

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE

For the Years Ending 30 June	ANNUAL PLAN	LTCCP	ANNUAL PLAN
	2008	2009	2009
		\$'000	
REVENUE			
Revenue from Activities	20,310	21,767	23,250
Targeted Rates	16,063	16,945	16,817
District Wide Rates	27,191	29,780	29,854
Other Revenue	17,073	17,477	17,448
TOTAL REVENUE	80,637	85,969	87,369
EXPENDITURE			
Employee Benefit Expenses	10,538	10,188	12,005
Depreciation and Amortisation	13,831	16,889	14,875
Finance Costs	3,815	4,996	3,812
Other Expenditure on Activities	28,856	31,268	31,976
TOTAL EXPENDITURE	57,039	63,341	62,668
OPERATING SURPLUS	23,598	22,628	24,701
APPLIED TO:			
Development Contributions	8,365	8,560	7,704
Asset Vested in Council	8,708	8,917	9,744
Loan Repayments	1,846	2,124	2,228
Capital/Operating Reserves	4,679	3,027	5,025
	23,598	22,628	24,701



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

Plan as at 30 June	ANNUAL PLAN 2008	LTCCP 2009	ANNUAL PLAN 2009
	\$000		
Current Assets			
Cash & Cash Equivalents	31	79	102
Other Financial Assets	100	203	255
Trading and Other Receivables	7,206	3,835	4,555
Inventories	0	0	26
Total Current Assets	7,337	4,117	4,938
Non Current Assets			
Other Financial Assets	1,156	1,406	732
Intangible Assets	1,810	1,152	1,459
Property Plant & Equipment	1,184,216	1,116,392	1,198,108
Total Non Current Assets	1,187,182	1,118,950	1,200,299
TOTAL ASSETS	1,194,519	1,123,067	1,205,237
Current Liabilities			
Accounts Payable	8,198	9,623	13,005
Provisions	143	70	141
Borrowings	25,930	12,830	10,000
Employee Benefit Liabilities	1,019	498	1,005
Total Current Liabilities	35,290	23,021	24,151
Non Current Liabilities			
Borrowings	39,394	55,213	64,575
Provisions	563	275	555
Employee Benefit Liabilities	495	242	489
Total Current Liabilities	40,452	55,730	65,619
TOTAL LIABILITIES	75,742	78,751	89,770
NET ASSETS	1,118,777	1,044,316	1,115,467
EQUITY			
Accumulated Funds	368,687	378,993	392,659
Asset Revaluation Reserves	750,090	665,323	722,808
RATEPAYER EQUITY	1,118,777	1,044,316	1,115,467

FINANCIAL STATEMENTS

STATEMENT OF MOVEMENT IN EQUITY

Plan as at 30 June	ANNUAL PLAN	LTCCP	ANNUAL PLAN
	2008	2009	2009
	\$000		
Equity at start of the year	1,062,783	978,058	1,083,507
Net Surplus	23,598	22,628	24,701
Asset Revaluations	32,396	43,630	7,259
Total Recognised Revenues & Expenses	55,994	66,258	31,960
Equity at end of the year	1,118,777	1,044,316	1,115,467



FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

For the Years Ending 30 June	ANNUAL PLAN	LTCCP	ANNUAL PLAN
	2008	2009	2009
		\$000	
Cash Flows from Operating Activities			
Receipts from Rate Revenue	43,254	47,025	52,530
Government Grants & Subsidies	11,597	12,696	14,331
Receipts from other revenue	17,078	17,221	21,641
Interest & Dividends	100	110	110
Payments to Suppliers & Employees	(39,097)	(40,857)	(48,008)
Interest paid	(3,815)	(4,996)	(3,812)
Goods & Services Tax (net)	(462)	33	0
Net Cash from Operating Activities	28,655	31,232	36,792
Cash Flows from Investing Activities			
Proceeds from Sale of Investments	180	180	180
Purchase of Property Plant & Equipment	(55,240)	(36,202)	(45,636)
Purchase of Investments	(100)	(100)	(100)
Net Cash Inflow (outflow) from Investing	(55,160)	(36,122)	(45,556)
Cash Flows from Financing Activities			
Proceeds from Borrowing	32,500	19,700	16,317
Repayment of Borrowings	(6,030)	(14,830)	(7,530)
Net Cash Inflow (outflow) from Financing	26,470	4,870	8,787
Net Increase (Decrease) in cash Held	(35)	(20)	23
Opening Cash and Bank Balances	66	99	79
Closing Cash & Bank	31	79	102
Represented by:			
Cash at Bank	31	79	102
Closing Cash & Bank	31	79	102

