735)	(26,420,901)	(32,275,000)	(23,871,871)	(22,035,420)	(23,917,274)

# Statement of Prospective Cashflows

## For the Years Ending 30 June 2007 to 30 June 2016

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>										
<b>Cash provided from:</b>										
Loans Raised	17,765,210	4,572,798	1,630,563	0	1,781,236	1,697	4,421,473	0	0	0
	17,765,210	4,572,798	1,630,563	0	1,781,236	1,697	4,421,473	0	0	0
<b>Cash applied to:</b>										
Loans Repaid	0	0	0	2,096,899	0	0	0	3,540,441	6,464,502	7,041,652
	0	0	0	2,096,899	0	0	0	3,540,441	6,464,502	7,041,652
<b>NET CASH INFLOW/ (OUTFLOW) FROM FINANCING ACTIVITIES</b>	17,765,210	4,572,798	1,630,563	(2,096,899)	1,781,236	1,697	4,421,473	(3,540,441)	(6,464,502)	(7,041,652)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(10,729,227)	(962,331)	(717,958)	8,159	69,327	198,560	500,167	(1,241,725)	770,669	1,085,788
Balance Brought Forward	14,627,605	3,898,378	2,936,047	2,218,089	2,226,248	2,295,575	2,494,135	2,994,302	1,752,577	2,523,246
<b>Closing Balance at Year End</b>	3,898,378	2,936,047	2,218,089	2,226,248	2,295,575	2,494,135	2,994,302	1,752,577	2,523,246	3,609,034
<b>This is Represented by</b>										
Cash and Cash Equivalents	3,898,378	2,936,047	2,218,089	2,226,248	2,295,575	2,494,135	2,994,302	1,752,577	2,523,246	3,609,034
	3,898,378	2,936,047	2,218,089	2,226,248	2,295,575	2,494,135	2,994,302	1,752,577	2,523,246	3,609,034

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES										
Surplus/(Deficit) for the Year	20,047,630	17,984,469	20,323,007	30,231,199	24,988,762	20,324,660	20,978,336	18,910,382	20,633,045	22,787,662
Add/(Deduct) Non-Cash Items:										
Depreciation	5,887,440	6,239,641	6,905,127	7,277,548	7,644,900	8,294,177	8,553,370	8,749,473	9,407,418	9,684,377
Assets Vested in Council	(7,090,480)	(1,969,920)	(2,235,777)	(3,167,515)	(4,876,981)	(1,607,526)	(1,751,787)	(374,100)	(379,712)	(385,408)
Add/(Deduct) movements in Working Capital:										
(Increase)/Decrease in Receivables	(463,867)	(310,673)	(455,381)	(416,009)	(348,982)	(220,571)	(204,529)	(237,499)	(237,209)	(227,976)
Increase/(Decrease) in Accounts Payable/Other Liabilities	(1,599,914)	889,701	(8,506)	1,304,148	(464,528)	(245,395)	1,149,841	(1,333,171)	(211,187)	314,195
Increase/(Decrease) in Deposits	75,000	0	0	40,000	0	0	50,000	0	0	0
Add/(Deduct) Items classified as Investing or Financing Activities:										
Net (Gain)/Loss on Sale of Assets	0	(515,305)	0	0	0	0	0	0	0	0
Movement in Accounts Payable relating to Fixed Assets	523,334	(353,799)	(35,545)	(473,769)	150,655	72,419	(421,537)	455,502	58,236	(128,136)
Net Cash Flow from Operating Activities	17,379,143	21,964,114	24,492,925	34,795,602	27,093,826	26,617,764	28,353,694	26,170,587	29,270,591	32,044,714

