

TASMAN DISTRICT COUNCIL PROJECTED STATEMENT OF FINANCIAL PERFORMANCE	2003/2004 Budget \$ (000)	2003/2004 Projected \$ (000)	2004/2005 Budget \$ (000)	2005/2006 Budget \$ (000)	2006/2007 Budget \$ (000)	2007/2008 Budget \$ (000)	2008/2009 Budget \$ (000)	2009/2010 Budget \$ (000)	2010/2011 Budget \$ (000)	2011/2012 Budget \$ (000)	2012/2013 Budget \$ (000)	2013/2014 Budget \$ (000)
<b>Income</b>												
General Rates	17,646	17,329	18,969	21,004	23,677	24,590	26,741	28,684	29,872	31,584	32,776	33,824
Separate Rates	8,531	8,559	10,706	12,278	13,115	14,687	15,773	16,910	18,851	19,585	20,631	21,329
Dividends	1,500	4,500	1,960	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Bank Interest	623	537	651	501	442	382	382	382	382	382	382	382
Subsidy: - Transit New Zealand	5,139	5,216	5,920	6,450	6,785	7,454	7,513	7,384	7,358	8,073	7,982	8,110
Fees, Recoveries and Other	13,223	11,445	20,925	16,960	16,254	19,023	18,145	19,867	20,485	22,244	21,763	20,729
<b>Total Operating Income</b>	<b>46,662</b>	<b>47,586</b>	<b>59,131</b>	<b>58,953</b>	<b>62,033</b>	<b>67,896</b>	<b>70,314</b>	<b>74,987</b>	<b>78,708</b>	<b>83,628</b>	<b>85,294</b>	<b>86,134</b>
<b>Expenditure</b>												
<b>Operating Costs of Activities</b>												
Resource Policy	6,750	5,661	11,677	6,102	6,084	6,057	6,354	6,464	6,507	6,651	6,911	6,921
Regulatory Services	1,830	1,826	2,084	2,014	2,038	2,071	2,098	2,165	2,264	2,291	2,324	2,412
Transportation	12,601	12,502	11,947	12,470	13,666	13,891	14,430	14,911	15,266	15,572	16,018	16,349
Sanitation Drainage & Water Supply	10,020	10,030	14,343	16,060	17,646	19,541	20,800	22,632	23,976	24,830	25,288	25,221
Cultural Services & Community Grants	2,254	2,428	2,222	2,171	2,181	2,207	2,194	2,280	2,294	13,327	2,346	2,354
Recreation and Leisure	4,838	4,738	5,256	5,334	5,772	5,904	6,127	6,192	6,429	6,541	6,705	6,716
Council Enterprises	2,670	2,671	2,277	1,511	1,409	1,408	1,641	1,642	1,682	1,744	1,727	1,743
Community Support Services	3,969	3,172	6,605	5,489	5,131	5,165	5,093	10,028	5,502	5,382	5,316	5,331
<b>Total Operating Expenditure</b>	<b>44,932</b>	<b>43,028</b>	<b>56,411</b>	<b>51,150</b>	<b>53,927</b>	<b>56,244</b>	<b>58,737</b>	<b>66,314</b>	<b>63,920</b>	<b>76,338</b>	<b>66,635</b>	<b>67,047</b>
Surplus before Vested Assets, Taxation and Unusual Items	1,730	4,558	2,720	7,803	8,106	11,652	11,577	8,673	14,788	7,290	18,659	19,087
<b>Plus</b>												
Assets Vested in Council	1,000	1,000	1,000	500	500	500	500	500	500	500	500	500
Income tax	2,730	5,558	3,720	8,303	8,606	12,152	12,077	9,173	15,288	7,790	19,159	19,587
Share of Associates Retained Earnings and Operating losses	1,000	1,000	500	500	500	500	500	500	500	500	500	500
<b>Net Surplus for the Period</b>	<b>3,730</b>	<b>6,558</b>	<b>4,220</b>	<b>8,803</b>	<b>9,106</b>	<b>12,652</b>	<b>12,577</b>	<b>9,673</b>	<b>15,788</b>	<b>8,290</b>	<b>19,659</b>	<b>20,087</b>

