



# *Part 3: Financial Statements*

# Consolidated Statement of Financial Performance

For the Year Ended 30 June 2009

	Note No	This Year We Achieved Actual 2008/09 \$000	We Planned To Achieve Our Budget 2008/09 \$000	Last Year We Achieved Actual 2007/08 \$000
<b>Revenue</b>				
Rates Revenue	6	16,069	15,593	15,345
Other Revenue	7	15,857	13,670	12,838
Other Gains/Losses	8	(146)	91	456
<b>Total Revenue</b>		<b>31,780</b>	<b>29,354</b>	<b>28,639</b>
<b>Expenditure</b>				
Personnel Costs	9	4,322	4,348	4,069
Depreciation	2,16	6,279	5,741	6,541
Finance Costs	11	2,066	2,544	1,830
Other Expenses	10	19,239	12,460	14,017
<b>Total Operating Expenditure</b>		<b>31,906</b>	<b>25,093</b>	<b>26,457</b>
Share of Associate Surplus/(Deficit)	18	(6)	0	(4)
<b>Operating Surplus/(Deficit)</b>		<b>(132)</b>	<b>4,261</b>	<b>2,178</b>

- Other Revenue was greater than budgeted by \$2.2 million mainly due to income from vested subdivision assets of \$1.8 million, which was not budgeted for.
- Depreciation was greater than budget by \$0.5 million, as a result of revaluation of infrastructural assets. The revaluation occurred too late to be provided for in the Exceptions Annual Plan 2008/09.
- Other expenses were greater than budgeted by \$6.8 million mainly due to:
  - \$2.6 million write down of buildings as a result of revaluation.
  - \$3.2 million emergency works greater than budgeted.
- The above reduced the budgeted surplus for the year of \$4.3 million by \$4.5 million.

*The accompanying Notes and Accounting Policies form part of the Financial Statements*

# Consolidated Statement of Financial Position

As At 30 June 2009

	Note No	This Year We Achieved Actual 2008/09 \$000	We Planned To Achieve Our Budget 2008/09 \$000	Last Year We Achieved Actual 2007/08 \$000
<b>Assets</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	12	1,541	1,244	2,671
Trade & Other Receivables	13	4,792	3,919	5,655
Inventories	14	6	64	27
<b>Total Current Assets</b>		<b>6,339</b>	<b>5,227</b>	<b>8,353</b>
<b>Non Current Assets</b>				
Property, Plant & Equipment	2	24,348	23,259	24,583
Intangible Assets	16	456	540	84
Infrastructural Assets	2	309,443	309,859	295,119
Items under Construction	2	1,526	0	1,685
Financial Assets at Fair Value through Equity	15	431	592	457
Investment Property	17	3,804	4,992	5,219
Investment in Associates	18	0	0	6
<b>Total Non Current Assets</b>		<b>340,008</b>	<b>339,242</b>	<b>327,153</b>
<b>Total Assets</b>		<b>346,347</b>	<b>344,469</b>	<b>335,506</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade & Other Payables	19	5,080	5,168	5,989
Employee Benefits	21	302	251	301
Borrowings	22	7,500	4,500	6,000
Income in Advance		556	457	540
Other Financial Liabilities		166	569	348
<b>Total Current Liabilities</b>		<b>13,604</b>	<b>10,945</b>	<b>13,178</b>
<b>Non Current Liabilities</b>				
Landfill Aftercare Provision	20	537	841	600
Employee Benefits	21	3	0	3
Borrowings	22	18,220	23,625	18,700
<b>Total Non Current Liabilities</b>		<b>18,760</b>	<b>24,466</b>	<b>19,303</b>
<b>Total Liabilities</b>		<b>32,364</b>	<b>35,411</b>	<b>32,481</b>
<b>Net Assets</b>		<b>313,983</b>	<b>309,058</b>	<b>303,025</b>
<b>Equity</b>				
Ratepayers Equity	23	248,571	254,904	248,521
Special Funds	23	661	518	869
Other Reserves	23	64,751	53,636	53,635
<b>Total Equity</b>	<b>23</b>	<b>313,983</b>	<b>309,058</b>	<b>303,025</b>

The accompanying Notes and Accounting Policies form part of the Financial Statements

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2009

	Note No	This Year We Achieved Actual 2008/09 \$000	We Planned To Achieve Our Budget 2008/09 \$000	Last Year We Achieved Actual 2007/08 \$000
<b>Balance at 1 July 2008</b>		<b>303,025</b>	<b>304,836</b>	<b>300,930</b>
Revaluation Gains		11,116	0	0
Financial Assets at Fair Value through Equity		(26)	0	(83)
Landfill Aftercare Provision		0	(39)	0
Surplus/(Deficit) for the Year		(132)	4,261	2,178
<b>Total Recognised Revenue/Expense for the Year ended 30 June 2009</b>		<b>10,958</b>	<b>4,222</b>	<b>2,095</b>
<b>Balance at 30 June 2009</b>	<b>3</b>	<b>313,983</b>	<b>309,058</b>	<b>303,025</b>

# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2009

	Note No	This Year We Achieved Actual 2008/09 \$000	We Planned To Achieve Our Budget 2008/09 \$000	Last Year We Achieved Actual 2007/08 \$000
<b>Cashflows from Operating Activities</b>				
Rates		15,709	15,593	13,991
Subsidies & Grants		11,661	13,304	6,333
Interest Received		130	150	166
Dividends		23	10	23
Other Income		3,137	207	5,079
Movement in Trust Funds		(653)	0	486
Suppliers of Goods & Services		(16,686)	(13,687)	(13,678)
Employees & Elected Members Remuneration		(4,321)	(3,360)	(4,182)
Interest on Loans		(1,991)	(2,306)	(1,670)
Goods & Services Tax (Net)		(273)	0	(20)
<b>Net Cash Increase from Operating Activities</b>	<b>3</b>	<b>6,736</b>	<b>9,911</b>	<b>6,528</b>
<b>Cashflows from Investing Activities</b>				
Movement in Sinking Funds		0	0	33
Purchase of Intangible Assets		(190)	(115)	(28)
Purchase of Property, Plant & Equipment	2	(245)	(426)	(4,729)
Purchase of Infrastructural Assets	2	(8,451)	(11,344)	(6,784)
<b>Net Cash (Decrease) from Investing Activities</b>		<b>(8,886)</b>	<b>(11,885)</b>	<b>(11,508)</b>
<b>Cashflows from Financing Activities</b>				
Proceeds from Borrowings		7,020	3,919	12,200
Repayment of Borrowings		(6,000)	(3,000)	(7,000)
<b>Net Cash Increase from Financing Activities</b>		<b>1,020</b>	<b>919</b>	<b>5,200</b>
<b>Net (Decrease) / Increase in Cash</b>				
Cash Equivalents and Bank Overdrafts		(1,130)	(1,055)	220
Cash, Cash Equivalents and Bank Overdrafts at beginning of year		2,671	2,299	2,451
<b>Cash, Cash Equivalents and Bank Overdrafts at end of year</b>	<b>12</b>	<b>1,541</b>	<b>1,244</b>	<b>2,671</b>

The accompanying Notes and Accounting Policies form part of the Financial Statements

# Notes to the Financial Statements: Ruapehu District Council and Group

## 1. Statement of Accounting Policies

### *Reporting Entity*

Ruapehu District Council (Council) is a territorial local authority governed by the Local Government Act 2002 (LGA).

