

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

NOTE 1	RATES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	General Rates	12,885	12,097	12,885	12,097
	Water - Targeted Rate	2,595	2,626	2,595	2,626
	Water Fire Protection Rates	947	927	947	927
	Stormwater Disposal Rates	1,758	1,501	1,758	1,501
	Wastewater Pan Charges	5,313	4,884	5,313	4,884
	Karapoti Bridge Rates	2	2	2	2
	Rates Penalties	185	198	185	198
	<b>Total Rates Income</b>	<b>23,685</b>	<b>22,235</b>	<b>23,685</b>	<b>22,235</b>

### Rates Remissions

Rates revenue is shown net of rate remission.

Upper Hutt City Council's rates remission policy allows Upper Hutt City Council to remit rates or postpone rate or penalties on condition of Ratepayer's extreme hardship, land used for sport, and land protected for historical or cultural purposes and general rate under selected criteria for the Upper Hutt City Council Economic Development Policy.

RATE REMISSIONS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Total Gross rates revenue	23,896	22,346	23,896	22,346
Rates remission				
Land used for sport	86	82	86	82
Rate penalties remissions	21	27	21	27
Remissions Economic Development Policy	104	2	104	2
Total Remissions	211	111	211	111
<b>Rates Revenue Net of Remissions</b>	<b>23,685</b>	<b>22,235</b>	<b>23,685</b>	<b>22,235</b>

### Non-Rateable Land

Under the Local Government (Rating Act 2002) certain Properties cannot be rated for general rates. These properties include schools, place of worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respected of sewerage, water, refuse and sanitation.

NOTE 2	FEES AND CHARGES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Metered Water Charges	1,064	975	1,064	975
	Property Rentals	145	111	145	111
	Permit and Licence Fees	1,563	1,631	1,919	1,631
	H <sup>2</sup> O Xtream and Expression Charges	1,055	1,110	1,055	1,110
	Library, Parks, Cemetery & Community Charges	396	450	396	450
	Vested Assets	7,099	1,351	7,099	1,351
	Other Charges	1,345	294	1,345	453
	<b>Total Fees and Charges Income</b>	<b>12,667</b>	<b>5,922</b>	<b>13,023</b>	<b>6,081</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

NOTE 3	SUBSIDIES AND GRANTS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Roading Subsidies (LTNZ <sup>1</sup> )	1,905	1,899	1,905	1,899
	Petrol Tax (Crown)	143	142	143	142
	Public Transport Subsidies (GWRC <sup>2</sup> )	20	50	20	50
	Rural Fire Subsidies (GWRC <sup>2</sup> and NRFA <sup>3</sup> )	0	18	0	18
	Safety Administration Programme (LTSA <sup>4</sup> )	0	40	0	40
	Subsidies - Silverstream Bridge	0	379	0	379
	Social Community Project Grants	887	466	887	466
	Other Grants and Subsidies	17	33	17	163
	<b>Total Subsidies &amp; Grant Income</b>	<b>2,972</b>	<b>3,027</b>	<b>2,972</b>	<b>3,157</b>

<sup>1</sup> Land Transport New Zealand

<sup>3</sup> National Rural Fire Authority

<sup>2</sup> GWRC - Greater Wellington Regional Council

<sup>4</sup> Land Transport Safety Authority

NOTE 4	INTEREST AND DIVIDENDS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Other Financial Assets	564	391	574	400
	Trade Receivables - Community Loans	16	10	16	10
	Dividend	0	7	0	7
	<b>Total Interest &amp; Dividends</b>	<b>580</b>	<b>408</b>	<b>590</b>	<b>417</b>

NOTE 5	RATE AND GENERAL FUNDING REQUIREMENT FOR EACH ACTIVITY	Actual 30 Jun 08 (\$000)	Actual 30 Jun 07 (\$000)	Forecast 30 Jun 08 (\$000)
	Leadership	1,656	1,573	1,629
	Economic Development	651	723	628
	Community Services	346	578	594
	Parks and Reserves	1,786	1,707	1,756
	H <sup>2</sup> O Xtream	1,159	1,039	1,130
	Library	1,766	1,587	1,767
	Expressions	578	585	578
	Property	(149)	(118)	(80)
	Cemetery	22	0	(7)
	Emergency Management	450	333	426
	Regulatory Services	75	(104)	171
	City Planning	764	558	727
	Land Transport	3,514	3,273	3,775
	Water Supply	3,604	3,406	3,615
	Wastewater	5,572	4,475	6,064
	Stormwater	1,543	1,953	1,753
	Solid Waste	(188)	(215)	(216)
	Support Services	43	(118)	21
	<b>Total Rate Funding Requirement for Each Activity</b>	<b>23,192</b>	<b>21,235</b>	<b>24,331</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