TASMAN DISTRICT COUNCIL PROJECTED STATEMENT OF FINANCIAL POSITION	2003/2004 Budget \$ (000)	2003/2004 Projected \$ (000)	2004/2005 Budget \$ (000)	2005/2006 Budget \$ (000)	2006/2007 Budget \$ (000)	2007/2008 Budget \$ (000)	2008/2009 Budget \$ (000)	2009/2010 Budget \$ (000)	2010/2011 Budget \$ (000)	2011/2012 Budget \$ (000)	2012/2013 Budget \$ (000)	2013/2014 Budget \$ (000)
<b>CURRENT ASSETS</b>												
Cash at Bank	2,964	3,681	6,534	6,224	7,692	3,144	2,461	4,152	4,514	4,798	2,277	3,449
Accounts Receivable	3,867	5,803	4,928	4,913	5,169	5,658	5,860	6,249	6,559	6,969	7,108	7,178
Short Term Investment	9,368	10,598	11,249	11,750	12,192	12,574	12,956	13,338	13,720	14,102	14,484	14,866
Property held for Resale	450	450	600	650	800	800	800	800	800	800	800	800
	16,649	20,532	23,311	23,537	25,853	22,176	22,077	24,539	25,593	26,669	24,669	26,293
<b>CURRENT LIABILITIES</b>												
Accounts Payable	11,407	12,335	18,449	15,614	17,380	11,527	10,159	10,722	10,242	15,882	10,535	14,906
Current Portion of Term Loans	3,268	3,221	4,492	5,892	7,290	8,025	9,175	9,958	10,429	10,721	10,895	10,950
	14,675	15,556	22,941	21,506	24,670	19,552	19,334	20,680	20,671	26,603	21,430	25,856
<b>WORKING CAPITAL</b>												
	1,974	4,976	370	2,031	1,183	2,624	2,743	3,859	4,922	66	3,239	437
<b>NON CURRENT ASSETS</b>												
Associates	47,883	63,658	64,158	64,658	65,158	65,658	66,158	66,658	67,158	67,658	68,158	68,658
Other Investments	847	2,025	1,764	1,679	1,576	1,593	1,610	1,627	1,644	1,661	1,678	1,695
Term Assets	595,786	671,056	700,965	727,356	761,933	785,382	806,403	832,537	850,919	866,948	881,559	899,133
	644,516	736,739	766,887	793,693	828,667	852,633	874,171	900,822	919,721	936,267	951,395	969,486
<b>NON CURRENT LIABILITIES</b>												
Term Provisions	67	1,619	67	86	106	127	147	167	187	208	228	247
Term Loans	46,499	39,177	62,051	81,696	106,696	119,430	128,490	146,564	150,718	154,097	152,719	147,902
	46,566	40,796	62,118	81,782	106,802	119,557	128,637	146,731	150,905	154,305	152,947	148,149
<b>TOTAL NET ASSETS</b>												
	599,924	700,919	705,139	713,942	723,048	735,700	748,277	757,950	773,738	782,028	801,687	821,774
<b>EQUITY</b>												
Accumulated Equity	422,817	402,210	405,147	414,360	422,835	435,340	448,798	459,188	475,311	483,993	504,419	525,240
Reserve Funds	9,394	12,086	13,369	12,959	13,590	13,737	12,856	12,139	11,804	11,412	10,645	9,911
Revaluation Reserves	167,713	286,623	286,623	286,623	286,623	286,623	286,623	286,623	286,623	286,623	286,623	286,623
	599,924	700,919	705,139	713,942	723,048	735,700	748,277	757,950	773,738	782,028	801,687	821,774

TASMAN DISTRICT COUNCIL PROJECTED STATEMENT OF CASHFLOWS	2003/2004 Budget \$ (000)	2004/2005 Budget \$ (000)	2005/2006 Budget \$ (000)	2006/2007 Budget \$ (000)	2007/2008 Budget \$ (000)	2008/2009 Budget \$ (000)	2009/2010 Budget \$ (000)	2010/2011 Budget \$ (000)	2011/2012 Budget \$ (000)	2012/2013 Budget \$ (000)	2013/2014 Budget \$ (000)
<b>Cashflow From Operating Activities</b>											
Cash was Provided From:											
Fees and Charges	23,888	26,845	23,410	23,039	26,477	25,658	27,251	27,843	30,317	29,745	28,839
Rates	26,039	29,675	33,282	36,792	39,277	42,514	45,594	48,723	51,169	53,407	55,153
Dividends Received	1,500	1,960	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Interest Received	623	651	501	442	382	382	382	382	382	382	382
Net GST Received	2,371	231	310	320	375	383	357	440	352	499	509
	54,421	59,362	59,263	62,353	68,271	70,697	75,344	79,148	83,980	85,793	86,643
Cash was Disbursed To:											
Payments to Suppliers & Employees	-37,713	-40,711	-41,163	-37,953	-45,084	-41,393	-46,129	-42,925	-48,751	-48,743	-45,209
Interest Paid	-3,513	-4,278	-6,052	-7,974	-9,546	-10,371	-11,381	-12,173	-12,200	-12,069	-11,855
	-41,226	-44,989	-47,215	-45,927	-54,630	-51,764	-57,510	-55,098	-60,951	-61,812	-57,064
Net Cashflow From Operating	13,195	14,373	12,048	16,426	13,641	18,933	17,834	24,050	23,029	23,981	29,579
<b>Cashflow From Investing Activities</b>											
Cash was Disbursed To:											
Purchase of Assets	-26,495	-35,014	-32,902	-40,914	-31,276	-29,444	-34,619	-27,930	-26,033	-24,916	-23,263
Net Cashflow From Investing	-26,495	-35,014	-32,902	-40,914	-31,276	-29,444	-34,619	-27,930	-26,033	-24,916	-23,263
<b>Cashflow From Financing Activities</b>											
Cash was Provided From:											
Loans Raised	17,247	27,393	25,537	32,290	20,759	18,235	28,033	14,582	14,099	9,517	6,133
Cash was Disbursed To:											
Loan Principal Repayments	-2,567	-3,248	-4,492	-5,892	-7,290	-8,025	-9,175	-9,958	-10,429	-10,721	-10,895
Net Cashflow From Financing	14,680	24,145	21,045	26,398	13,469	10,210	18,858	4,624	3,670	-1,204	-4,762
Total Net Cashflows	1,380	3,504	191	1,910	-4,166	-301	2,073	744	666	-2,139	1,554
Opening Cash Held	10,952	14,279	17,783	17,974	19,884	15,718	15,417	17,490	18,234	18,900	16,761
Closing Cash Balance	12,332	17,783	17,974	19,884	15,718	15,417	17,490	18,234	18,900	16,761	18,315
Represented By:											
Cash at Bank	2,964	6,534	6,224	7,692	3,144	2,461	4,152	4,514	4,798	2,277	3,449
Short Term Investments	9,368	11,249	11,750	12,192	12,574	12,956	13,338	13,720	14,102	14,484	14,866
	12,332	17,783	17,974	19,884	15,718	15,417	17,490	18,234	18,900	16,761	18,315