The Ruapehu District Council and Group consists of Council and its 100% owned subsidiary RDC Holdings Limited and associates, Ruapehu Wanganui Rangitikei Economic Development Trust (the Trust) (33% owned). RDC Holdings Limited was incorporated on 10 May 1996 in New Zealand and has not traded during the year.

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

The Trust was incorporated under the Charitable Trusts Act 1957 on 4 May 2006. The Trust was established to operate the Major Regional Initiative ("MRI") and other partnerships with New Zealand Trade and Enterprise. It is a Council Controlled Organisation according to the LGA and Council has an equal share, together with Rangitikei District Council and Wanganui District Council. To date, the Trust has not traded, but it is included in the financial statements as an associated company.

### *Basis for Preparation*

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

This is the second set of financial statement using NZ IFRS and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly.

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

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

### *Standards and Interpretation issued and Not Yet Adopted*

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to Council include:

- NZIAS 1 - Presentation of Financial Statements (revised 2007) replaces NZIAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with sub-totals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). Council intends to adopt this standard for the year ending 30 June 2010 and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- NZIAS 23 - Borrowing Costs (revised 2007) replaces NZIAS 23 Borrowing Costs (issued 2004) and is effecting for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow-on effects to depreciation expense. Council intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.
- NZIFRS 3 - Business Combination (revised 2008) and the amended NZIAS 27 Consolidated Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZIFRS 3 and amended NZIAS 27 will make to existing requirements or practice are:
  - Partial Acquisition - Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZIFRS 3 requirement) or at fair value.
  - Step Acquisition - The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

been removed. Instead, goodwill is measured as the difference or acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.

- Acquisition-Related Costs - Acquisition-Related Costs are generally recognised as expenses (other than included in the cost of acquisition).
- Contingent Consideration - Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZIFRS' usually in profit or loss (other than by adjusting the cost of acquisition).

Council will adopt the revised NZIFRS 3 and amended NZIAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on or after 1 July 2009.

### *Budget Figures*

The budget figures are those approved by Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of the financial statements.

### *Critical Accounting Estimates and Assumptions*

In preparing these financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

### *Landfill Aftercare Provision*

Note 20 presents an analysis of Council's exposure in relation to the estimates and uncertainties surrounding landfill aftercare provision.

### *Infrastructural Assets*

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over

infrastructural assets. These include:

- The physical deterioration and end condition of an asset, eg, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those which are not visible (eg, stormwater, wastewater and water supply pipes that are underground). This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by local conditions, eg, weather pattern and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance. To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the national Asset Management Steering Group and have been adjusted for local conditions, based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

### *Critical Judgement in Applying Council's Accounting Policies*

Management has exercised the following critical judgements in applying Council's accounting policies for the Annual Plan for the period ended 30 June 2009.

### *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Council and the revenue can be reliably measured. Revenue is recognised at fair value. The following specific recognition criteria must also be met before revenue is recognised.

Revenue is measured at the fair value after consideration received of receivables.

### *Rates Revenue*

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

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

revenue is recognised on the due date for each instalment.

### *Other Revenue*

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Traffic and parking infringements are recognised when tickets are issued.

Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence.

Council receives government grants from Land Transport NZ which subsidises part of its costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Rental income arising on property owned by Council is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

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

When a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Where acting as an agent for another party derives revenue, the revenue that is recognised is the commission or fee on the transaction.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

### *Development Contributions*

The revenue recognition point for development and financial contributions is at the later of the point when Council is ready to provide the service for which the contribution has levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

Development contributions are classified as part of "Other Revenue".

### *Vested Assets*

Vested asset income recognises the value of land and/or works that have been handed over to Council following

completion of the subdivision consent process. Vested assets are valued by applying standard unit rates to actual quantities of infrastructural components vested. The rates used are provided by the land developers and tested for reasonableness by Council engineering staff.

### *Expenditure*

Expenditure is recognised when Council is deemed to have been supplied with the service or has control of the good supplied.

### *Borrowing Costs*

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

### *Grant Expenditure*

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

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

### *Leases*

#### *Operating Leases*

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

### *Cash and Cash Equivalents*

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

### *Trade and Other Receivables*

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by Council at nil, or below market, interest rates are initially

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cashflows of the loan is recognised in the statement of financial performance as a grant.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

### *Inventories*

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost (determined on a weighted average basis) and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average basis method.

The write down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance.

### *Classification of Property*

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. They are held for service delivery objectives as part of the Council's social housing policy. These properties are accounted for as property, plant and equipment.

### *Financial Assets*

Council classifies its financial assets into the following three categories: financial assets at fair value through profit or loss, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss, in which case the transaction costs

are recognised in the Statement of Financial Performance.

Purchases and sales of investments are recognised on trade date, the date on which Council commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The three categories of financial assets are:

- Financial assets at fair value through profit or loss
  - This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. 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. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.
  - After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of financial performance.
  - Currently, Council does not hold any financial assets in this category.
- Loans and receivables
  - These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
  - After initial recognition they are measured at amortisation cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the Statement of Financial Performance. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.
- Financial assets at fair value through equity
  - Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.
  - This category encompasses:
    - Investments that Council intends to hold long term but which may be realised before maturity.
    - Shareholdings that Council holds for strategic purposes. Council investments in its subsidiary and associate companies are not included in this

# Notes to the Financial Statements: Ruapehu District Council and Group (continued)

category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

- After initial recognition these investments are measured at their fair value.
- Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in statement of financial performance even though the asset has not been de-recognised.
- On de-recognition the cumulative gains or loss previously recognised in equity is recognised in the statement of financial performance.

## Associates

Council accounts for investments in associates in the Group financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture of Council. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's share of the surplus or deficit of the associate after the date of acquisition. Council's share of the surplus or deficit of the associate is recognised in Council's statement of financial performance.

## Impairment of Financial Assets

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial asset is impaired. Any impairment losses are recognised in the Statement of Financial Performance.

## Property, Plant and Equipment

Fixed assets are disclosed as follows:

### Land

All land owned by Council, excluding land under roads, was valued at market value as at 30 June 2009 by Darroch Valuations. Land under roads was valued based on fair value by determining the total land area and multiplying this by an average District land value determined by the Government valuation as at 1 July 2004. Council has elected to use the fair value of land under roads as at transition date, as deemed

cost. Land under roads are no longer revalued.

## Buildings

All buildings owned by Council were valued at depreciated replacement cost as at 30 June 2009 by Darroch Valuations. This is considered to be the fair value of the properties.

## Infrastructural Assets

Infrastructural Assets are the fixed utility systems providing an ongoing service to the community, but not generally regarded as tradeable (eg, roads, street lights, bridges, water and sewer reticulation systems, stormwater systems and refuse sites).