FINANCIAL STATEMENTS

CAPITAL WORKS PROGRAMME SUMMARY

For the Years Ending 30 June	ANNUAL PLAN	LTCCP	ANNUAL PLAN
	2008	2009	2009
		\$000	
Transport	20,982	18,220	18,107
Town Centre Redevelopment	2,868	2,243	4,611
Land Drainage	138	120	150
Solid Waste	60	45	184
Stormwater	9,041	4,621	3,508
Wastewater	10,575	5,264	8,110
Water Supply	6,402	3,128	2,852
Community Centres	102	102	167
Pensioner Housing	150	140	140
Recreation Centre and Pools	271	134	164
Open Spaces & Amenities	3,482	765	1,286
Property Management	415	230	828
Information Management	755	360	458
	55,241	35,372	40,565
Funding:			
Asset Renewals	10,773	7,726	9,803
Development Contributions	21,516	12,321	10,982
Level of Service (Loan)	15,835	8,494	12,511
Subsidy	6,842	6,556	6,900
Other Capital Reserves	275	275	369
	55,241	35,372	40,565



STATEMENT OF ACCOUNTING POLICIES

For the Year Ending 30 June 2009

REPORTING ENTITY

The Franklin District Council (FDC) is a territorial authority governed by the Local Government Act 2002.

The Franklin District Council has a funding agreement with the following community trusts: Franklin Arts and Cultural Trust and Franklin District Library Trust. In addition, the Council appoints the trustees of the Franklin Arts and Cultural Trust and appoints two of seven representatives on the Franklin District Library Trust. It also has the power to dismiss any of the Trustees thus meeting the “control” test for financial reporting purposes, as Council “has the ability to appoint or remove a majority of the members of the governing body”. For the purposes of financial reporting, the trusts are deemed to be in-substance subsidiaries and accounted for accordingly. They do not however meet the Local Government Act 2002 definition of a Council Controlled Organisation.

The Council's operations are grouped into the following activities:

- **Leading the Franklin District** which includes Representation, Strategic Planning and Policy
- **Growing the Franklin Economy** which includes Economic Development and Town Centre Management
- **Moving around Franklin** which includes Land Transportation
- **Protecting the Franklin Environment** which includes Building, Regulatory, Emergency Management, Land Drainage, Solid Waste Management, Stormwater, Wastewater and Water Supply
- **Living and Playing in Franklin** which includes Art and Culture, Community Partnerships, Community Facilities, Open Spaces and Amenities.

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

BASIS OF FINANCIAL STATEMENT PREPARATION

These Financial Statements have been prepared in accordance with Sections 95, 96, and 97 and Part 2 of Schedule 10 of the Local Government Act 2002, which includes the requirement for them to “be prepared in accordance with principles and procedures that apply to the preparation of financial statements”.

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand IFRS and other applicable reporting standards, as appropriate for public benefit entities.

The financial statements have been prepared on an historical cost basis, modified by the revaluation of infrastructure assets, community loans, certain classes of property, plant and equipment and investment property.

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

ACCOUNTING POLICIES

Reliance is placed on the fact that sufficient funds are available or will be received to maintain current operations at current levels.

Basis of Consolidation

Subsidiaries

The consolidated financial statements include Franklin District Council and its two in-substance subsidiaries – Franklin District Library Trust and Franklin Arts and Cultural Trust. The entities are accounted for using the purchase method, which involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of the acquisition or up to the effective date of the disposal, as appropriate. All significant inter-entity transactions are eliminated on consolidation.

The Council's investment in its subsidiaries is carried at cost in the Council's own “parent entity” financial statements.

Revenue

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

Rates revenue

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

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.

Government grants from Land Transport New Zealand, which subsidises the cost of maintaining and improving the local roading infrastructure, are received. These subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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.

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

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee of 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 recognition of revenue point for financial or development contributions is at the later point of when the Council is ready to provide the service for which the contribution has been levied, or the event that will give rise to a requirement for a financial or development contribution under the legislation.

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

Financial Instruments and Hedging

The Council is party to financial instruments as part of its normal operations. These include bank accounts, investments, debtors, creditors and loans. All instruments are recognised in the statement of financial position and all revenues and expenses are recognised in the statement of financial performance.

The Council has a negligible credit risk in respect of its investments, by having a policy of only investing within the limitations of the Trustee Act in well established banks, government stock and with other local authorities, with a limitation of 30% with any one organisation. Because outstanding rates are deemed to be a charge on the land, the Council's exposure to risk is minimal.