TASMAN DISTRICT COUNCIL PROJECTED STATEMENT OF MOVEMENTS IN EQUITY	2003/2004 Budget \$ (000)	2004/2005 Budget \$ (000)	2005/2006 Budget \$ (000)	2006/2007 Budget \$ (000)	2007/2008 Budget \$ (000)	2008/2009 Budget \$ (000)	2009/2010 Budget \$ (000)	2010/2011 Budget \$ (000)	2011/2012 Budget \$ (000)	2012/2013 Budget \$ (000)	2013/2014 Budget \$ (000)
Equity at the start of the year	597,089	700,919	705,139	713,942	723,048	735,700	748,277	757,950	773,738	782,028	801,687
Net surplus (deficit) for the year	3,731	4,220	8,803	9,106	12,652	12,577	9,673	15,788	8,290	19,659	20,087
Increase(-Decrease) in restricted reserves	-896	-	-	-	-	-	-	-	-	-	-
Increase(-Decrease) in revaluation reserves	-	-	-	-	-	-	-	-	-	-	-
Total recognised revenues and expenses for the period	2,835	4,220	8,803	9,106	12,652	12,577	9,673	15,788	8,290	19,659	20,087
Equity at the end of the year	599,924	705,139	713,942	723,048	735,700	748,277	757,950	773,738	782,028	801,687	821,774

TASMAN DISTRICT COUNCIL PROJECTED CASH FLOW RECONCILIATION	2003/2004 Budget \$ (000)	2004/2005 Budget \$ (000)	2005/2006 Budget \$ (000)	2006/2007 Budget \$ (000)	2007/2008 Budget \$ (000)	2008/2009 Budget \$ (000)	2009/2010 Budget \$ (000)	2010/2011 Budget \$ (000)	2011/2012 Budget \$ (000)	2012/2013 Budget \$ (000)	2013/2014 Budget \$ (000)
Surplus(Deficit) from Statement of Financial Performance	3,731	4,220	8,803	9,106	12,652	12,577	9,673	15,788	8,290	19,659	20,087
Add non cash items											
Depreciation	8,524	8,239	8,752	9,106	9,570	10,000	10,532	10,987	11,270	11,470	11,704
Movement in Associates	1,000	1,000	500	500	500	500	500	500	500	500	500
Vested Assets	1,000	1,000	500	500	500	500	500	500	500	500	500
Movements in working capital	10,524	10,239	9,752	10,106	10,570	11,000	11,532	11,987	12,270	12,470	12,704
Decrease (increase) in accounts receivable	-720	875	15	-256	-489	-202	-389	-310	-410	-139	-70
Increase (decrease) in accounts payable	7,125	2,835	-1,766	5,853	1,368	-563	480	-5,640	5,347	-4,371	14,906
	6,405	3,710	-1,751	5,597	879	-765	91	-5,950	4,937	-4,510	14,836
Add(-deduct) items classified as investing or financing activities											
Capital Creditors	-7,465	-3,796	-4,756	-8,383	-10,460	-3,879	-3,462	2,225	-2,468	-3,638	-18,048
Net Cash Flow from Operating Activities	13,195	14,373	12,048	16,426	13,641	18,933	17,884	24,050	23,029	23,981	29,579

# Notes to The Accounts

Notes to The Accounts	2004/2005 \$(000)	2005/2006 \$(000)	2006/2007 \$(000)	2007/2008 \$(000)	2008/2009 \$(000)	2009/2010 \$(000)	2010/2011 \$(000)	2011/2012 \$(000)	2012/2013 \$(000)	2013/2014 \$(000)
<b>1. Fees &amp; Recoveries</b>										
Resource Policy & Management	5,998	1,521	1,529	1,400	1,406	1,412	1,423	1,429	1,430	1,437
Regulatory & Inspection Services	1,575	1,587	1,600	1,614	1,627	1,640	1,653	1,666	1,679	1,692
Transportation	2,434	3,038	3,074	4,245	3,905	4,372	5,263	5,011	4,633	4,072
Sanitation Drainage & Water Supply	5,262	5,556	5,281	7,350	7,140	7,802	8,953	9,595	9,240	8,546
Cultural Services & Community Grants	250	250	250	250	250	250	250	250	250	250
Recreation & Leisure	1,928	1,989	1,965	1,970	1,970	1,970	1,970	1,970	1,970	1,970
Council Enterprises	2,666	2,069	2,004	2,042	1,697	2,271	821	2,173	2,411	2,611
Community Support Services	641	801	401	1	1	1	1	1	1	1
Democracy and Communication	22	20	20	22	20	20	22	20	20	22
Other	149	129	130	129	129	129	129	129	129	128
	20,925	16,960	16,254	19,023	18,145	19,867	20,485	22,244	21,763	20,729
<b>2. Cash at Bank</b>										
Cash Floats	2	2	2	2	2	2	2	2	2	2
Short Term Deposit	6,532	6,222	7,690	3,142	2,459	4,150	4,512	4,796	2,275	3,447
	6,534	6,224	7,692	3,144	2,461	4,152	4,514	4,798	2,277	3,449
<b>3. Accounts Receivable</b>										
Rates & Charges	5,161	5,146	5,402	5,891	6,093	6,482	6,792	7,202	7,341	7,411
Provision for Doubtful Debts	-233	-233	-233	-233	-233	-233	-233	-233	-233	-233
	4,928	4,913	5,169	5,658	5,860	6,249	6,559	6,969	7,108	7,178
<b>4. Property held for Resale</b>										
Land/Buildings	600	650	800	800	800	800	800	800	800	800
	600	650	800	800	800	800	800	800	800	800
<b>5. Accounts payable and Accruals</b>										
Trade Creditors	17,099	14,264	16,030	10,177	8,809	9,372	8,892	14,532	9,185	13,556
Employee Entitlement	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030
Sundry Deposits	320	320	320	320	320	320	320	320	320	320
	18,449	15,614	17,380	11,527	10,159	10,722	10,242	15,882	10,535	14,906