Land and buildings related specifically to infrastructural assets are valued at depreciated replacement cost as at 30 June 2009. The valuation was carried out by Darroch Valuations. This is considered to be the fair value of the properties. Services assets were revalued by DTZ New Zealand Limited. Roading assets were valued by GHD Limited as at 30 June 2009.

The assets are recorded at their depreciated replacement cost as at 30 June 2009 plus subsequent additions at cost.

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance. To minimise the risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Deprecation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part

# Notes to the Financial Statements: Ruapehu District Council and Group (continued)

of Council's management planning activities, which gives Council further assurance over its useful life estimates.

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

## Restricted Assets

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

Restricted Land and Buildings were valued at fair value as at 30 June 2009 by Darroch Valuations.

## Plant and Equipment

All motor vehicles, plant and machinery, office furniture, equipment and management information systems owned by Council are valued at cost less accumulated depreciation.

## Depreciation

Fixed assets are depreciated on a straight-line basis at rates that reflect their estimated useful lives. The depreciation rates of the various classes of assets are as follows:

Fixed Assets	Rate	Depreciation Method
Land	Nil	Not Depreciated
Buildings	1 - 2%	Straight Line
Computer Equipment	40%	Diminishing Value
Office Equipment, Furniture and Fittings	20%	Diminishing Value
Library Books	8%	Straight Line
Motor Vehicles and Other Equipment	10 - 30%	Straight Line

Council depreciates all infrastructural fixed assets, excluding stopbanks and land under roads.

Infrastructural fixed asset depreciation rates are based on the remaining useful life for each individual asset component, which equates to a range of rates as per Council's infrastructural asset register.

The base lives in years are:

Roads	
Top Surface (seal)	20 years
Pavements Basecourse Formation	100 years
	NA (not depreciated)

Culverts	60-100 years
Footpaths	80-100 years
Kerbs	80-100 years
Signs	10-15 years
Streetlights	10-15 years
Bridges	70-100 years

## Water Reticulation

Pipes	40-80 years
Valves, Hydrants	25-50 years
Pump Stations	10-60 years
Tanks	25-100 years

## Sewerage Reticulation

Pipes	50-80 years <sup>1</sup>
Manholes	50 years
Treatment Plant	10-100 years

## Stormwater Systems

Pipes	50-60 years <sup>1</sup>
Manholes, Cesspits	50 years

Stopbanks NA (Not depreciated)

Solid Waste 20 years

(1) Life depends on material type of pipe

## Impairment

The carrying values of operational buildings, plant and equipment and infrastructural assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Council's assets do not generate direct cash inflows and cannot be grouped into cash generating units. Thus, Council does not group its assets into cash generating units to assess impairment. Instead, Council annually tests for internal and external factors which may indicate that the carrying value of its assets exceeds depreciated replacement cost, which could indicate impairment has occurred.

If any such indication exists and, where the carrying values are found to exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount or depreciated replacement cost.

Impairment losses are recognised in the income statement in the writedowns and disposals line item unless they offset a prior asset revaluation reserve for that asset.

## Revaluations

Following initial recognition at cost, operational land (except land under roads) and buildings and infrastructural assets are carried at a revalued amount, which is the fair value at the

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

date of the revaluation, less any subsequent accumulated depreciation on buildings and infrastructural assets and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Where no market exists for assets, for example for infrastructural assets, the fair value is the depreciated replacement cost.

Any revaluation surplus is credited to the appropriate asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement. Revaluation changes are recorded on a class of assets basis.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus in the same asset class in the asset revaluation reserve.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

### *Intangible Assets*

#### *Software Acquisition and Development*

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance.

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

Computer Software	3 years	33.3%
-------------------	---------	-------

#### *Investment Property*

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

Investment properties are initially measured at cost, unless acquired at less than fair value when they are recognised at fair value.

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

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of financial performance.

#### *Impairment of Non-Financial Assets*

Non financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

### *Employee benefits*

#### *Short Term Benefits*

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date, retiring and long service entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

#### *Long Term Benefits*

##### *Long Service Leave*

Entitlements that are payable beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculation is based on likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information.

### *Provisions*

Provisions are recognised when Council has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

### *Borrowings*

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

### *Equity*

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is dis-aggregated and classified into a number of reserves.

The components of equity are:

- Ratepayers equity
- Special funds
- Asset revaluation reserves

### *Restricted and Council Created Reserves*

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

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

Also included in restricted reserves as reserves restricted by Council decision. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council objectives, policies and processes for managing capital are described in Note 29.

### *Goods and Services Tax (GST)*

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid is to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the statement of cashflows.

# Notes to the Financial Statements: Ruapehu District Council and Group (continued)

Commitments and contingencies are disclosed exclusive of GST.

## Landfill Aftercare Provision

Council, as owner of one operating landfill, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill sites.

A provision for post-closure costs has been recognised as a liability.

The provision is 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 reflects current market assessments of the time value of money and the risks specific to Council.

## 2. Fixed Assets Reconciliation

(a) As at 30 June 2009

<i>Operating Assets</i>	Cost Revaluation 1 July 2008 \$000	Accumulated Depreciation/ Impairment Charges 1 July 2008 \$000	Carrying Amount 1 July 2008 \$000	Current Year Additions \$000	Other Movements \$000	Current Year Disposals \$000	Revaluation Surplus/ Deficit \$000	Depreciation Reversal on Disposals \$000	Current Year Depreciation \$000	Cost Revaluation 30 June 2009 \$000	Accumulated Depreciation 30 June 2009 \$000	Carrying Amount 30 June 2009 \$000
<b>Council Operational Assets</b>												
Land	9,016	0	9,016	0	392*	0	1,776	0	0	11,184	0	11,184
Buildings	12,123	(343)	11,780	92	980	0	(3,129)	0	(181)	9,542	0	9,542
Plant & Vehicles	719	(407)	312	31	0	0	0	0	(47)	750	(454)	296
Computer Equipment	564	(423)	141	41	0	(110)	0	105	(67)	495	(385)	110
Office Equipment	1,414	(873)	541	23	0	(151)	0	142	(111)	1,286	(842)	444
Library Collections	862	(411)	451	49	0	0	0	0	(69)	911	(480)	431
<b>Total Operating Assets</b>	<b>24,698</b>	<b>(2,457)</b>	<b>22,241</b>	<b>236</b>	<b>1,372</b>	<b>(261)</b>	<b>(1,353)</b>	<b>247</b>	<b>(475)</b>	<b>24,168</b>	<b>(2,161)</b>	<b>22,007</b>
<b>Council Restricted Assets</b>												
Land	1,654	0	1,654	0	0	0	0	0	0	1,654	0	1,654
Improvements	697	(9)	688	9	0	0	0	0	(10)	687	0	687
<b>Total Restricted Assets</b>	<b>2,351</b>	<b>(9)</b>	<b>2,342</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10)</b>	<b>2,341</b>	<b>0</b>	<b>2,341</b>
<b>Total Operating and Restricted Assets</b>	<b>27,049</b>	<b>(2,466)</b>	<b>24,583</b>	<b>245</b>	<b>1,372</b>	<b>(261)</b>	<b>(1,353)</b>	<b>247</b>	<b>(485)</b>	<b>26,509</b>	<b>(2,161)</b>	<b>24,348</b>