The Council's shareholding and guarantees are shown in the case of investments at the lower of cost or estimated market value, and in the case of guarantees at the maximum amount guaranteed.

Derivative financial instruments and hedging are allowable in the Council's Revenue and Funding Policy however these options are not currently being utilised.

Property, Plant and Equipment

Property, Plant and Equipment consists of:

Operational Assets - land, buildings, improvements, plant and equipment, motor vehicles and transfer stations.

Restricted Assets - parks and reserves, owned by the Council which provide benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure Assets - fixed utility systems / networks owned by the Council – the roading network, the water supply reticulation and its related reservoirs and bores, wastewater assets, stormwater assets and land drainage assets.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Valuation of Assets

All assets are valued at historical or deemed cost when the District was constituted on 1 November 1989, except for the assets listed below. Historical cost included expenditure that is directly attributable to the acquisition of the assets.

Land under Roads

Land under Roads was valued based on fair value of adjacent land determined by G Morrow of Opus International Consultants Limited, effective 30 June 2005. On adoption of NZ IFRS the Council has

elected to use the fair value of land under roads as the assets' deemed cost. The revaluation model has not been adopted.

Infrastructure Assets

The following assets are shown at fair value based on annual valuations carried out by external independent valuers (or Council staff with the valuation methodology and calculations independently audited by a registered valuer), less subsequent depreciation. Any accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revalued assets are carried at a value not materially different from fair value.

Roading Infrastructure Assets (Roads) were valued by Gregg Morrow of Opus International Consultants Limited, independent registered engineers, as at 30 June 2007. The valuation was based on depreciated replacement cost. The valuation methodology is consistent with International Accounting Standard 16 (Property Plant & Equipment) (IAS16) and with New Zealand Local Authority Asset Management Practice, New Zealand Infrastructure Asset Management Manual and Valuations/Depreciation guidelines.

Water Supply, Wastewater, Stormwater and Land Drainage Infrastructure Assets were valued by Franklin District Council staff based on depreciated replacement cost methodology as at 30 June 2007. The valuation methodology and calculations were audited by Wilson Penman, Registered Valuer of ValNet Ltd. The valuation methodology is consistent with the guidelines IAS16, Valuation standard VS3 and NAMS "NZ Infrastructure Asset Valuation and Depreciation Guidelines" – Edition 1.0 released in April 2001 and subsequent amendments.

Accounting for revaluations

Franklin District Council accounts for revaluations of property, plant and equipment on a class of assets basis.

Increases in the carrying amounts arising on revaluation of an asset are credited to the revaluation reserve for that class of asset. To the extent that the revaluation reverses a decrease previously recognised in the statement of financial performance, the increase is first recognised in the statement of financial performance. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the statement of financial performance.

Asset Additions

Additions between valuations are recorded at cost, except for vested assets.

Assets are vested in the Council as part of the subdivision process. Reserve land is valued at the latest certified valuation as provided by the Council's nominated valuation service provider. Vested infrastructure assets are valued based on the actual quantities of infrastructure components vested and the current "in the ground" cost of providing identical services. The fair value of vested assets is recognised as income in the statement of financial performance.

Only assets with a life of over one year and value of over \$2,000 are capitalised. Capital expenditure during the year on uncompleted projects is classified as Capital Work in Progress and recorded at fair value.

Subsequent expenditure on an asset which restores or increases the service potential of the asset beyond the current economic benefit of that asset is capitalised.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line or diminishing value basis at component level resulting in economic life ranges within the asset categories listed below.

<i>Land</i>	Not Depreciated	
<i>Buildings</i>	40 to 80 years	Straight Line
<i>Land Improvements</i>	15 to 50 years	Straight Line
<i>Motor Vehicles</i>	4 years	Diminishing Value
<i>Information Systems (Hardware)</i>	3 to 5 years	Straight Line
<i>Library Collections-Books</i>	10 years	Straight Line
<i>Library Collections-Microfilm</i>	50 years	Straight Line
<i>Furniture & Fittings</i>	5 to 10 years	Diminishing Value

Infrastructure assets are depreciated on a straight-line basis.

The useful lives are as follows:

Water Reticulation

Pipes (1)	40-80 years
Valves, Hydrants	60 years
Pump Stations	15 to 20 years
Reservoirs & Tanks	15 to 80 years

Wastewater Reticulation

Pump Stations	25 years
Reticulation (1)	50 to 80 years
Treatment Plant	5 to 50 years

Roads

Land & Formation	Not depreciated
Pavement (sealed) (2)	30 to 50 years
Pavement (unsealed) (2)	30 years
Surfacing (2)	8 to 12 years
Footpaths	100 years
Kerb & Channel	60 years
Drainage	60 years
Bridges & Culverts	65 to 100 years

Stormwater Systems

Pipes	80 years
Manholes, Cesspits	50 to 80 years
Flood Control Systems	25 to 100 years

Notes:

(1) Life depends on material type of pipe; (2) Life depends on road type and traffic volumes.