Notes to The Accounts	2004/2005 \$(000)	2005/2006 \$(000)	2006/2007 \$(000)	2007/2008 \$(000)	2008/2009 \$(000)	2009/2010 \$(000)	2010/2011 \$(000)	2011/2012 \$(000)	2012/2013 \$(000)	2013/2014 \$(000)
<b>6. Reserve Funds</b>										
Opening balance	12,086	13,369	12,959	13,590	13,737	12,856	12,139	11,804	11,412	10,645
Transfers to Accumulated Funds	2,088	898	1,088	211	96	96	96	96	96	96
Transfers from Accumulated Funds	-805	-1,308	-457	-64	-977	-813	-431	-488	-863	-830
Closing Balance	13,369	12,959	13,737	13,590	12,856	12,139	11,804	11,412	10,645	9,911
<b>7. Operating Cost disclosure</b>										
Interest Expense	4,278	6,052	7,974	9,546	10,371	11,381	12,173	12,200	12,069	11,855
Councillor Remuneration	469	469	469	469	469	469	469	469	469	469
Audit Fees	80	80	80	80	80	80	80	80	80	80
<b>8. Revaluation Reserve</b>										
Forestry	1,644	1,644	1,644	1,644	1,644	1,644	1,644	1,644	1,644	1,644
Furniture & Fittings	64	64	64	64	64	64	64	64	64	64
Port Nelson	23,530	23,530	23,530	23,530	23,530	23,530	23,530	23,530	23,530	23,530
Nelson Regional Sewerage	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228	2,228
NZ Local Government Insurance Corp	21	21	21	21	21	21	21	21	21	21
Heritage Assets	989	989	989	989	989	989	989	989	989	989
Land	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855
Buildings	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973	1,973
Roading	210,600	210,600	210,600	210,600	210,600	210,600	210,600	210,600	210,600	210,600
Aerodromes	72	72	72	72	72	72	72	72	72	72
Refuse	339	339	339	339	339	339	339	339	339	339
Wastewater	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437
Stormwater	11,085	11,085	11,085	11,085	11,085	11,085	11,085	11,085	11,085	11,085
Water	6,786	6,786	6,786	6,786	6,786	6,786	6,786	6,786	6,786	6,786
	286,623	286,623	286,623	286,623	286,623	286,623	286,623	286,623	286,623	286,623
<b>9. Accumulated Equity</b>										
Opening balance	402,210	405,147	414,360	422,835	435,340	448,798	459,188	475,311	483,993	504,419
Surplus	4,220	8,803	9,106	12,652	12,577	9,673	15,788	8,290	19,659	20,087
Transfers to Restricted Reserves	-2,088	-898	-1,088	-211	-96	-96	-96	-96	-96	-96
Transfers from Restricted Reserves	805	1,308	457	64	977	813	431	488	863	830
Closing Balance	405,147	414,360	422,835	435,340	448,798	459,188	475,311	483,993	504,419	525,240

## REPORTING ENTITY

Tasman District Council was formed in 1989 as a result of the Local Government Commission, Final Re-organisation Scheme in Section 15B of the Local Government Act 1974. The resultant Tasman District Council is an amalgamation of the former Waimea County Council, Richmond Borough Council, Motueka Borough Council and Golden Bay County Council.

In 1992 Council assumed the responsibilities of the former Nelson Marlborough and West Coast Regional Councils within its boundaries to become a Unitary Authority.

Council's land area of jurisdiction covers 9,665 square kilometres with a population base of 41,352. Under our coastal jurisdiction, Council's area extends out to the 20 km territorial waters boundary, covering 4,886 square kilometres.

## MEASUREMENT BASE

The measurement base adopted is that of historical cost, except for land, buildings, forest assets, furniture and fittings, infrastructural assets and library books which have been valued separately as noted below. Reliance is placed on the fact that the Council is a going concern.

## STATEMENT OF PROSPECTIVE FINANCIAL INFORMATION

The financial information contained within this document is prospective financial information in terms of Financial Reporting Standard 29. The purpose for which it has been prepared is to enable the public to participate in the decision making processes as to the services to be provided by the Tasman District Council to the Tasman communities over the financial years 2004/2014. It is considered to be a "forecast", while the financial information relating to subsequent years is considered to be a "projection". The actual results achieved for the financial year 2004/2005 are likely to vary from the information presented and may vary materially depending upon the circumstances that arise during the period.

The assumptions underlying the preparation of this prospective financial information are adjusted to incorporate significant known variances as at June 2004. No actual results have been incorporated in this prospective financial information.

## ACCOUNTING POLICIES

### A. REVENUE RECOGNITION

**In general, revenue is recognised on an accrual basis, with the following exceptions:**

- Dividends are recognised on notification of a declared dividend;
- Rates are recognised on installment notice;
- Water billing revenue is recognised on an accrual basis with unread meters at year end accrued on an average usage basis;
- Transfund revenue is recognised on entitlement when conditions pertaining to eligible expenditure are fulfilled.

### B. ACCOUNTS RECEIVABLE

Debtors have been valued at net realisable value, after providing for doubtful and uncollectible debts.

## C. INVENTORIES

Inventories are stated at the lower of cost, determined on a first-in first-out basis, and net realisable value.

## D. WORKS IN PROGRESS

Valuation is on the basis of historical cost of work completed at 30 June in each year. It includes the cost of direct materials, direct labour and overheads.

## E. TAXATION

The income tax expense charged against the surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation.

Council uses the liability method of accounting for deferred taxation. Future tax benefits attributable to tax losses or timing differences are only recognised when there is virtual certainty of realisation.

## F. JOINT VENTURE

The Council's proportionate interest in the assets, liabilities, revenues and expenses of its joint ventures are included in the relevant components of the financial statements.

The entities disclosed below are treated as joint ventures.

Nelson Regional Sewerage Business Unit. Based on the terms of an agreement between Tasman District Council and Nelson City Council that was signed during the 1993/94 financial year, Council has a 50% interest in this entity. The most recent audited financial statements (June 2003) have been used to determine Council's interest.

Nelson Tasman Combined Civil Defence Organisation. Council has a 50% interest in this entity. The most recent audited financial statements (June 2003) have been used to determine Council's interest.