<i>Council Infrastructural Assets</i>	Cost Revaluation 1 July 2008 \$000	Accumulated Depreciation 1 July 2008 \$000	Carrying Amount 1 July 2008 \$000	Asset Additions \$000	Other Movements \$000	Current Year Disposals \$000	Revaluation Surplus \$000	Depreciation Reversal on Disposals \$000	Current Year Depreciation \$000	Cost Revaluation 30 June 2009 \$000	Accumulated Depreciation 30 June 2009 \$000	Carrying Amount 30 June 2009 \$000
Roading	210,921	(3,157)	207,764	6,554	0	0	1,480	0	(3,009)	212,789	0	212,789
Bridges	30,531	(583)	29,948	105	0	0	2,141	0	(658)	31,536	0	31,536
Water Supply	19,760	(814)	18,946	1,303	0	0	2,127	0	(823)	21,553	0	21,553
Sewerage	18,271	(694)	17,577	752	0	0	2,788	0	(699)	20,418	0	20,418
Stormwater	9,715	(366)	9,349	1,212	0	0	1,259	0	(371)	11,449	0	11,449
Stopbanks	1,181	0	1,181	0	0	0	69	0	0	1,250	0	1,250
Solidwaste	1,376	(122)	1,254	219	0	0	0	0	(125)	1,595	(247)	1,348
Land under Roads	9,100	0	9,100	0	0	0	0	0	0	9,100	0	9,100
<b>Total Council Infrastructural Assets</b>	<b>300,855</b>	<b>(5,736)</b>	<b>295,119</b>	<b>10,145</b>	<b>0</b>	<b>0</b>	<b>9,864</b>	<b>0</b>	<b>(5,685)</b>	<b>309,690</b>	<b>(247)</b>	<b>309,443</b>
Items under Construction	1,685	0	1,685	8,160	0	(8,319)	0	0	0	1,526	0	1,526

\* Other movements in land relates to the net effect of \$1,075,000 transferred to investment property, and \$1,467,000 transferred from investment property.

# Notes to the Financial Statements: Ruapehu District Council and Group (continued)

(b) as at 30 June 2008

	Cost/Revaluation 1 July 2007	Accumulated Depreciation/Impairment Charges 1 July 2007	Carrying Amount 1 July 2007	Current Year Additions and Other Movements	Current Year Disposals	Depreciation on Disposal	Current Year Depreciation	Cost Revaluation 30 June 2008	Accumulated Depreciation 30 June 2008	Carrying Amount 30 June 2008
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council Operating Assets</b>										
Land	8,811	0	8,811	205	0	0	0	9,016	0	9,016
Buildings	6,746	(39)	6,707	5,526	(149)	1	(305)	12,123	(343)	11,780
Plant & Vehicles	683	(351)	332	36	0	0	(56)	719	(407)	312
Computer Equipment	544	(335)	209	20	0	0	(88)	564	(423)	141
Office Equipment	1,230	(820)	410	262	(78)	53	(106)	1,414	(873)	541
Library Collections	812	(369)	443	50	0	0	(42)	862	(411)	451
<b>Total Operating Assets</b>	<b>18,826</b>	<b>(1,914)</b>	<b>16,912</b>	<b>6,099</b>	<b>(227)</b>	<b>54</b>	<b>(597)</b>	<b>24,698</b>	<b>(2,457)</b>	<b>22,241</b>
<b>Council Restricted Assets</b>										
Land	1,634	0	1,634	20	0	0	0	1,654	0	1,654
Improvements	734	(6)	728	0	(37)	0	(3)	697	(9)	688
<b>Total Restricted Assets</b>	<b>2,368</b>	<b>(6)</b>	<b>2,362</b>	<b>20</b>	<b>(37)</b>	<b>0</b>	<b>(3)</b>	<b>2,351</b>	<b>(9)</b>	<b>2,342</b>
<b>Total Operating and Restricted Assets</b>	<b>21,194</b>	<b>(1,920)</b>	<b>19,274</b>	<b>6,119</b>	<b>(264)</b>	<b>54</b>	<b>(600)</b>	<b>27,049</b>	<b>(2,466)</b>	<b>24,583</b>
<b>Council Infrastructural Assets</b>										
Roading network	203,564	0	203,564	7,357	0	(3,157)	210,921	(3,157)	207,764	
Bridges	30,186	0	30,186	345	0	(583)	30,531	(583)	29,948	
Water Supply	17,759	0	17,759	2,001	0	(814)	19,760	(814)	18,946	
Sewerage	15,681	0	15,681	2,590	0	(694)	18,271	(694)	17,577	
Stormwater	9,245	0	9,245	470	0	(366)	9,715	(366)	9,349	
Stopbanks	1,025	0	1,025	156	0	0	1,181	0	1,181	
Solid Waste Management	1,371	0	1,371	5	0	(122)	1,376	(122)	1,254	
Land under roads	9,100	0	9,100		0	0	9,100	0	9,100	
<b>Total Infrastructural Assets</b>	<b>287,931</b>	<b>0</b>	<b>287,931</b>	<b>12,924</b>	<b>0</b>	<b>(5,736)</b>	<b>300,855</b>	<b>(5,736)</b>	<b>295,119</b>	
Items Under Construction	8,291	0	8,291	0	(6,606)	0	1,685	0	1,685	

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

### 3 Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Operating Surplus/(deficit)</b>	(132)	2,178
<b>Add/(less) non cash items:</b>		
Depreciation and amortisation	6,279	6,541
Impairment charges	(262)	469
Other non cash items	(59)	51
(Gains)/losses in fair value of investment property	43	(624)
Vested assets	(1,827)	0
Writedown Building Revaluation	2,605	0
<b>Add/(less) items classified as investing or financing activities</b>		
(Gains)/losses on disposal of property, plant and equipment	103	168
<b>Add/(less) movements in working capital</b>		
Trade and other receivables	863	(2,210)
Inventories	21	37
Trade and Other Payables	(900)	(132)
Employee benefits	2	50
<b>Net cash inflow/outflow from operating systems</b>	<b>6,736</b>	<b>6,528</b>

### 4. Capital Commitments

A significant portion of the non-cancellable operating lease amount relates to the lease of an office building. The lease expires in September 2031, with a right of renewal for a further 25 years. Council does not have the option to purchase the asset at the end of the lease term. There are no significant commitments for operational assets (PPE), intangible assets or investment property as at balance date.