Intangible Computer Assets – Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives (See the Accounting Policy on Impairment).

Costs that are directly associated with production of identifiable and unique software products and that will generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at that date that the asset is de-recognised. 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 assets are estimated as follows:

Computer Software	3 to 5 years	Straight Line
-------------------	--------------	---------------

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 an event or change in circumstances indicates 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 assets fair value less costs to sell and value in use.

Value in use is the depreciated replacement cost of the asset where the future economic benefits or service potential of the assets are not primarily dependent on the assets' ability to generate net cash flows 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.

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

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

Operating Leases

An operating lease is a lease that does not transfer substantially all 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 term of the lease.

Trade and Other Receivables

Trade and other receivables are stated at their cost less any provision for impairment.

Loans, including loans to community organisations made by the Council at nil, or below market interest rates are initially recognised at the present value of their expected cash flows, discounted at current market rate of return for similar investments. They are subsequently measured at amortised cost using the effective interest method. The

difference between the face value and present value of expected future cash flows 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 the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value amount and the present value of estimated future cash flows, discounted using the effective interest method. Franklin District Council has a provision for doubtful debts (see Note 6).

Inventories

Inventories held for consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Financial Assets

Financial assets and financial liabilities are initially stated at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case transaction costs are recognised in the statement of financial performance. Financial assets are classified into four categories 1) loans and receivables, 2) held to maturity investments, 3) financial assets at fair value through equity and 4) financial assets at fair value through profit and loss.

Loans and Receivables 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 amortised cost using the effective interest rate method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance. They are classified as "Trade and Other Receivables" and "Other Financial Assets" in the statement of financial position. Community Loans fall into this category.

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest rate method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance; currently the Council does not have any financial assets of this class.

Available for sale financial assets are those that are designated as fair value through equity or are not classified in any other category. These may be investments the Council intends to hold long term but may be realised before maturity and shareholdings that the Council holds for strategic purposes.

After initial recognition they are measured at their fair value. Gains or 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 the statement of financial performance even though the asset has not been recognised. Currently the Council does not have any financial assets of this class.

Financial assets at fair value through profit and loss are assets held for trading and those designated at fair value through profit and loss at inception. Assets in this category are classified as current assets if they are held for trading or expected to be realised within 12 months of balance date, currently the Council does not have any financial assets of this class.

After initial recognition they are measured at their fair value. Gains or losses on re-measurement are recognised in the statement of financial performance.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the statement of financial position.

Impairment

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

Calculation of Impairment

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a rate that reflects current market assessments at the time, value of money and the risks specific to the asset.

Any impairment losses are recognised in the statement of financial performance.

Provisions

The Council recognises a provision for future expenditure of uncertain amounts or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle

the obligation using a discount rate that reflects the current market assessment 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.

Provision has been made for future environmental obligations in respect of closed landfills and other assets. This has been made in accordance with International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets.

Note 11(b) discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Employee Entitlements

Short term benefits, including wages and salaries accrued at balance date, annual leave earned but not taken, retiring and long service leave entitlements expected to be settled in the next twelve months are measured at nominal values based on the rate expected to apply at the time of settlement.

Franklin District Council has an 'open health leave' policy. Permanent employees are paid health leave at their normal rate of pay for the duration of their recovery, subject to the provision of a medical certificate if the leave is for three or more consecutive days and the reason for the health leave is genuine. The Council recognises sick leave in the statement of financial performance as and when it is taken.

Long term benefits, including retiring and long service leave entitlements that are payable beyond 12 months have been calculated on the basis of:

- The likelihood of entitlement accruing to staff based on years of service, years to entitlement and the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of estimated future cash flows: A discount rate of 5.75% and an inflation factor of 2.5% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Expenditure

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

Budget Figures

The budget figures are those approved by the Council at its meetings to adopt the Franklin District Council Community Plan 2006-2016 on 30 June 2006 and Annual Plan 2007-2008 in June 2007. The budget figures have been prepared in compliance with NZ IFRS and are in line with the accounting policies adopted by the Council for the preparation of the financial statements.

Goods and Services Tax

The financial statements are shown exclusive of Goods and Services Tax, with the exception of receivables and payables which are stated as GST inclusive. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

Third Party Transfer Payment Agencies

The Council collects monies for many organisations. Where collections are processed through the Council's books, any monies held are shown as accounts payable in the balance sheet. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised as revenue.