Nelson Regional Airport Authority. Council has a 50% interest in this entity. The most recent audited financial statements (March 2003) have been used to determine Council's interest.

## G. ASSOCIATED ORGANISATIONS

### **I) PORT NELSON LTD**

Council was vested a 50% shareholding in this entity at the date of its inception (1 October 1988). In accordance with FRS38, the equity method has been used for accounting purposes.

To arrive at a fair value the most recent audited statement of financial position (June 2003) has been used to value this investment on a net asset basis.

### **II) NELSON AIRPORT LTD**

Council has a 50% shareholding in the Company which commenced trading on 1 April 1999. In accordance with FRS38, the equity method has been used for accounting purposes.

To arrive at a fair value, the most recent audited statement of financial position (June 2003) has been used to value this investment on a net asset basis.

### **III) TOURISM NELSON TASMAN LTD**

Council has a 50% shareholding in this Company. In accordance with FRS38, the equity method has been used for accounting purposes.

To arrive at a fair value, the most recent audited statement of financial position (June 2003) has been used to value this investment on a net asset basis.



**IV) TASMAN BAYS HERITAGE TRUST**

The Tasman Bays Heritage Trust commenced on 1 July 2000. Council has a 50% interest in this entity.

In accordance with FRS38, the equity method has been used for accounting purposes.

To arrive at a fair value the most recent unaudited statement of financial position (June 2003) has been used to value this investment on a net asset basis.

**H. FIXED ASSETS**

It is Council's intention to revalue all assets with the exception of vehicles, computers, plant and office equipment, no more than every three years.

**Fixed Assets consist of:**

Operational Assets – These include land, buildings, computers and office equipment, building improvements, library books, plant and equipment, forestry and motor vehicles.

Restricted Assets – Assets owned or vested in Council which cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Other than assets referred to below, all other fixed assets are recorded at cost less accumulated depreciation. Assets are depreciated on a straight line basis over the following estimated life:

<b>Plant</b>	<b>3 – 15 years</b>
<b>Motor Vehicles</b>	<b>5 years</b>
<b>Buildings</b>	<b>40 years</b>
<b>Office &amp; Computer Equipment</b>	<b>3 – 5 years</b>
<b>Furniture and Fittings</b>	<b>5 years</b>

**I) FORESTRY ASSETS**

Forestry assets are revalued annually. The forest resource valuation method used was an estate based net present value method. Tree crop growth and harvesting yields have been modelled and calibrated using mid crop inventory, pre harvest inventory and actual clear felling reconciliation data gathered during 2002/2003.

The annual valuation conducted takes into account timber harvested, accordingly no cost of timber sold is recognised as an expense. The valuation method is consistent with last year's, although the model now includes the Pruned Log Index (PLI) which measures the pruned logs ability to produce clear grade timber.

The current valuation was undertaken by Forestry Consultants, P F Olsen & Co at 30 June 2003.

Forestry revenue is recognised in Council's operating statement at the time sales are made. Forestry establishment and maintenance costs are not capitalised, but are expensed in the year incurred.

**II) LIBRARY BOOKS**

This asset is recorded at the latest valuation conducted by Duke and Cooke Ltd, registered valuers, as at 30 June 1999. Donated books are assigned a value based on current replacement cost, less an allowance for age and condition. Additions are valued at cost.

Library books are depreciated on a straight line basis over the following estimated life:

<b>Adult and technical books</b>	<b>10 years</b>
<b>Children's books</b>	<b>5 years</b>

**III) FURNITURE AND FITTINGS**

Furniture and fittings are recorded at valuation conducted three yearly. The latest valuation was conducted by Duke and Cooke Ltd, registered valuers as at 30 October 2000. Additions between valuations are recorded at cost.

#### **IV) LAND**

Land has been valued at highest and best use in terms of FRS3 by Quotable Value New Zealand, registered valuers, as at 1 July 2002. Additions between valuations are recorded at cost.

#### **V) BUILDINGS**

Buildings have been valued at highest and best use in terms of FRS3 by Quotable Value New Zealand, registered valuers, at 1 July 2002. Additions between valuations are recorded at cost.

#### **VI) HERITAGE ASSETS**

Heritage assets comprise Council assets that are subject to a Historic Places protection order and are identified as such in the Resource Management Plan.

Heritage assets are valued at fair market value by Quotable Value New Zealand, registered valuers, at 30 June 2002. Additions between valuations are recorded at cost.

### I. IMPAIRMENT

When an item of property, plant and equipment is impaired, Council assesses the recoverable amount and the asset is written down to that amount. If the asset belongs to a class of assets that has been valued, the value of the impairment is transferred to the relevant asset revaluation reserve. If the revaluation reserve is lower than the value of the impairment, the balance of the write down is recognised in the Statement of Financial Performance. For assets that have not been valued, the impairment is recognised in the Statement of Financial Performance.

### J. REVALUATION OF ASSETS

With the exception of vested assets at the initial point of recognition, all valuations are carried out or reviewed by the Council's Engineering Manager or by independent qualified valuers and it is intended that valuations be carried out on a three yearly cycle. Forestry valuations are carried out annually.

Increases in the value of assets are credited to the asset revaluation reserve where appropriate. Where appropriate, decreases in the value of assets have been debited to the appropriate asset revaluation reserve. Where this would have resulted in debit balance in the asset revaluation reserve, this balance would be expensed in the Statement of Financial Performance.

### K. INFRASTRUCTURAL ASSETS

Infrastructural assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function, eg sewer reticulation includes reticulation piping and sewer pump stations. They were valued at optimised depreciated replacement cost by Montgomery Watson Harza as at 1 July 2001, with the exception of roading which was valued by Montgomery Watson Harza at 1 July 2000. Subsequent additions to infrastructural assets have been valued at cost. Values included in respect of assets are as follows:

#### **Vested Assets**

Certain infrastructural assets and land have been vested in the Council as part of the subdivisional consent process. Vested infrastructural assets are valued by calculating the cost of providing identical quantities of infrastructural components.