# Schedule of Cost of Activities by Activity

For the Years Ending 30 June 2006 to 30 June 2016

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Forecast	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Democracy and Planning	3,264,126	2,844,897	3,067,756	3,224,029	3,280,874	3,509,398	3,400,971	3,472,480	3,639,571	3,697,985	3,689,172
Economic Development	621,420	645,551	664,026	685,715	699,344	720,489	732,787	751,272	761,315	776,644	784,776
Regulatory Services	3,118,045	4,024,360	4,201,784	4,366,315	4,376,572	4,513,884	4,588,067	4,718,872	4,778,407	4,886,141	4,931,522
Transportation and Roothing	7,527,213	8,657,353	9,394,705	10,440,608	11,450,476	12,240,360	13,097,667	13,572,385	14,038,529	15,142,784	15,585,633
Monitoring of Water and Wastewater	252,786	194,856	141,135	106,156	108,963	136,266	165,676	116,755	145,119	120,936	122,851
Stormwater	2,770,624	3,305,181	3,633,232	4,036,462	4,495,273	4,801,316	5,064,549	5,401,946	5,636,532	5,847,596	6,163,573
Waste Management and Minimisation	2,018,248	2,337,870	2,447,505	2,515,882	2,578,947	2,657,702	2,698,358	2,785,292	2,820,213	2,875,933	2,954,706
Parks and Recreation	3,822,272	3,819,771	4,119,871	4,527,251	5,344,561	5,598,641	5,849,201	6,026,874	6,537,557	6,668,862	6,712,841
Arts and Culture	1,526,969	1,673,493	1,895,614	2,327,097	2,370,377	2,610,703	2,652,130	2,806,924	2,842,556	2,876,187	2,907,062
Community Development	1,282,733	1,104,869	1,183,065	1,233,027	1,269,383	1,378,548	1,405,172	1,479,430	1,528,928	1,531,349	1,549,250
Cemeteries and Public Conveniences	278,479	341,925	372,145	383,749	391,139	399,189	406,587	414,859	421,106	427,686	433,050
Museum Levies	465,000	511,039	567,050	595,164	611,230	626,507	640,918	654,378	666,815	677,482	688,320
MOTAT Levies	150,130	159,139	192,797	213,241	218,996	224,469	229,633	234,455	238,912	242,734	246,616
Property and Other - Improved Level of Service	642,198	237,707	311,645	347,060	352,916	397,906	403,811	411,460	416,437	422,511	426,594
Less Internal Borrowing	(174,000)	(257,782)	(247,151)	(125,335)	(1,275,857)	(1,684,558)	(2,165,064)	(2,597,374)	(2,960,248)	(4,269,058)	(5,082,779)
<b>Total Operating Costs</b>	<b>27,566,243</b>	<b>29,600,229</b>	<b>31,945,179</b>	<b>34,876,421</b>	<b>36,273,194</b>	<b>38,130,820</b>	<b>39,170,463</b>	<b>40,250,008</b>	<b>41,511,749</b>	<b>41,925,772</b>	<b>42,113,187</b>

# Statement of Accounting Policies

## For the Years Ending 30 June 2007 to 30 June 2016

This plan is Papakura District Council's Draft Long Term Council Community Plan, prepared in accordance with section 93 of the Local Government Act 2002 for the purposes of community consultation prior to final adoption of the plan.

Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The information contained in the financial statements is not able to be used for any purposes other than to give an indication of the magnitude of Council's financial requirements for the period of the Plan.

There is a low to medium level degree of uncertainty attached to the financial information in years 1 to 3 and medium to high level degree of uncertainty attached to the financial information in years 4 to 10 as outlined in the forecasting assumptions in Volume 3 of the Plan.

Actual results for the period June to December 2005 have been used in preparing forecasts for the projected full year results for the 2005/2006 year which are included in the prospective financial statements.

The prospective financial statements in this Draft Long Term Council Community Plan will be updated following public consultation on the draft and any subsequent amendments to the plan adopted by Council.

The Draft Long Term Council Community Plan was adopted and authorised for issue by Council on 20 March 2006.

# Statement of Accounting Policies

## For the Years Ending 30 June 2007 to 30 June 2016

### REPORTING ENTITY

Papakura District Council is a local authority governed by the Local Government Act 2002.

The operations and principal activities of the Council over the period of this LTCCP comprise the following:

- Democracy and Planning
- Economic Development
- Regulatory Services
- Transportation and Roothing
- Stormwater Management
- Waste Management and Minimisation
- Parks and Recreation
- Arts and Culture
- Community Development
- Cemeteries and Public Conveniences
- Property and Other
- Monitoring of the supply of water and the treatment and disposal of wastewater are provided under a franchise agreement by United Water International Pty Ltd

In accordance with Clause 8(2) of Schedule 10 of the Local Government Act 2002 the financial statements cover the activities of Council only. They do not include its in-substance subsidiary, "Papakura District Enterprise Board" which will have ceased to exist prior to the period covered by the financial statements.

### ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Section 283 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). Papakura District Council is a public benefit entity in terms of NZ GAAP.

#### Basis of Financial Statement Preparation

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities and certain classes of property, plant and equipment.

The preparation of financial statements in conformity with New Zealand International Financial Reporting Standards (NZ IFRS) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and the variations may be material.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period or periods affected by the revision.

The LTCCP has been prepared using accounting policies expected to be applied in the first financial statements prepared under NZ IFRS for the year ending 30 June 2007. Previous financial statements were prepared under NZ Financial Reporting Standards (NZ FRS).

The accounting policies set out below will be applied consistently to all periods presented in the financial statements and in preparing an opening NZ IFRS Statement of Financial Position as at 1 July 2005 for the purposes of transition to NZ IFRS.

The financial statements have been prepared in accordance with the requirements of Financial Reporting Standard 42 (FRS42) - Prospective Financial Statements.

### Revenue

- (a) Rates revenue is recognised when levied.
- (b) Fees and Charges are recognised as revenue when the service is provided or when an obligation to pay is established in the case of licences, permits, and fines.
- (c) Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Other grants and subsidies are recognised when receivable.

- (d) Interest earned, and gains or losses on realisation of investments, are recognised as operating revenue in the Statement of Financial Performance. Interest earned from the investment of Reserves is recognised as operating revenue and then transferred to the appropriate Council Created or Restricted Reserve in Ratepayers Equity.
- (e) Financial and Development Contributions are recognised as revenue when levied.
- (f) Other revenue is recognised when services are provided.

### Goods and Services Tax

All items are accounted for net of GST, with the exception of Receivables and Payables, which are stated as GST inclusive.

### Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Council becomes a party to the contractual provisions of the instrument.

### Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts. The provision recognised is measured as the difference between the asset's carrying amount and present value of estimated future cashflows discounted at the effective interest rate.

# Statement of Accounting Policies

## For the Years Ending 30 June 2007 to 30 June 2016

### Investments

Categories of Investments:

- Financial assets at fair value through profit or loss.  
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.
- Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market including community loans and are measured at amortised cost.
- Held to maturity investments are non-derivative financial assets with fixed or determinable payments that management has the positive intention and ability to hold to maturity.
- Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method.

### Cash and Deposits

Cash and deposits comprise cash on hand and demand deposits, and any 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.

### Term Liabilities

These comprise interest bearing bank loans and overdrafts, which are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the period it arises.

### Accounts Payable

Accounts payable are measured at cost, which approximates fair value.

### Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

## Property, Plant and Equipment

Property, Plant and Equipment consists of:

- **Infrastructure Assets**  
Infrastructure Assets are the fixed utility systems owned and operated by Council. Each asset type includes all items that are required for the network to function.
- **Rights to Franchise Assets**  
Rights to Franchise Assets are the fixed utility systems owned by Council and operated by the franchise holder United Water International Pty Ltd for the provision of water and sewer services in the district. Under the franchise agreement United Water is responsible for upgrading and maintaining the network so that at the end of the contract period (initial term 30 years), the network shall be in a better overall condition than the condition at the time the contract was commenced. Each asset type includes all items that are required for the network to function.
- **Restricted Assets**  
Restricted Assets are Parks and Reserves owned by Council which generally cannot be disposed of because of legal or other restrictions, and which provide a benefit to the community.

- **Operational Assets**  
Operational Assets are Office Furniture and Equipment, Plant and Machinery, Motor Vehicles, Library Books, and Land and Buildings, that do not fall into the category of Restricted Assets.
- **Work in Progress**  
Work in progress consists of capital works or projects commenced but not completed as at 30 June. These assets are not depreciated. Upon completion, the total cost of the asset will be transferred to its relevant asset class and be depreciated.

## Valuation of Assets

Roading infrastructure assets have been valued by Council's engineers as at 30 June 2005, and independently reviewed by valuers Opus International Consultants Limited. The valuation has established the optimised depreciated replacement cost of the assets, being the assessed cost of replacing the existing assets with replacement assets able to perform all the existing assets service outcomes. Roothing land is valued based on the average land value of the Papakura District as assessed by Quotable Value New Zealand Ltd in September 2000. Council does not intend to revalue roading land in the future. Additions in the years between revaluations will be recorded at cost.