Cost of Services Statements

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

Overhead Allocation

Direct Costs are those costs directly attributable to a significant activity. Indirect costs are charged to significant activities based on related activity/usage and cost drivers.

The costs of organisational support services (i.e. Customer Services Team, Executive and Finance, etc) have been allocated to each significant activity on the basis of appropriate cost drivers such as square footage, numbers of employees, actual usage etc.

Borrowings

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

Equity

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

The components of equity are:

- Ratepayer Equity
- Special Funds
- Operating and Separate Reserves
- Capital Reserves
- Asset Revaluation Reserves

Reserves represent components of equity assigned for a particular use.

Special Funds are subject to specific conditions and may not be revised by the Council without reference to the courts or a third party.

Ratepayer Equity and Operating and Separate Reserves are established by Council resolutions and transfers to and from these reserves may be made at the discretion of the Council.

Capital Reserves are funded by proceeds from the sale of property and revenue received from funded depreciation.

Critical Accounting Estimates and assumptions

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

Landfill Aftercare Provision

Provision has been made for future environmental obligations in respect of closed landfills and other assets. This has been made in accordance with International Accounting Standard 37 (NZ IAS 37).

Note 11(b) discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

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

The physical deterioration and condition of the assets, 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 (underground stormwater, wastewater and water pipes). The risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments.

Estimating any obsolescence or surplus capacity of an asset.

Estimates are made determining the remaining useful life over which an asset will be depreciated. These estimates can be impacted by local conditions, e.g. weather patterns and traffic growth. If the useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could over or under estimate the annual depreciation charges recognised as an expense in the statement of financial performance. To minimise the risk infrastructure asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities. This gives further assurance over useful life estimates.

Statement of Cash Flows

Cash: represents cash balances on hand, held in bank accounts or overdrafts and call deposits which the Council invests as part of its day to day cash management.

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

Investing Activities: relate to the acquisition and disposal of non-current assets.

Financing Activities: represent activities that change the equity and debt capital structure of the Council.

Changes in Accounting Policies

There are no changes to the Accounting Policies.



APPENDICIES



APPENDIX 1

COST OF SERVICES STATEMENT

	ANNUAL PLAN 2008	LTCCP 2009	ANNUAL PLAN 2009
For the Years Ending 30 June		\$'000	
REVENUE			
District Wide Rates	27,191	29,780	29,854
Targeted Rates	16,063	16,945	16,817
User Fees	8,850	9,191	11,515
Grants & Subsidies	11,597	12,696	12,739
Interest Received	100	110	110
Internal Recoveries	9,262	9,006	8,808
Internal Interest	4,925	5,518	5,427
Development Contributions	8,365	8,560	7,704
Assets Vested in Council	8,708	8,917	9,744
	95,061	100,723	102,718
Less Internal Recoveries	14,424	14,754	15,349
TOTAL REVENUE	80,637	85,969	87,369
EXPENDITURE			
Representation	3,520	3,861	3,767
Strategy & Policy	2,759	2,429	3,113
Economic Development	1,005	821	1,009
Town Centre Management	1,323	1,722	1,433
Land Transport	18,050	19,754	18,851
Building Services	2,555	2,515	2,944
Emergency Management	428	320	372
Land Drainage	544	546	556
Regulatory	3,778	4,119	4,269
Solid Waste	2,546	2,822	2,696
Stormwater	4,078	4,213	4,462
Wastewater	4,528	5,093	4,838
Water Supply	5,138	5,830	5,469
Community Facilities	2,038	2,348	2,586
Community Partnerships	2,650	3,233	3,219
Open Spaces and Amenities	3,528	3,540	3,851
Support & Miscellaneous	12,995	14,929	14,582
	71,463	78,095	78,017
Less Internal Charges	14,424	14,754	15,349
TOTAL EXPENDITURE	57,039	63,341	62,668
OPERATING SURPLUS	23,598	22,628	24,701
APPLICATION OF OPERATING SURPLUS:			
Development Contributions	8,365	8,560	7,704
Vested Assets	8,708	8,917	9,744
Loan Repayments	1,846	2,124	2,228
Capital/Operating Reserves	4,679	3,027	5,025
	23,598	22,628	24,701