#### **I) ROADS**

These have been categorised as urban/rural, sealed/metalled and valued at optimised depreciated replacement cost by Montgomery Watson Harza as at 1 July 2000.

**II) LAND UNDER ROADS**

Land under roads has been valued at average land sales throughout the district by Montgomery Watson Harza as at 1 July 2000.

**III) WASTEWATER, REFUSE, WATER SUPPLY, STORMWATER, PORTS AND WHARVES, AIRFIELDS AND BRIDGES**

These have been valued at optimised depreciated replacement cost by Montgomery Watson Harza as at 1 July 2001.

**IV) RIVER PROTECTION ASSETS**

River protection assets consist of stopbanks, rock protection and riparian protection.

Stopbank assets were valued for inclusion in Council's financial statement at replacement cost by Montgomery Watson Harza as at 1 July 2001.

**V) DEPRECIATION - INFRASTRUCTURAL ASSETS**

Depreciation is provided on a straight line basis on all infrastructural assets at rates which will write off the cost (or valuation) of the assets to their estimated residual values, over their useful lives.

**These remaining useful lives and associated rates of major classes of assets have been estimated as follows:**

• Bridges	50 - 100 years
• Roads	3 - 80 years
Formation	Not Depreciated
Sub-base (sealed)	Not Depreciated
Basecourse (sealed)	75 - 75 years
Surfaces	3 - 60 years
Car parks	45 years
Footpaths	5- 50 years
Pavement base (unsealed)	65 - 75 years
Drainage	50 - 80 years
• Wastewater	
Treatment	9 - 80 years
Pipe	60 - 80 years
Pump Stations	20 - 50 years
• Water	
Wells and Pumps	10 - 80 years
Pipes/Valves/Meters	15 - 80 years
• Stormwater	
Channel/Detention Dams	Not Depreciated
Pipe/Manhole/Sumps	80 - 120 years
• Ports and Wharves	7 - 100 years
• Airfields	20 - 80 years
• Refuse	15 - 100 years
• Rivers	
Stopbanks	Not Depreciated
Rock Protection	Not Depreciated
Willow Plantings	Not Depreciated
Gabion Baskets/Outfalls	30 - 60 years
Railway irons	50 years

**L. GST**

All figures are GST exclusive except receivables and payables which are stated with GST included.

**M. OVERHEADS**

Indirect overheads have been apportioned on an activity basis, using labour cost of full time staff employed in those specific output areas.

Direct costs not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

## N. FINANCIAL INSTRUMENTS

Revenues and expenses in relation to all financial instruments are recognised in the Overall Statement of Financial Performance. All financial instruments are recognised in the Statement of Financial Position.

Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at fair value.

## O. VALUATION OF FIXED AND INFRASTRUCTURAL ASSETS

Increases in the value of assets are credited to the asset revaluation reserve where appropriate.

Where appropriate, decreases in the value of assets have been debited to the appropriate asset revaluation reserve. Where this would have resulted in debit balance in the asset revaluation reserve, this balance would be expensed in the Statement of Financial Performance.

## P. OTHER INVESTMENTS

All investments are stated at the lower of cost or net realisable value.

## Q. PROPERTIES INTENDED FOR RESALE

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

## R. EMPLOYEE ENTITLEMENTS

Provision is made in respect of the Council's liability for annual leave, long service and retirement gratuities. Long service and retirement gratuities are calculated on a probability basis. Annual leave has been calculated on an actual entitlement basis at current rates of pay.

## S. LANDFILL AFTER CARE COSTS

As operator of the Eves Valley and Murchison landfills, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure. To provide for the estimated cost of after care, a charge is made each year based on post closure costs on a discounted cash flow basis.

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

## T. CONTRACT RETENTIONS

Certain contracts entitle Council to retain amounts to ensure the performance of contract obligations. These retentions are recognised as a liability and are then used to remedy contract performance or paid to the contractor at the end of the retention period.

## U. LEASES

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the assets are transferred to the Council, 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 are depreciated over the period the Council is expected to benefit from their use.

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

## V. EQUITY

Equity is the community's interest as measured by total assets less total liabilities. Public equity is segregated and classified into a number of reserves.

The components of equity are:

- Accumulated Funds
- Restricted Reserves
- Trusts and Bequeaths
- Sinking Funds
- Special Funds
- Council Created Reserves
- Asset Revaluation Reserve

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or third party. 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 the Council.

## W. TERM LOANS

The forecast level of term loans at 30 June 2004 is \$42.3 million.

## X. STATEMENT OF CASH FLOWS

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

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

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

Financing activities comprise the change in equity and debt capital structure of the Council.

## Y. COST OF SERVICE STATEMENTS

The Cost of Service Statements report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

## Z. COMPARATIVES

The comparatives for the year ended 30 June 2003 are as per the published 2002/2003 Annual Report.

## AA. ASSUMPTIONS UNDERLYING PROSPECTIVE FINANCIAL INFORMATION

**The main assumptions underlying the forecast financial statements are as follows:**

**• INTEREST RATES**

Interest rates for new loans raised, or existing debt refinanced during the ten year period are assumed to be an average of 8.0%.

**• POPULATION GROWTH**

Growth in the district is anticipated to be 3.5% per annum. These assumptions are based on predictions from both internal and external sources.

## A CAUTIONARY NOTE

The actual results are likely to vary from the information disclosed and such variations may be material.

This prospective financial information is prepared in accordance with Section 93 of the Local Government Act 2002. This information may not be suitable for use in any other capacity.

The assumptions underlying the preparation of this prospective financial information are as at April 2004. No actual results have been incorporated into this prospective financial information.