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment</b>	1,865	3,755
<b>Other Non-Cancellable Contracts</b>		
Council has entered into a number of non-cancellable contracts for the delivery of services.		
Not later than one year	10,440	8,910
Later than one year and not later than two years	9,054	7,432
Later than two years and not later than five years	1,024	7,813
<b>Total other Non-Cancellable Contracts</b>	<b>20,518</b>	<b>24,155</b>
<b>Operating Leases as Lessee</b>		
The future aggregate minimum lease payments to be paid under Non-Cancellable operating leases is as follows:		
Not later than one year	34	31
Later than one year and not later than five years	136	120
Later than five years	845	313
<b>Total Non-Cancellable Operating Leases</b>	<b>1,015</b>	<b>464</b>
<b>Total Commitments</b>	<b>23,398</b>	<b>28,374</b>

# Notes to the Financial Statements: Ruapehu District Council and Group (continued)

## 5. Summary Cost of Services

	Actual 2008/09 \$000	Budget 2008/09 \$000	Actual 2007/08 \$000
<b>Revenue</b>			
Leadership	164	169	201
Regulation Services	686	884	888
Resource Management	218	137	160
Land Transport	15,599	14,749	13,361
Sewerage	1,811	1,892	2,134
Water Supply	2,558	2,711	2,587
Stormwater	608	599	518
Solid Waste	1,763	1,655	1,671
Recreation & Community Facilities	824	803	749
Community Development	1,055	1,137	1,034
Community Property	250	313	943
<b>Total Activity Revenue</b>	<b>25,536</b>	<b>25,049</b>	<b>24,246</b>
Other Revenue	2,008	358	342
General Rates	4,236	3,947	4,051
<b>Total Revenue</b>	<b>31,780</b>	<b>29,354</b>	<b>28,639</b>
<b>Expenditure</b>			
Leadership	1,951	2,048	2,123
Regulation Services	1,398	1,305	1,392
Resource Management	798	505	325
Land Transport	13,519	10,639	11,293
Sewerage	2,043	1,836	1,954
Water Supply	2,836	2,504	2,727
Stormwater	692	697	644
Solid Waste	1,883	1,878	1,671
Recreation & Community Facilities	1,978	1,955	1,870
Community Development	1,225	1,263	1,234
Community Property	446	454	415
<b>Total Activity Expenditure</b>	<b>28,769</b>	<b>25,084</b>	<b>25,648</b>
Less: Internal interest expenditure	(34)	0	(24)
Add: Rates written off	566	0	833
Add: Investment in Aftercare Provision	0	9	0
Add: Revaluation writedown on buildings	2,605	0	0
<b>Total Operating Expenditure</b>	<b>31,906</b>	<b>25,093</b>	<b>26,457</b>
Add: Share of Associate Surplus/(Deficit)	(6)	0	(4)
<b>Operating Surplus/(Deficit)</b>	<b>(132)</b>	<b>4,261</b>	<b>2,178</b>

- Other Revenue was greater than budgeted by \$2.2 million mainly due to income from vested subdivision assets of \$1.8 million, which was not budgeted for.
- Depreciation was greater than budget by \$0.5 million, as a result of revaluation of infrastructural assets. The revaluation occurred too late to be provided for in the Exceptions Annual Plan 2008/09.
- Other expenses were greater than budgeted by \$6.8 million mainly due to:
  - \$2.6 million write down of buildings as a result of revaluation.
  - \$3.2 million emergency works greater than budgeted.
- The above reduced the budgeted surplus for the year of \$4.3 million by \$4.5 million.

# Notes to the Financial Statements: Ruapehu District Council and Group (continued)

## 6. Rates Revenue

	Actual 2008/09 \$000	Actual 2007/08 \$000
General rates	4,236	4,051
Targeted rates attributable to Activities:		
Leadership	163	163
Stormwater	605	513
Land Transport	4,376	4,140
Water supply	2,274	2,197
Sewerage	1,767	1,626
Recreation & Community Facilities	653	616
Community Development	740	784
Regulation	125	166
Solid Waste	1,130	1,089
<b>Total revenue from rates</b>	<b>16,069</b>	<b>15,345</b>

### Rates Remissions

Rates revenue is shown net of rates remission. Council's Remission Policy allows Council to remit rates on:

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Total rates revenue</b>	<b>16,703</b>	<b>16,034</b>
<b>Rates remissions</b>		
Land used for sport	17	24
Land protected for historical or cultural purposes	14	10
Contiguous and Land-locked properties	603	655
Total remissions	634	689
<b>Rates revenue net of remissions</b>	<b>16,069</b>	<b>15,345</b>

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. Other properties that qualify for remissions are contiguous and land-locked properties. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's Rates Remission Policy.

## 7. Other Revenue

	Actual 2008/09 \$000	Actual 2007/08 \$000
User Charges	1,866	2,817
NZTA Subsidies	10,910	8,558
Vested Assets	1,827	0
Regulatory Revenue	545	699
Rental Received from Investment Properties	108	119
Infringement and Fines	16	23
Petrol Tax	139	180
Interest Received	130	166
Dividend received	23	23
Development Contributions	210	13
Other	83	240
	<b>15,857</b>	<b>12,838</b>

## 8. Other Gains/(Losses)

	Actual 2008/09 \$000	Actual 2007/08 \$000
Gains/(losses) on disposal of property, plant and equipment	(103)	(168)
Gains/(losses) on changes in fair value of investment property	(43)	624
<b>Total Other Gains/(Losses)</b>	<b>(146)</b>	<b>456</b>

## 9. Employee Benefit Expenses

	Actual 2008/09 \$000	Actual 2007/08 \$000
Salaries and wages	4,320	4,019
Increase/(decrease) in employee benefit liabilities	2	50
<b>Total employee benefit expenses</b>	<b>4,322</b>	<b>4,069</b>

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

### 10. Other Expenses

	Actual 2008/09 \$000	Actual 2007/08 \$000
Includes: Audit Fees to principal auditor		
Financial Statement audit	95	99
LTCCP audit	72	
Subsidiaries	1	3
<b>Total fees to principal auditor</b>	<b>168</b>	<b>102</b>
Impairment of receivables	(262)	469
Direct expenses from investment property-generating income	386	311
Rental expenses	98	104
Revaluation Writedown on Buildings	2,648	0
Other operating expenses	16,201	13,031
<b>Total Other Expenses</b>	<b>19,239</b>	<b>14,017</b>

### 11. Finance Costs

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Interest Expense</b>		
Interest on bank borrowings	2,066	1,830
<b>Total Finance Costs</b>	<b>2,066</b>	<b>1,830</b>

### 12. Cash and Cash Equivalents

	Actual 2008/09 \$000	Actual 2007/08 \$000
Cash at bank and in hand	241	86
Short term deposits maturing three months or less from date of acquisition	1,300	2,585
<b>Total cash and equivalents</b>	<b>1,541</b>	<b>2,671</b>

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

### 13. Trade and Other Receivables

	Actual 2008/09 \$000	Actual 2007/08 \$000
Rates receivables	3,649	3,902
Other receivables	480	2,441
Sundry debtors	1,841	752
	<b>5,970</b>	<b>7,095</b>
Less provision for impairment of receivables	(1,178)	(1,440)
<b>Trade and other receivables</b>	<b>4,792</b>	<b>5,655</b>
<b>2009</b>	<b>Gross \$000</b>	<b>Impairment \$000</b>
Not past due	2,433	
Past due 1 - 60 days	428	
Past due 61 - 120 days	202	
Past due >120 days	2,907	1,178
<b>Total</b>	<b>5,970</b>	<b>1,178</b>
<b>2008</b>	<b>Gross \$000</b>	<b>Impairment \$000</b>
Not past due	2,594	
Past due 1 - 60 days	561	
Past due 61 - 120 days	38	
Past due >120 days	3,902	1,440
<b>Total</b>	<b>7,095</b>	<b>1,440</b>

Council provides for impairment on rates receivables although it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

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

There are no aged rates receivables overdue, whose payment terms have been renegotiated.