APPENDIX 2

REVENUE

For the Years Ending 30 June	ANNUAL PLAN	LTCCP	ANNUAL PLAN
	2008	2009	2009
	\$'000		
DISTRICT WIDE RATES			
Representation	3,249	3,713	3,632
Strategy & Policy	2,358	2,365	2,618
Economic Development	398	362	400
Town Centre Management	292	397	287
Land Transport	9,445	9,930	9,830
Building Services	85	254	0
Emergency Management	387	290	319
Regulatory	2,045	2,356	2,382
Solid Waste	826	948	836
Stormwater	1,960	2,107	2,090
Community Partnerships	2,528	3,093	3,091
Community Facilities	1,025	1,352	1,008
Open Spaces and Amenities	3,298	3,281	3,580
Support & Miscellaneous	(705)	(668)	(219)
TOTAL DISTRICT WIDE RATES	27,191	29,780	29,854
TARGETED RATES			
Representation	157	157	157
Enterprise Franklin Development Trust	607	459	609
Town Centre Management	1,077	1,587	1,251
Land Transport	275	275	275
Emergency Management	11	0	23
Land Drainage	134	98	134
Solid Waste	793	871	841
Stormwater	2,171	2,244	2,235
Wastewater	4,811	4,837	5,231
Water Supply	5,494	5,871	5,515
Community Facilities	533	546	546
TOTAL TARGETED RATES	16,063	16,945	16,817

APPENDIX 2 CONTINUED

For the Years Ending 30 June	ANNUAL PLAN 2008	LTCCP 2009	ANNUAL PLAN 2009
	\$'000		
GRANTS & SUBSIDIES			
Land Transport	11,511	12,609	11,824
Stormwater	0	0	828
Art & Culture	86	87	87
TOTAL GRANTS & SUBSIDIES	11,597	12,696	12,739
ASSETS VESTED IN COUNCIL			
Land Transport	1,261	1,291	2,378
Stormwater	4,051	4,148	4,051
Wastewater	2,081	2,131	2,000
Water Supply	1,315	1,347	1,315
TOTAL ASSETS VESTED IN COUNCIL	8,708	8,917	9,744
DEVELOPMENT CONTRIBUTIONS			
Land Transport	2,659	2,721	2,449
Stormwater	1,478	1,514	1,362
Wastewater	1,676	1,714	1,543
Water Supply	588	601	541
Open Spaces and Amenities	1,094	1,120	1,008
Community Facilities	870	890	801
TOTAL DEVELOPMENT CONTRIBUTIONS	8,365	8,560	7,704
OTHER REVENUE			
Representation	70	0	0
Strategy & Policy	71	64	95
Land Transport	538	265	550
Building Services	2,470	2,261	2,944
Emergency Management	30	30	30
Land Drainage	519	524	430
Regulatory	1,750	1,771	1,903
Solid Waste	1,078	1,052	1,182
Stormwater	315	255	312
Wastewater	561	318	500
Water Supply	396	400	525
Community Facilities	454	463	818
Open Spaces and Amenities	252	281	296
Support & Miscellaneous	14,633	16,585	16,275
	23,137	24,269	25,860
TOTAL REVENUE	95,061	101,167	102,718
Less Internal Charges	14,424	14,754	15,349
TOTAL REVENUE	80,637	86,413	87,369

APPENDIX 3

Changes to Fees and Charges

All fees and charges include GST (where applicable) and will apply from 1 July 2008.

	2007/08	2008/09
WATER SUPPLY		
All Water Supplies	\$1.90	\$1.95 /m3
WASTEWATER		
Uniform Annual Charge	\$435.00	\$455.00
SOLID WASTE		
Recycling Collection Uniform Annual Charge	\$35.00	\$40.00
CUSTOMER SERVICES		
Land Information Memorandum		
Standard Fee	\$190.00	\$215.00
Urgent Fee (3 day service)	\$250.00	\$275.00
PENSIONER HOUSING		
Single Unit (per week)	\$77.00	\$86.00
Double Unit (per week)	\$117.00	\$232.00
(Uniform charge throughout the District)		
STRATEGIC PLANNING AND POLICY		
Charge Out Rates - Per Hour or Part Thereafter		
Resource Management Policy Planner	\$75.00	\$111.00
Senior Resource Management Policy Planner	-	\$128.00
REGULATORY		
Charge Out Rates - Per Hour or Part Thereafter		
Regulatory Team Leader	\$123.75	\$128.00
Principal Technical Advisor	\$123.75	\$128.00
Regulatory Planners	\$106.88	\$111.00
Regulatory Administration	\$67.50	\$70.00
Environmental Health Officer	\$101.25	\$105.00
Engineering	\$106.88	\$117.00
Compliance Officer	\$90.00	\$105.00
BUILDING		
Project Information Memoranda		
(A) Class A		
For minor activities such as the installation of free standing solid fuel fire appliances, minor electrical and plumbing and drainage installations, the construction of a deck or garden shed. Generally work valued less than \$5,000	\$25.00	\$28.00
(B) Class B		
For uncomplicated projects such as farm sheds, packing sheds, drainage installations and moderate sized electrical and plumbing installations. Generally work valued less than \$20,000.00	\$65.00	\$73.00