## BORROWING NEEDS AND PROGRAMME

In the 2004/2005 financial year the Council requires \$27.3 million of loan funds for new works. The form that borrowing will take, and the way in which it will be issued to the market, will depend upon market conditions.

The 2004/2005 Long Term Council Community Plan provides for term loan repayments amounting to \$3.2 million.

In this plan, Council has assumed that the interest rate on new debt raised will be similar over the periods stated.

In addition to ordinary financing needs, Council may take the opportunity to re-finance existing debt issued under previous statutory mechanisms if it can do so in a financially advantageous way.

## CHANGES IN ACCOUNTING POLICIES

All accounting policies have been applied on a basis consistent with those used in previous years.

## FUNDING IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT 2002

Section 100(1) of the Local Government Act 2002 requires local authorities to set operating revenues at a level to cover all operating expenses, except as provided in S100(2). Operating expenses include an allowance for debt servicing and for the decline in service potential of assets (depreciation).

Council had complied with S100 (1) in the preparation of this LTCCP.

General Rates provide you with a whole range of Services and facilities

The following table identifies in dollar terms and percentages the activities that benefit from general rates levied on properties within Tasman District.

	%	\$(000's)
Resource Policy	4.49	852
Resource Information	5.48	1,041
Resource Consents and Compliance	6.37	1,210
Sustainable Management	2.95	560
Regulatory Services	2.28	433
Land Transport	39.12	7,422
Refuse	1.85	352
Cultural Services and Community Grants	3.54	672
Libraries	6.36	1,208
Community Recreation Advisor	1.69	321
Parks and Reserves	14.07	2,669
Emergency Management	1.02	195
Council Governance	13.31	2,525
Other	1.16	209
Less Contribution from Forestry	-3.69	-700
	<b>100.00</b>	<b>18,969</b>

**Every person in Tasman District receives benefits from the general rates they pay.**

- Not all Council activities are funded by the general rate
- Council charges special rates for wastewater, rivers, stormwater and water supply
- Camping grounds and Community Housing are self funding activities, albeit they receive a share of Council's sundry income
- Forestry activity provides funds for Council

# STATISTICAL RATING INFORMATION

## RATEABLE VALUES FOR TASMAN DISTRICT COUNCIL PROPERTIES AT JUNE 2004

Property Capital Value \$	General Rates payable 2004/2005* \$	Ratepayers within each group		Total Rateable CV in each Group	
		Number	%	Amount \$	%
0 - 50,000	0 - 319	777	3.7	19,421,560	0.4
50,001 - 100,000	319 - 489	1,757	8.5	139,590,500	2.6
100,001 - 150,000	489 - 658	4,412	21.3	564,810,800	10.4
150,001 - 200,000	658 - 827	4,420	21.3	772,874,000	14.2
200,001 - 250,000	827 - 996	2,766	13.3	624,581,400	11.5
250,001 - 300,000	996 - 1166	1,791	8.6	495,702,500	9.1
300,001 - 350,000	1166 - 1335	1,218	5.9	396,615,500	7.3
350,001 - 400,000	1335 - 1504	800	3.9	300,524,000	5.5
400,001 - 450,000	1504 - 1673	667	3.2	284,338,500	5.2
450,001 - 500,000	1673 - 1843	470	2.3	224,015,000	4.1
500,001 - 550,000	1843 - 2012	312	0.9	164,311,000	3.0
550,001 - 600,000	2012 - 2181	232	0.9	133,764,000	2.5
600,001 - 650,000	2181 - 2350	165	0.8	103,804,000	1.9
650,001 - 700,000	2350 - 2520	129	0.6	87,531,000	1.6
700,001 +	2520 +	811	3.9	1,141,980,000	20.9
		20,727	100.0	5,453,863,760	100.0

\*Includes \$150 Uniform Annual General Charge

## TERM LOAN PORTFOLIO

The following information is provided to assist readers with their understanding of the projected loan profile for the June 2005 financial year. Council's average interest rate through the 2004/2005 year is projected at 8.0%.

Activity	Projected Loan Value \$000	Funding Source
Mapua Rehabilitation	438	Targeted Rate
Regulatory	180	General Rate
Roading	18,211	General and Targeted Rates
Stormwater	4,001	Targeted Rate
Refuse	1,580	General and Targeted Rate
Water	9,124	Targeted Rate
Wastewater	10,217	Targeted Rate
Ports and Wharves	4,407	User Charges
Aerodromes	43	User Charges
Community Housing	592	User Charges
Camping Grounds	323	User Charges
Community Facilities	9,071	Targeted Rate
Special Purpose Committees	343	General Rate
Parks and Reserves	2,963	General Rate and User Charges
Property	1,333	General Rate
Other	3,717	General Rate
<b>Total</b>	<b>66,543</b>	



# RESERVE DEVELOPMENT IMPACT LEVY (DIL) ACCOUNTS

All major developments in the District are required to pay a Reserves Development Impact Levy which in the main can only be used for new or updated recreation facilities. The Community Services Committee considers requests for these funds prior to each annual plan and the following projects will be funded from the account during the 2004/2005 year. The Committee reviews these allocations and any other urgent requests in December each year.