# Statement of Accounting Policies

## For the Years Ending 30 June 2007 to 30 June 2016

Stormwater infrastructure assets have been valued by Council's engineers as at 30 June 2003, and independently reviewed by valuers Opus International Consultants Limited. The valuation has established the optimised depreciated replacement cost of the assets, being the assessed cost of replacing the existing assets with replacement assets able to perform all the existing assets service outcomes. Subsequent additions have been recorded at cost.

Water and sewer infrastructure assets have been valued by the franchise holder, United Water International Pty Ltd, as at 30 June 2005, and independently reviewed by valuers MWH New Zealand Ltd. The valuation has established the optimised depreciated replacement cost of the assets, being the assessed cost of replacing the existing assets with replacement assets able to perform all the existing assets service outcomes. Additions vested in Council by subdividers in the years between revaluations will be recorded at the amount determined by the cost to the subdivider.

Land and buildings owned prior to 1 October 1991 have been valued by Valuation New Zealand as at that date. Subsequent additions have been recorded at cost. Reserves vested in Council by subdividers have been recorded at the amount determined by the cost to the subdivider.

Plant and machinery, office furniture and equipment and library books owned prior to 31 March 1990 were valued by registered valuers, Beca Carter Hollings and Ferner Ltd, as at that date. Subsequent additions have been recorded at cost.

Motor vehicles and work in progress are valued at cost.

With the exception of infrastructure assets and rights to franchise assets, it is not Council policy to undertake further revaluations of its assets.

### Depreciation

Depreciation has been charged to write off the cost of the assets over their estimated economic lives.

#### Depreciation

Buildings	1-15% straight line
Roading Infrastructure	
• Land, formation and sub base	0% straight line
• Basecourse and unsealed roads	1.7-5.5% straight line
• Road surfacing	1.7-11.1% straight line
• Bridges and retaining walls	1% straight line
• Footpaths	2.2-6.7% straight line
Roading Infrastructure	
• Kerb and channel, catch pits and minor culverts	1.1-2.2% straight line
• Street lighting	4-8% straight line
• Traffic signals and signs	4-10% straight line

## Depreciation

### Stormwater Infrastructure

- Pipe assets 1.2% straight line
- Other non-pipe assets 2-3.33% straight line

Water and Sewer Infrastructure 0% straight line

Plant and Machinery 5-20% straight line

Motor Vehicles 20% diminishing value

Office Furniture and Equipment 10-20% straight line

Library Books 15% straight line

No depreciation is provided on land.

Water and sewer assets have been depreciated at 0%. This rate is applied as the assets have been viewed as being the right to a physical asset which will be returned at the end of the franchise period in a better overall condition than the condition at the time the contract was commenced.

### Disposal of Assets

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Financial Performance.

### Impairment

The carrying amounts of Council's assets, other than investment property, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

Investment property is held for long-term rental yields or for capital appreciation or both rather than to meet service delivery objectives. Investment property is carried at fair value, representing open market value determined on an annual basis with changes in fair value recorded in income statement.

The recoverable amount is the greater of fair value less selling costs and value in use.

Where future economic benefits are not primarily dependent on ability to generate cash, value in use has been assessed using depreciated replacement cost.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Financial Performance. Where assets have been re-valued impairment losses will offset any balance in the asset's revaluation reserve with the remaining impairment loss being recognised in the Statement of Financial Performance.

# Statement of Accounting Policies

## For the Years Ending 30 June 2007 to 30 June 2016

### Intangible Assets

#### Computer Software

Acquired software licences are capitalised on the basis incurred to acquire and bring into use specific software. These costs are amortised over their estimated useful lives.

### Investment Property

Investment property is held for long term rental yields or for capital appreciation or both rather than to meet service delivery objectives.

Investment property is carried at fair value, representing open market value determined on annual basis, with changes in fair value recorded in the income statement.

### Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. These are recognised at the lower of the fair value of the asset or the present value of the minimum lease payments. Assets subject to finance leases and corresponding lease payment liabilities are recognised in the Statement of Financial Position and are depreciated in the same manner as if the assets were owned.

Leases where the risk and rewards of ownership remain with the lessor are classified as operating leases. Lease payments under operating leases are charged as expenses in the period in which they are incurred.