APPENDIX 3 CONTINUED

(C)	Class C For moderately complicated projects such as dwellings, single storey commercial and industrial projects, septic tank drainage installations, and major plumbing and electrical projects generally work valued less than \$180,000.00	\$225.00	\$254.00
(D)	Class D For all projects not coming within the classes A, B or C such as multi-storey commercial and industrial projects and other projects of a specialised nature.	2007/08: Actual and Reasonable Costs at \$80 per hour with a \$225.00 minimum	2008/09: Actual and Reasonable Costs at \$90 per hour with a \$254.00 minimum

BUILDING CONSENTS

Lodgement Fee

A non-refundable building consent application, lodgement fees payable on application as per scale, (minimum fee \$65.00).

	Estimated Value of Building Work (\$)	Housing Outbuildings Ancillary		Communal residential and Communal non-residential and Commercial/Industrial	
		2007/08	2008/09	2007/08	2008/09
(A)	0 - 9,999	\$65.00	\$75.00	\$165.00	\$175.00
(B)	10,000 - 49,999	\$150.00	\$160.00	\$250.00	\$260.00
(C)	50,000 - 99,999	\$175.00	\$185.00	\$275.00	\$300.00
(D)	100,000 - 999,999	\$225.00	\$240.00	\$325.00	\$400.00
(E)	1,000,000+	\$450.00	\$485.00	\$550.00	\$600.00

Processing Fee

(A)	A processing fee based on actual cost of processing any particular application, incorporating actual staff time, overheads, disbursements and GST.	2007/08 \$80.00 per hour	2008/09 \$90.00 per hour
-----	--	---------------------------------------	---------------------------------------

Documentation & Storage Fee

(A)	For the storage of Documents and Information relating to Building Consent Applications.	2007/08 0.2% of the estimated value of the building work with a maximum fee of \$700.	2008/09 0.2% of the estimated value of the building work with a maximum fee of \$850
-----	---	---	--

Building Work Inspection Fees

(A)	For each inspection of building work over an estimated value \$5,000.	2007/08 \$85.00	2008/09 \$96.00
(B)	For each inspection of building work under an estimated value \$5,000.	\$55.00	\$62.00
(C)	For each inspection of used building materials before reusing same in a building.	\$90.00	\$100.00

(D)	When, during construction, deviations from the approved plans occur, or where non-compliance with the NZ building code occurs, in either case to such an extent as to require amending plans to be submitted, a fee in addition to any other fee already paid.	Building Consent Processing and Lodgement Fees apply.	
-----	--	---	--

(E)	For the reinspection of building work up to the time of completion where deviation from the approved plans occur, or where non-compliance with the NZ Building Code occurs, such fees to be paid prior to inspection or before the Code Compliance Certificate is issued.	\$80.00	\$96.00
-----	---	---------	---------

Code Compliance Fees

For the Granting and Issuing of a Code Compliance Certificate:			
(A)	For building work of an estimated value greater than \$5,000.00.	2007/08 \$85.00	2008/09 \$96.00
(B)	For minor building work of an estimated value less than \$5,000.00.	\$55.00	\$62.00
	If requested more than one month after completion of the building work.	\$135.00	\$192.00