## GOLDEN BAY RESERVE DILS

	\$	\$
<b>Walkways</b>		
• General	20,000	
• Estuary (Tata Beach)	10,000	
• Ligar Bay (Nyhana Drive)	7,000	
• Collingwood (Battle of Trafalgar)	20,000	
• Selwyn Street	10,000	67,000
Lake Killarney: Abbeyfield entrance, loop walk around Lake, upgrade landing area		35,000
Takaka Memorial gardens toilet alterations (parents room)		50,000
Salisbury Swingbridge - signage etc		10,000
Uruwhenua Reserve - stage II development		5,000
Coastcare - Rototai, Tata, Parapara, Rangihaeata, Milnethorpe, Pakawau		35,000
Pohara tennis courts and fence resurfacing		45,000
<b>Collingwood Reclamation</b>		
• Investigation	5,000	
• Reclamation	30,000	35,000
Revegetation projects		15,000
<b>Halls and Reserve Committees</b>		
• Rockville Reserve - cover for pool etc		6,800
• Onekaka Reserve - building works		3,000
• East Takaka Reserve - one tennis court resurface		5,000
• Bainham Hall - information panel		2,500
Collingwood Hall Roof repairs		3,000
Collingwood Hall/public toilets investigation and planning		5,000
<b>TOTAL</b>		<b>322,300</b>

## MOTUEKA RESERVE DILS

	\$	\$
<b>Walkways</b>		
• General	5,000	
• Brooklyn	10,000	
• Little Kaiteriteri	10,000	
• Mirror Ponds	10,000	35,000
<b>Playgrounds</b>		
• Eginton Park	30,000	
• Thorps Bush	20,000	50,000
Toilets – skatepark		40,000
Rugby Park Irrigation		10,000
Revegetation – Old Wharf Road Reserve, SPCA garden and coastal development		10,000
Riwaka Memorial corner and path, fence and shrubbery		10,500
Decks Reserve – development as per plan		20,000
Tapu Bay/Stephens Bay – concept and development plan		5,000
Motueka Quay – development		10,000
Memorial Park – carpark development etc		60,000
Memorial Park - drainage		25,000

	\$	\$
Little Kaiteriteri Reserve wetland development /walkway		15,000
Rugby/Memorial Parks loan repayments		33,500
Motueka Pool (third of three annual payments)		33,000
Keep Motueka Beautiful – project support		10,000
Security camera – additional/upgrade		5,000
Motueka Recreation Centre – new development		10,000
Marahau foreshore project		10,000
Resurfacing tennis courts - Riwaka		40,000
Airstrip widening – drag racing		30,000
Museum frontage alterations		10,000
Goodman Ledger Reserve redevelopment		5,000
<b>Motueka and Districts Historical Society</b>		
• Roofing Info Kiosk		1,900
Riwaka Hall – sealing carpark		15,000
Memorial Hall - floor and dish sanitisor		7,500
<b>TOTAL</b>		<b>501,500</b>

## RICHMOND DILS

	\$	\$
<b>Walkways</b>		
• General	10,000	
• Estuary	50,000	
• Dellside	10,000	
• Waimea Village	5,000	
• Reservoir Creek	7,500	
• Meadow Lane	5,000	87,500
Aniseed Valley Reserve - bbq etc		15,000
Avery sports field development		25,000
Jubilee Park - carpark drainage		15,000
Playground equipment (2 sites)		35,000
Richmond Cemetery – round sealing		30,000
Washbourn Gardens development		15,000
White Gate Reserve - driveway and development		25,000
Richmond Town Hall - Stage 3 development		20,000
Revegetation - Aniseed Valley, Faraday Rise and Dellside		20,000
Salisbury Road underpass (share of cost)		33,000
Nelson Badminton Association – upgrades		5,000
Hope Recreation Reserve and Hall (Loan) – upgrade of hall		60,000
<b>Total Income</b>		<b>385,500</b>

**WAIMEA/LAKES/MURCHISON RESERVE DILS**

	\$	\$
<b>Walkways</b>		
• General	20,000	
• Lloyd subdivision (Wakefield)	5,000	
• Lord Rutherford Park (Brightwater)	5,000	
• Moreland Place (Mapua)	10,000	
• Pinehill (Ruby Bay)	5,000	
• Tapawera	7,500	52,500
<b>Mapua Area</b>		
• Steps - Broadsea Ave		12,000
• Grossi Point Reserve development		10,000
• Mapua Rec Park - carpark		15,000
• Mapua Rec Park - tennis courts resurfacing		80,000
• Rabbit Island - coastcare etc		20,000
• Kina walkway planting etc		10,000
• Equestrian Trust loan (write off) 04/05		22,000
• Equestrian Park new fence		15,000
<b>Brightwater/Wakefield Area</b>		
• Faulkner Bush playground relocation, gas bbq etc		25,000
• Anslow Place - playground redevelopment		10,000
• Spring Grove Cemetery entranceway redevelopment		5,000
• Lord Rutherford Park - well etc		5,000
• Starveall Street Reserve - barrier etc		5,000
• Brightwater Rec Reserve - sealing carpark		50,000
• Village Green - Wakefield		10,000
• Wai-iti Reserve - Arboretum		3,000
<b>Lakes/Murchison</b>		
• Tapawera toilet upgrade		10,000
• Tapawera Community House - development		10,000
• Tapawera Emergency Centre		10,000
• Rainbow Mountain Sports		10,000
• Owen River – roadway upgrade		5,000
<b>Reserves and Hall Committees</b>		
• Ngatimoti Rec Reserve - development		30,000
• Dovedale Reserve - redevelopment cemetery (stage 1)		5,500
• Murchison Rec Reserve - fencing, showers etc		5,000
• Tapawera Rec Reserve - building works etc		2,500
• Wakefield Rec Reserve - kitchen upgrade etc		12,500
• Brightwater Rec Reserve - walkway		15,000
• Wakefield Hall - extractor fan		2,000
Rabbit Island Roding		100,000
Revegetation - Lee Valley, Wai-iti Bridge esplanade, Chaytor Reserve, Aranui Place and Moreland Place Estuary Park funding – loan – grant	60,000 20,000	80,000
<b>TOTAL</b>		<b>665,500</b>

**DISTRICT WIDE DILS**

	\$
Staff costs	24,902
Management Plans – consultant costs etc	20,000
Library books	25,000
Loan Repayments – Halls and McKee Reserve loans	28,005
Consultants fees	15,000
Future development and planning	20,000
Rabbit Island Roding (Stage II)	35,000
DILS overhead coast	48,068
<b>TOTAL</b>	<b>215,975</b>