NOTE 6	OTHER EXPENDITURE AND ITEMS FOR DISCLOSURE	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Employee Costs - Salaries and Wages	7,832	7,051	8,050	7,337
	Increase/Decrease in employee benefit liabilities	136	14	136	14
	Local Government Association	29	27	29	27
	Employers Association	3	4	3	4
	Insurance	330	324	336	330
	Disaster Fund Insurance	50	49	50	49
	Subscriptions	55	45	55	47
	Entertainment	19	17	19	17
	Civic Functions	18	12	18	12
	Audit Fees	110	100	118	106
	Audit Fees LTCCP	16	0	16	0
	Audit NZIFRS	0	15	0	18
	Finance Costs - Interest Expenses	1,285	1,165	1,285	1,165
	Rental	352	356	352	356
	Depreciation:	8,448	7,015	8,461	7,028
	Individual components are;				
	Buildings (operational)	918	600	918	600
	Buildings (restricted)	53	44	53	44
	Furniture and Equipment (operational)	119	101	119	101
	Park and Reserves - services	338	329	338	329
	Vehicle and Plant	522	417	522	417
	Library Books	248	174	248	174
	Land Transport	1,948	1,884	1,948	1,884
	Stormwater	1,025	1,006	1,025	1,006
	Wastewater	1,058	1,039	1,058	1,039
	Hutt Valley Wastewater Project	926	500	926	500
	Water Supply	1,293	921	1,293	921
	Subsidiary (Expressions)	0	0	13	13
	Impairment of Receivables	22	29	22	29
	Impairment of Property, Plant and Equipment	2	0	2	0
	Loss on sales of assets	643	547	643	547
	Rates Remission -sports clubs and other non profit bodies as per the Upper Hutt City Council Rates Remissions or Postponement Policies	86	82	86	82
	Penalty Remissions	21	27	21	27
	Unauthorised Expenditure	0	0	0	0
	Amortisation of intangibles	16	36	16	36
	Derivation expenses	287	0	287	0
	<b>Other Items for Disclosure:</b>				
	Derivative income	0	(390)	0	(390)
	Profit on sale of assets	(199)	(3)	(199)	(3)

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

NOTE 7	CASH AND CASH EQUIVALENTS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Cash on hand	3	2	4	3
	Bank Balances (overdrafts)	79	162	136	165
	Call account	2,450	1,300	2,450	1,373
	Short term deposits maturing three months or less from date of acquisition	2,800	500	2,800	500
	<b>Total Cash and Cash Equivalents</b>	<b>5,332</b>	<b>1,964</b>	<b>5,390</b>	<b>2,041</b>

The carrying value of short term-deposits with maturity dates of three months or less approximates their fair value. Refer to Note 9 for weighted average effective interest rate for cash and cash equivalents.

The bank overdraft is unsecured. The facility totals \$600,000, (2007 \$600,000). The current interest rate on the facility is 13.90% per annum, (2007 11.90% per annum).

Cash and bank overdrafts include the following for the purposes of the Cash Flow Statement:

	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Cash on hand	3	2	4	3
Bank Balances / (Bank Overdrafts)	79	162	136	165
Call account	2,450	1,300	2,450	1,373
Short term deposits maturing three months or less from date of acquisition	2,800	500	2,800	500
<b>Total Cash and Cash Equivalents</b>	<b>5,332</b>	<b>1,964</b>	<b>5,390</b>	<b>2,041</b>

NOTE 8	OTHER FINANCIAL ASSETS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Current portion				
	Loans and receivables				
	Short-term deposits with maturities of 4-12 months	2,200	6,000	2,231	6,081
	<b>Total current portion</b>	<b>2,200</b>	<b>6,000</b>	<b>2,231</b>	<b>6,081</b>
	Non-Current portion				
	Loans and receivables				
	PINS Security	7	15	7	15
	Fair value through Equity- unlisted shares				
	Investment in Civic Assurance Ltd	51	51	51	51
	Investment in Smartlinx3 Ltd	175	175	175	175
	<b>Total Non-current portion</b>	<b>233</b>	<b>241</b>	<b>233</b>	<b>241</b>

Carrying value of short term deposit equates to fair value.