As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on different categories of debtors. Most debtors exceed one year. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors.

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

The status of receivables as at 30 June 2009 and 2008 are detailed below.

### 14. Inventories

	Actual 2008/09 \$000	Actual 2007/08 \$000
Merchandise Visitor and Service Centres	5	25
Recycle Bins	1	2
<b>Total Inventories</b>	<b>6</b>	<b>27</b>

The carrying amount of inventories held for distribution that are measured at current replacement cost as at 30 June 2008 amounted to \$6,000 (2008 \$27,000).

The carrying amount of commercial inventories that are measured at net realisable value is \$Nil (2008 \$Nil).

### 15. Financial Assets at Fair Value Through Equity

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Current Portion</b>		
<i>Loans and receivables</i>		
Short term deposits with maturities of 4 - 12 months	0	0
<b>Total current portion</b>	<b>0</b>	<b>0</b>
<b>Non-current portion</b>		
<i>Fair value through equity</i>		
Shares in Civic Assurance	134	134
Shares in King Country Energy	11	12
Wamganui Forestry Committee	286	311
<b>Total fair value through equity</b>	<b>431</b>	<b>457</b>
<b>Total non-current portion</b>	<b>431</b>	<b>457</b>

There were no impairment provisions for other financial assets.

### 16. Intangible Assets

	Computer Software
<b>Balance at 1 July 2008</b>	
Cost	795
Accumulated amortisation and impairment	(711)
<b>Opening carrying amount: 1 July 2008</b>	<b>84</b>
<b>Year ended 30 June 2009</b>	
Additions	480
Amortisation charge	(108)
<b>Closing carrying amount</b>	<b>372</b>
<b>Balance at 30 June 2009</b>	
Cost	1,275
Accumulated amortisation and impairment	(819)
<b>Closing carrying amount</b>	<b>456</b>
<b>Balance at 1 July 2007</b>	
Cost	810
Accumulated amortisation and impairment	(548)
<b>Opening carrying amount: 1 July 2007</b>	<b>262</b>
<b>Year ended 30 June 2008</b>	
Additions	28
Amortisation charge	(206)
<b>Closing carrying amount</b>	<b>84</b>
<b>Balance at 30 June 2008</b>	
Cost	795
Accumulated amortisation and impairment	(711)
<b>Closing carrying amount</b>	<b>84</b>

### 17. Investment Property

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Balance at 1 July 2008</b>	<b>5,219</b>	<b>4,630</b>
Fair value (losses) on valuation	(43)	624
Transfer of investment properties	(1,372)	(35)
<b>Balance at 30 June 2009</b>	<b>3,804</b>	<b>5,219</b>

Council's investment properties are valued annually at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by Darroch Valuations. Darroch Valuations is part of Quotable Value (QV).

	Actual 2008/09 \$000	Actual 2007/08 \$000
Rental income	108	119
Expenses from property generating income	43	37

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

### 18. Investments in Associates

Council has a 33% interest in Ruapehu Wanganui Rangitikei Economic Development Trust (WRED) and its reporting date is at 30 June.

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Investment in Ruapehu Wanganui Rangitikei Economic Development Trust</b>		
Balance at 1 July	6	10
New investments during the year	0	0
Disposal of investments during the year	0	0
Share of total recognised revenue and expenses	(6)	(4)
<b>Balance 30 June</b>	<b>0</b>	<b>6</b>

The investment in the associate company is carried at fair value in Council's Statement of Financial Position.

Fair value is determined by reference to the Trust's 30 June 2009 Annual Report.

#### Summarised Financial Information of Associate Companies

	Actual 2008/09 \$000	Actual 2007/08 \$000
Assets	108	188
Liabilities	124	170
Revenues	717	416
Surplus/deficit	(33)	(12)
Council Interest	33%	33%

### 19. Trade and Other Payables

	Actual 2008/09 \$000	Actual 2007/08 \$000
Trade payables	4,038	4,637
Accrued expenses	789	829
Amounts due to customers for contract work	253	523
<b>Total Trade and other payables</b>	<b>5,080</b>	<b>5,989</b>

Trade and other payables are non interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of other payables approximates their fair value.

### 20. Provisions

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Non-current provisions are represented by:</b>		
Landfill aftercare provision	537	600
<b>Total non-current provisions</b>	<b>537</b>	<b>600</b>
<b>Landfill</b>		
Opening balance	600	769
Additional provisions made during the year	0	0
Amounts used during the year	0	0
Unused amount reversed during the year	(63)	(211)
Discount unwinding	0	42
<b>Closing Balance</b>	<b>537</b>	<b>600</b>

#### Provision for Landfill Aftercare Costs

Council gained a resource consent on 30 July 2001 to operate the landfill until 3 October 2020. Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The management of the landfill will influence the timing of recognition of some liabilities - for example the current landfill will operate in two stages. A liability relating to stage two will only be created when this stage is commissioned and when refuse begins to accumulate in this stage.

- The remaining capacity of the site is 105.905m<sup>3</sup>.
- The remaining life of the Resource Consent is 11 years.
- Council's engineers have made the estimates of the remaining life based on change of use and efficiency.

The cash outflows for landfill post closure are expected to occur in eight to 30 years' time (or between 2015 and 2023). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provisions has been estimated taking into account exiting technology and using a discount rate of 8%.

# Notes to the Financial Statements: Ruapehu District Council and Group (continued)

## 21. Employee Benefit Liabilities

	Actual 2008/09 \$000	Actual 2007/08 \$000	Carrying amount	Contractual cash flows	Less than one year	1 - 2 years	2 - 5 years	More than 5 years
Annual leave	302	301	5,989	5,989	0	0	0	0
Retirement Gratuities	3	3	0	0	0	0	0	0
<b>Total employee benefit liabilities</b>	<b>305</b>	<b>304</b>	0	0	0	0	0	0
Comprising:			24,700	30,225	7,956	16,573	5,696	0
Current	302	301	0	0	0	0	0	0
Non current	3	3	0	0	0	0	0	0
<b>Total employee benefit liabilities</b>	<b>305</b>	<b>304</b>	<b>30,689</b>	<b>36,214</b>	<b>7,956</b>	<b>16,573</b>	<b>5,696</b>	<b>0</b>

Council 2008  
Creditors and other payables  
Net settled derivative liabilities  
Bank overdraft  
Secured loans  
Finance leases  
Financial guarantees  
Total

The following is a maturity analysis of Council's borrowing (excluding finance leases, which are shown separately below). There are no early repayment options.

The debt is secured by registered charge over Rates Revenue.