### Leave Entitlements

Provision is made for annual leave entitlements due to staff as at balance date, calculated on an actual entitlement basis at current rates of pay.

No provision is made for sick leave entitlements as the anticipated amounts used in future periods are not expected to materially exceed entitlements accruing in each period.

### Landfill Post-closure Costs

The Council owns four closed landfill sites. These are Hunua Gorge, Waimana, Piggotts and Elliott Street. As the owner, Council has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

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

### Allocation of Overheads

The cost of internal services not directly charged to activities is allocated as overheads using appropriate cost drivers such as actual usage and staff time.

### Ratepayers Equity

Ratepayers Equity is the community's interest in the Council and is measured as being the value of total assets less total liabilities. Ratepayers Equity is classified according to the specified uses Council makes of its equity.

The Ratepayers Equity does not represent cash available to offset future expenditure, but rather is the community's investment in Council resulting from past surpluses and deficits.

- Council Created Reserves

These are reserves set aside by a resolution of Council for specific purposes. These purposes can be varied by subsequent resolutions of Council.

- Restricted Reserves

These are funds set aside by statute or subject to specific conditions accepted as binding by the Council. The conditions applying to these reserves may not be altered by Council and the reserves may be used only for the purposes for which the funds are established.

### Statement of Cash Flows

- Cash and cash equivalents

Represents cash balances on hand, held in bank accounts, overdrafts, and call deposits in which the Council invests as part of its day to day cash management and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- Operating Activities

Includes cash received from all income sources and cash payments made to suppliers of goods and services. Agency collections and payments are included as they flow through the Council's main bank account.

- Investing Activities

Activities relating to the acquisition and disposal of non-current assets.

- Financing Activities

Activities that relate to changes in the equity and debt capital structure of the Council.

### Comparative Figures

Comparative figures included in the financial statements represent forecasts for the financial year ended 30 June 2006.

### CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies from those adopted in the last audited financial statements. All policies have been applied on a basis consistent with the previous period. Adoption of NZ IFRS for the financial statements has resulted in amended classification of some items in the statements.

### Business and Economic Research Limited (BERL) Forecast Inflation Adjustors: % per annum change

Year Ending	Road	Property	Water	Energy	Staff	Other
2007	Base	Base	Base	Base	Base	Base
2008	2.6%	2.9%	4.2%	4.1%	2.5%	3.1%
2009	2.4%	2.7%	4.0%	3.8%	2.4%	2.9%
2010	2.2%	2.5%	3.7%	3.6%	2.2%	2.7%
2011	2.0%	2.3%	3.4%	3.3%	2.0%	2.5%
2012	1.9	2.1	3.1	3.0	1.8	2.3
2013	1.7	1.9	2.8	2.8	1.7	2.1
2014	1.5	1.7	2.6	2.5	1.5	1.9
2015	1.3	1.5	2.3	2.2	1.3	1.6
2016	1.3	1.5	2.3	2.2	1.3	1.6

# Schedule of Prospective Capital Expenditure

Carried Forward from 2005/2006 to 2006/2007

TRANSPORTATION AND ROADING		\$
Hildene Road	1,621,080	
Implementation of Cycling Facilities	129,000	
Improvement GSR/Walters/Longford	40,000	
LATM Schemes	65,000	
Porchester Road	228,000	
Subway	67,000	
Subway/Porchester Intersection Improvement	149,000	
	2,299,080	

STORMWATER MANAGEMENT		
Central Business Area Stormwater Improvement	690,000	
Drury Pipe Upgrades	49,000	
Hingaia Central Catchment	1,900,000	
Hingaia North Catchment	1,610,000	
Integrated Catchment Management Plan	451,000	
Recontour Westholm Way	60,000	
Waimana Reserve/Takanini Road Trunkline	5,115,000	
	9,875,000	

PARKS AND RECREATION		\$
Capital Other Costs	4,162,254	
Inlet Gates	74,000	
Land Acquisition	518,000	
Open Space Strategy Implementation	595,000	
Revitalisation Central Park	904,000	
Sportsfields Acquisition and Development	4,950,000	
Street Trees Planting	50,000	
	11,253,254	

DEMOCRACY AND PLANNING		
Urban Design Project	110,000	
	110,000	

PROPERTY AND OTHER		
Aerial Photography	20,000	
Administration Building Upgrade	453,000	
	473,000	



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