Valuation of unlisted shares is based on the carrying value which approximates their fair value.

PINS Investment has been written down to its current realizable value.

There were no impairment provisions for other financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

### *Maturity analysis and effective interest rates*

The maturity dates for all other financial assets with the exception of equity investments are as follows:

2008	Short term deposits Parent (\$000)	Short term deposits Group (\$000)	Other Parent and Group (\$000)
Short term deposits (with maturities of 3 months or less; average maturity 6 days)	2,800	2,800	0
weighted average effective interest rate	8.56%	8.56%	0%
Short term deposits (with maturities of 4-12 months or less; average maturity 125 days)	2,200	2,231	0
weighted average effective interest rate	8.83%	8.90%	0%
PINS Security (maturity 31/1/2014)	0	0	7
weighted average effective interest rate	0%	0%	0%
Call account	2,450	2,450	0
weighted average effective interest rate	8.25%	8.25%	0%
	<b>7,450</b>	<b>7,481</b>	<b>7</b>

2007	Short term deposits Parent (\$000)	Short term deposits Group (\$000)	Other Parent and Group (\$000)
Short term deposits (with maturities of 3 months or less; average maturity 46 days)	500	500	0
weighted average effective interest rate	8.01%	8.01%	0%
Short term deposits (with maturities of 4-12 months or less; average maturity 133 days)	6,000	6,081	0
weighted average effective interest rate	8.37%	8.13%	0%
PINS Security (maturity 31/1/2014)	0	0	15
weighted average effective interest rate	0%	0%	9.25%
Call account	1,300	1,373	0
weighted average effective interest rate	7.42%	8%	0%
	<b>7,800</b>	<b>7,954</b>	<b>15</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

NOTE 9	DERIVATIVE FINANCIAL INSTRUMENTS Interest rate swaps - fair value	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	<b>Current asset portion</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
	<b>Non-current asset portion</b>	<b>85</b>	<b>327</b>	<b>85</b>	<b>327</b>
	<b>Current liability portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Non-current liability portion</b>	<b>(44)</b>	<b>0</b>	<b>(44)</b>	<b>0</b>

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2008 were \$15.087M (2007 \$15.887M).

The swaps mature 14 June 2011 (\$5.542M), 27 June 2011 (\$2.5M), 14 June 2010 (\$1.25M), 26 June 2011 (\$2.9M) and 27 March 2013 (\$2.895M).

NOTE 10	TRADE AND OTHER RECEIVABLES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Rates Receivables	726	783	726	783
	Sundry Debtors	1,053	726	1,102	764
	Community Loans	221	146	221	146
	GST	146	164	176	170
	Related Receivables	33	29	0	0
	Accrued Revenue	1,361	733	1,364	736
	Prepayments	272	139	273	140
		<b>3,812</b>	<b>2,720</b>	<b>3,862</b>	<b>2,739</b>
	Less Provision for Impairment of receivables	(50)	(50)	(50)	(50)
	<b>Total Trade and Other Receivables</b>	<b>3,762</b>	<b>2,670</b>	<b>3,812</b>	<b>2,689</b>
	Less Non-Current portion:				
	Community Loans	167	109	167	109
	<b>Total Non-Current Portion</b>	<b>167</b>	<b>109</b>	<b>167</b>	<b>109</b>
	<b>Current Portion</b>	<b>3,595</b>	<b>2,561</b>	<b>3,645</b>	<b>2,580</b>

The fair value of community loans is \$221,379 (2007 \$98,385). Fair value has been determined using cash flows discounted at a rate of 7.75% (2007: 7.75%).

The face value of community loans is \$276,518 (2007 \$169,086).

The carrying value of trade and other receivables (excluding community loans) approximates their fair value.

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

UHCC does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

Ratepayers can apply for payment plan options in special circumstances.

As of 30 June 2008 and 2007, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. Upper Hutt City Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

The impairment provision has been calculated based on expected losses for Upper Hutt City Council's pool of debtors. Expected losses have been determined based on an analysis of Upper Hutt City Council's losses in previous periods, and review of specific debtors.