## 22A. Borrowings

	Actual 2008/09 \$000	Actual 2007/08 \$000	Overdraft Council	Secured Loans Council
<b>Current</b>				
Secured loans	7,500	6,000	0	7,500
<b>Total current borrowings</b>	<b>7,500</b>	<b>6,000</b>	0	8.05%
<b>Non current</b>				
Secured loans	18,220	18,700	0	18,220
lease liabilities	0	0	0	7.65%
<b>Total non current borrowings</b>	<b>18,220</b>	<b>18,700</b>	0	25,720
			0	6,000
			0	7.46%
			0	18,700
			0	8.10%
			0	24,700

### Fixed Rate Debt

Council's secured debt of \$25,720,000 (2008 \$24,700,000) is issued at fixed rates of interest.

## 22B. Maturity Analysis and Effective Interest Rates

### Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000	Contractual cash flows \$000	Less than one year \$000	1 - 2 years \$000	2 - 5 years \$000	More than 5 years \$000	Carrying Amounts 2008/09	Carrying Amounts 2007/08
Council 2009								
Creditors and other payables	5,080	5,080	0	0	0	0	18,220	18,700
Net settled derivative liabilities	0	0	0	0	0	0	<b>Total Secured Loans (Council)</b>	<b>18,220</b>
Bank overdraft	0	0	0	0	0	0		18,700
Secured loans	25,720	33,448	5,968	11,546	15,934	0		8.10%
Finance leases	0	0	0	0	0	0		24,700
Financial guarantees	0	0	0	0	0	0		
<b>Total</b>	<b>30,800</b>	<b>38,528</b>	<b>5,968</b>	<b>11,546</b>	<b>15,934</b>	<b>0</b>	<b>14,685</b>	<b>14,893</b>

**Fair Value**  
Secured Loans (Council)  
**Total Secured Loans (Council)**

The fair values are based on cashflows discounted using a rate based on the borrowing rate of 7.65% (2007: 8.10%). The carrying amounts of borrowings repayable within one year approximate their fair value.

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

### 23. Equity

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Retained Earnings</b>		
At 1 July	248,521	246,615
Transfer to (from) Special Funds	208	(189)
Financial assets at fair value through equity	(26)	(83)
Surplus (deficit) for the year	(132)	2,178
<b>As at 30 June</b>	<b>248,571</b>	<b>248,521</b>
<b>Special Funds</b>		
<b>Restricted Reserves</b>		
At 1 July	704	523
Transfer to from Retained Earnings	(230)	144
Interest transferred to Special funds	19	37
<b>As at 30 June</b>	<b>493</b>	<b>704</b>
<b>Council Created Reserves</b>		
At 1 July	165	157
Transfer to Retained Earnings	(4)	(4)
Interest transferred to Special Funds	7	12
<b>As at 30 June</b>	<b>168</b>	<b>165</b>
<b>Total Special Funds</b>	<b>661</b>	<b>869</b>
<b>Asset Revaluation Reserves</b>		
Balance at 1 July	53,635	53,635
Revaluation gains/(losses)	11,116	0
<b>Balance at 30 June</b>	<b>64,751</b>	<b>53,635</b>
<b>Asset Revaluation Reserves consist of:</b>		
<b>Operational</b>		
Buildings	0	524
Land	8,395	6,619
<b>Infrastructural</b>		
Stopbanks	194	125
Sewerage	7,817	5,029
Land Transport	38,946	35,325
Stormwater	4,333	3,074
Landfills	54	54
Water	5,012	2,885
<b>As at 30 June</b>	<b>64,751</b>	<b>53,635</b>
<b>Total Equity</b>	<b>313,983</b>	<b>303,025</b>

Restricted reserves are those reserves subject to specific conditions accepted as binding by Council and which Council may not revise without reference to the Courts or third parties. Transfers from these reserves may only be made for certain specific purposes, or when specified conditions are met. Most of the restricted reserves relate to monies inherited during the amalgamation of Ruapehu District Council.

### 24. Contingencies

	Actual 2008/09 \$000	Actual 2007/08 \$000
	150	150

Council has one legal proceeding against it in relation to an allegation of inadequate compensation having been paid for acquired land. The potential liability to Council, if the claim is successful, is estimated to be \$150,000. The probable outcome of the claim will not be known until legal proceeds progress further.

### 25. Related Party Transactions

#### Detailed Key Management Personnel Related Party Transactions

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Services provided by Ohakune Holiday Park</b> <i>Uwe Kroll was a Council Member and owner of Ohakune Holiday Park</i>	0	4
<b>Services provided by Warren Furner, Project Services Limited</b> <i>Warren Furner was a Council Member and Director of Warren Furner Project Services Limited</i>	0	6
<b>Services provided by Kydd's Paperplus</b> <i>Jeni Kydd is a Council Member and owner of Kydd's Paperplus</i>	4	6
<b>Services provided by Katoa Alliance Limited</b> <i>Siti Mavoa is Group Manager Corporate Services and payment was made to his wife. Both are Directors of Katoa Alliance Limited</i>	0	4
<b>Services provided by Abundant Past Limited</b> <i>Abundant Past Limited, a company of which Council Member Cooke is the Director</i>	1	0
<b>Services provided by Central King Country Youth Link Trust</b> <i>Central King Country Youth Link Trust, a non-profit organisation of which Councillor Ngatai is a trustee</i>	16	0
<b>Services provided by Gillard Motors Limited</b> <i>Gillard Motors Limited, a company in which Councillor Gillard's son is Shareholder and Director</i>	35	19
<b>Services provided by Horopito Solutions Limited</b> <i>Horopito Solutions Limited, a company in which Councillor Don Cameron and Community Board Member Phyl Cameron are Shareholders and Directors</i>	4	4
<b>Services provided by P C Hawthorne</b> <i>P C Hawthorne Building Contractor, a sole trader of which Team Leader- Community Property Margaret Hawthorne's husband Phillip is the owner</i>	11	30
<b>Services provided by Ruapehu Alpine Lifts Limited</b> <i>Ruapehu Alpine Lifts Limited, a company of which Community Board Member Murray Wilson is a Shareholder</i>	181	141
<b>Key Management Personnel Compensation</b>		
Salaries and other short term employee benefits	786	729
Post employee benefits	0	0
Other long term benefits	0	0
Termination benefits	0	0

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

RDC Holdings Limited is a 100% owned subsidiary of Ruapehu District Council. The subsidiary has not traded in the 2009 year. Therefore, no transactions occurred between Council and the subsidiary.

There are no outstanding balances for related parties as at balance date.

### Key Management Personnel Compensation

Key management personnel includes the Chief Executive, Councillors and four other senior managers.

## 26. Remuneration

### Chief Executive

The Chief Executive received the following remuneration

	Actual 2008/09 \$	Actual 2007/08 \$
Salary	167,058	139,797
Vehicle Market value plus FBT	8,790	9,697

For the Year Ended 30 June 2009, the total annual cost including fringe benefit tax to Council of the remuneration package being received by the Chief Executive is calculated at \$175,848 (2006: \$149,494).