APPENDIX 3 CONTINUED

SPECIAL BUILDING DUTIES AND SERVICE

(A)	For the Inspection of buildings to be moved from their existing site outside the boundary of the Franklin District to a new site or place within the Franklin District. Charge per kilometre travelled one way from Pukekohe	\$85.00 per hour of staff time plus \$1.00	\$96.00 per hour of staff time plus \$1.25
(B)	For the inspection of a building to be moved from its existing site or place to a new site or place within the Franklin District.	\$90.00	\$100.00
(C)	For any Inspection of work that may be deemed necessary in connection with any building in respect of which no fee has otherwise been paid.	\$80.00	\$96.00
(D)	For the preparation and issuing of a Code Compliance Schedule.	\$100.00	\$112.50
(E)	For the issuing of a Code Compliance Schedule where alterations are requested to an existing Code Compliance Schedule.	\$75.00	\$85.00
(F)	For the Lodgement of Building Warrant of Fitness.	\$40.00	\$45.00
(G)	For carrying out an audit of a Building Warrant of Fitness	\$125.00	\$140.00
(H)	For an application to consider a waiver from, or modification to, any provision of the Building Code.	\$100.00	\$112.50
(I)	For obtaining a copy of the Certificate of Title to a property.	\$25.00	\$30.00
(J)	For the registration of a Certificate for building over the boundaries of two or more allotments in accordance with Sections 77 and 78 of the Building Act 2004.	\$100.00 per Lot	No change
(K)	For the registration of a Notification for building on land subject to special consideration under Section 73 of the Building Act 2004.	\$100.00 per Lot	\$110.00 per Lot
(L)	For the application for Independent Qualified Person Approval.	\$95.00 \$65.00	plus per feature, or system
(M)	For the inspection and assessment of unauthorised building work for compliance with the dangerous, earthquake, and insanitary provisions of the Building Act 2004. Inspection Fee and an Hourly Rate of Minimum Fee	\$90.00 \$70.00 \$200.00	\$110.00 \$70.00 \$225.00
(N)	For an application for a Certificate of Acceptance under Section 97 of the Building Act 2004. Building Consent Processing and Lodgement Fees apply	\$350.00	\$395.00
(O)	For an application to consider an exemption under the Fencing of Swimming Pools Act 1987.	\$350.00	\$395.00
(P)	Street / Road Damage Deposit Per street frontage, for building built on: Residential Site Industrial Site Per street frontage, for building relocated off site.	\$450.00 \$1,000.00 \$1,000.00	\$520.00 \$1250.00 \$1250.00
(Q)	Building Research Association of New Zealand Levy (\$1 per \$1000.00 of estimated value when the estimated value is \$20,000 or more). No GST.		as per statute
(R)	Department of Building and Housing Levy (\$0.97c per \$1,000.00 of estimated value when the estimated value is \$20,000 or more).		as per statute
(S)	Stormwater engineering assessment on building consents 2007/6/45	\$106.88	\$120.00

APPENDIX 3 CONTINUED

REQUEST FOR INFORMATION AND DOCUMENTS UNDER LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT

NOTE: A DEPOSIT MAY BE REQUIRED WHERE THE CHARGE IS LIKELY TO EXCEED \$60.

LABOUR	2007/08	2008/09
Fixed charges for officer time spent actioning a request for official information:	\$28.00	First hour
	per half hour or	free,
	part thereof	\$38.00 per
		subsequent
		half hour or
		part thereof.
The rate of charge applies irrespective of the seniority or grading of the staff member who deals with the request, except where staff with specialist expertise who are not on salary are required to process the request, in which case a higher rate not above their actual rate of pay may be charged.		
Time spent by staff in deciding whether or not to approve access and in what form to provide information should not be charged. While the decision to delete protected information is not chargeable, the physical editing is part of the process of making the information available, and is subject to charges.		
All labour charges are in addition to the following charges		



APPENDIX 3 CONTINUED

REPRODUCTION	2007/08	2008/09
All charges for reproduction set out below are in addition to labour charges.		
1. Reproduction of Hardcopy Documents		
Black and white reproduction/printing:		
• A4 single side photocopy or computer printout	\$0.10	\$0.20
• A3 single side photocopy or computer printout	\$0.20	\$0.40
Black and white reproduction/printing from Plan Printer		
• A2 single side photocopy or computer printout	New charge	\$4.70
• A1 single side photocopy or computer printout	New charge	\$6.40
• A0 single side photocopy or computer printout	New charge	\$8.80
Colour printing - A4 single side computer printout		
• based on 100% colour coverage e.g. map or photo	New charge	\$2.50 (based on actual costs)
Microfilms:		
• Per copy	New charge	\$5.00
2. Reproduction of Sound, Film, Video etc Documents		
Council does not have this capability and therefore would need to buy this service.	New charge	Actual amount charged by the supplier
Handling of the invoice and payment arrangements (based on 15 minutes plus postage and stationery).		plus \$14
3. Reproduction by Transformation of Documents		
If the documentation is readily available in a particular form e.g. hardcopy, but the requester specifically requests that it be made available in a different form e.g. on computer disk or wants extracts from readily available data, there will be extra charges as follows:		
Computer processing time taken to transform information ready for provision in the requested form.	New charge	\$2 per 5 minutes plus the appropriate labour charges
		Once only compact disk (only one copy will be supplied): \$3 plus \$2 per 5 minutes for burn process.
4. Providing access to information (rather than providing copies)		
If a requester wishes to have access to, but not necessarily copies of, information it will be necessary for them to be accompanied by an officer at all times.	New charge	First hour free, \$38.00 per subsequent half hour or part thereof.