### Elected Representatives

	Actual 2008/09 \$	Actual 2007/08 \$
<b>Council</b>		
Morris Sue (Mayor)	65,705	60,273
Broderson Bruce	13,327	12,561
Byelich Darko	0	3,725
Cameron Donald	12,995	6,662
Compton John	17,896	11,931
Cooke Ronald	13,650	6,792
Cosford Graeme	16,481	16,051
Dowsett Cynthia	14,314	10,130
Frew Ronald	9,334	5,994
Furner Warren	0	15,639
Gillard Marion	15,319	14,183
Kroll Uwe	0	2,908
Kydd Jeni	10,994	5,861
Ngatai Karen	16,472	10,231
Shaw Stuart	0	3,238
Wilson Murray	13,728	0
Woolliams Craig	0	2,512
<b>Total Council</b>	<b>220,215</b>	<b>188,691</b>

### Community Boards

Broadbent Frank	0	549
Brown Deryck	1,962	1,935
Harvey Shayne	1,962	980
Hawthorne Phillip	0	595
Malcolm Kenneth	1,962	1,935
Paul James	1,962	1,935
Punch Michael	0	549
Shepherd Glenys	0	549
Thompson Bruce	1,962	1,935
Whale Allan	1,962	1,241
Adams Steve	1,962	1,340
Cameron Phyllis	1,962	1,386
Forbes Shona	2,734	2,661
Hotter John (Luigi)	1,962	431

**Total Community Boards** 20,392 18,021

**Total Elected Members** 240,607 206,712

## 27. Events After the Balance Sheet Date

There were no significant events after balance date.

## 28. Financial Instrument Risks

Detail any policies to manage risks associated with financial instruments, eg:

### Price Risk

Council's policy is to manage its interest cost by fixing the interest rates.

The effective interest rates on investments (current and non-current) were:

Short Term Deposits	Range
1 July 2007 - 30 June 2008	8.0% - 8.56%
1 July 2008 - 30 June 2009	2.5% - 8.00%

In addition, receivable balances are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant.

### Interest Rate Risk

The interest rates on Council's investments are disclosed in Note 15 and on Council's borrowings in Note 22.

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

### *Fair Value Interest Rate Risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose Council to fair value interest rate risk. Council's Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments.

### *Credit Risk*

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

### *Financial Risk Management Objectives and Policies*

Council's principal financial instruments comprise cash, short term deposits, accounts receivable, term investments, accounts payable, term borrowings and equity investments.

The main purpose of these financial instruments is to raise finance for Council's operations and complete day to day transaction while meeting Council's service delivery objectives.

It is, and has been throughout the period under review, Council's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Council's financial instruments are interest rate risk and credit risk. Council reviews and agrees policies for managing each of these risks and they are summarised below.

Council also monitors the market price risk arising from all financial instruments.

Council invests funds only in deposits with registered banks and local authority stock and its Investment Policy limits the amount of credit exposure to any one institution or organisation.

### *Liquidity Risk*

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months.

Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of Council's Long Term Council Community Plan.

## 29. Capital Management

Council's capital is its equity (or ratepayers funds), which comprises retained earnings and reserves. Equity is represented by net assets.

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items to achieve inter-generational equity, which is principle promoted in the Act and applied by Council. Inter-generational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

Council has the following Council created reserves:

- Reserves for different areas of benefit.
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## 30. Explanation of Major Variances Against Budget

Explanation of major variations from Council's estimated outcome in the 2006–16 Long Term Plan are as follows.

### *Statement of Financial Performance*

Total Operating Revenue has increased compared to the forecast in the 2006–16 Long Term Plan. This is mainly as a result of increased subsidy revenue in the Land Transport Activity.

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

Total Operating Expenditure has also increased compared to the Long Term Plan 2006–16. The increase mainly reflects significant increases in depreciation and the effects of significant Emergency Works.

### Statement of Financial Position

Current Assets indicate a significant increase mainly as a result of an increase in Trade and other receivables.

Non Current Assets also show a significant increase. This mainly reflects revaluations of both infrastructure assets and land and buildings.

Current Liabilities have increased due to an increase in the current portion of Public Debt and Trade and other payables.

Non Current Liabilities have decreased compared to the Long Term Plan 2006–16. This is mainly as a result of less than expected Public Debt particularly the non-current portion.

### Statement of Movement in Equity

The major variance is less surplus due to:

- Significant Emergency Works,
- Decrease in revenue from non completed subsidised works.
- Decrease in value of Land and Buildings.

## 31. Employee Severance Payments

There was one severance payment of \$10,000 made during the year (2008: \$nil).

## 32. Taxation

	Actual 2008/09 \$000	Actual 2007/08 \$000
<b>Components of tax expense</b>		
Current tax expenses	0	0
Adjustments to current tax in prior year	0	0
Deferred tax expenses	0	0
<b>Income tax expense</b>	<b>0</b>	<b>0</b>
<b>Relationship between tax and accounting profit</b>		
Surplus/(deficit) before tax	(132)	1,447
Tax @ 30%-33%	(40)	478
Non-taxable income	42	(474)
Tax loss not previously recognised	(2)	(3)
Prior year adjustment	0	0
<b>Tax expense</b>	<b>0</b>	<b>0</b>

## 33. Council Controlled Organisations

**Ruapehu Wanganui Rangitikei Regional Economic Development Trust** - The objective of the Ruapehu Wanganui Rangitikei Regional Economic Development Trust is the promotion and implementation of regional development initiatives that may be identified by the trustees or the community in general, that benefit communities within New Zealand, but primarily within the territorial authority districts of Ruapehu, Wanganui and Rangitikei. The Trust was established on 4 May 2006.

There was no Statement of Intent for the 2008/09 year. The Statement of Intent was developed during that year for adoption on 1 July 2008. However, the table below outlines progress on the Key Performance Indicators from the Trust's Statement of Intent.

### Additional Disclosures

A deferred tax asset of \$120,472 has not been recognised for Ruapehu District Council in relation to unused tax losses of \$401,574.

A deferred tax asset of \$354,699 has not been recognised for Ruapehu District Council Group in relation to unused tax losses of \$1,182,331.

# Notes to the Financial Statements:

## Ruapehu District Council and Group (continued)

### RED Trust Key Performance Measures (Note 33)

Source: Statistics New Zealand: Data for February 2009 not yet available

Measure	Frequency	Target	TLA Area	Feb 2007	Feb 2008
Number of businesses within the region	Annual	Positive growth	Ruapehu	2,033	2,018
			Wanganui	4,088	4,144
			Rangitikei	2,278	2,269
			Total	8,399	8,431
Number of jobs (employees within the region)	Annual	Positive growth	Ruapehu	6,280	6,220
			Wanganui	18,210	18,360
			Rangitikei	5,880	5,790
			Total	30,370	30,370
Average company size/mean employment number (Estimate only)	Annual	Positive growth	Ruapehu	3.1	3.1
			Wanganui	4.5	4.4
			Rangitikei	2.6	2.6
			Total	3.6	3.6
Employment participation rate	Annual trend	Increase in employment rate	Ruapehu Wanganui Rangitikei Total	Not applicable - measured in Census years	Not applicable - measured in Census years
Unemployment rate	Annual trend	Decrease in unemployment rate	Ruapehu Wanganui Rangitikei Total	Not applicable - measured in Census years	Not applicable - measured in Census years
Average household income	Census (2006)	Positive growth	Ruapehu Wanganui Rangitikei Total	Not applicable - measured in Census years	Not applicable - measured in Census years