Movements in the provision for impairment of receivables and community loans are as follows:

	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
At 1 July	50	50	50	50
Additional provisions made during the year	22	29	22	29
Receivables written off during period	(22)	(29)	(22)	(29)
<b>At 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

AGE OF RATES RECEIVABLE	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
The age of rates receivable overdue that have not been impaired are as follows:				
Current 90 days over	624	675	624	675
1-2 years old	24	33	24	33
2-3 years old	5	4	5	4
Greater than 3 years old	73	71	73	71
<b>Carrying Amount as at 30 June</b>	<b>726</b>	<b>783</b>	<b>726</b>	<b>783</b>

NOTE 11 INVENTORIES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
<b>Printing, photocopying and stationery supplies</b>	<b>10</b>	<b>5</b>	<b>14</b>	<b>11</b>

The carrying amount of inventories held for distribution is measured at current replacement cost as at 30 June 2008.

The carrying amount of inventories pledged as security for liabilities is \$nil (2007 \$nil).

# NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

2008	Opening Cost/Valuation 1-Jul-07 (\$000)	Opening Book Value 1-Jul-07 (\$000)	Accum. Depn. and impairment charge 1-Jul-07 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation (\$000)	Current year Annual Depn. (\$000)	Eliminate on Revaluation/Disposal (\$000)	WIP Transferred (\$000)	Closing Valuation 30-Jun-08 (\$000)	Closing Accum. Depn. 30-Jun-08 (\$000)	Closing Book Value 30-Jun-08 (\$000)
<b>Note 12 (A) Property, Plant and Equipment Council Operational Assets</b>												
Land	4,745	4,745	0	0	0	0	0	0	0	4,745	0	4,745
Buildings	17,721	15,417	(2,304)	12	0	14,181	(918)	1,618	0	30,296	(1,604)	28,692
Furniture and Equipment	2,434	431	(2,003)	181	0	0	(119)	0	0	2,615	(2,122)	493
Library Books	1,635	1,568	(67)	285	(15)	0	(248)	70	0	1,835	(245)	1,590
Motor Vehicles	610	173	(437)	0	0	0	(34)	0	0	610	(471)	139
Plant	5,661	4,395	(1,266)	515	(6)	2,077	(489)	479	0	7,768	(1,276)	6,492
Work in Progress Note 1	721	721	0	872	0	0	0	0	(721)	872	0	872
<b>Total Operational Assets 2008</b>	<b>33,527</b>	<b>27,450</b>	<b>(6,077)</b>	<b>1,865</b>	<b>(21)</b>	<b>16,258</b>	<b>(1,808)</b>	<b>2,167</b>	<b>(721)</b>	<b>48,741</b>	<b>(5,718)</b>	<b>43,023</b>

**NOTE 1:**

Work in Progress from 2007 has been transferred into Plant and Infrastructure Assets. Library books at cost and accumulated depreciation offset each other, to correctly show library books at the 2007 opening revaluation balance.

Note 12 (B) Council Restricted Assets	Opening Cost/Valuation 1-Jul-07 (\$000)	Opening Book Value 1-Jul-07 (\$000)	Accum. Depn. & impairment charge 1-Jul-07 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation (\$000)	Current year Annual Depn. (\$000)	Eliminate on Revaluation/Disposal (\$000)	WIP Transferred (\$000)	Closing Valuation 30-Jun-08 (\$000)	Closing Accum. Depn. 30-Jun-08 (\$000)	Closing Book Value 30-Jun-08 (\$000)
<b>Restricted Property, Plant and Equipment</b>												
Land	10,488	10,488	0	0	0	0	0	0	0	10,488	0	10,488
Buildings	1,493	1,320	(173)	160	0	0	(53)	0	0	1,653	(226)	1,427
Parks and Reserves Services	2,915	1,655	(1,260)	36	0	0	(338)	0	0	2,951	(1,598)	1,353
<b>Total Restricted Assets 2008</b>	<b>14,896</b>	<b>13,463</b>	<b>(1,433)</b>	<b>196</b>	<b>0</b>	<b>0</b>	<b>(391)</b>	<b>0</b>	<b>0</b>	<b>15,092</b>	<b>(1,824)</b>	<b>13,268</b>
<b>Total Council Property, Plant and Equipment 2008</b>	<b>48,423</b>	<b>40,913</b>	<b>(7,510)</b>	<b>2,061</b>	<b>(21)</b>	<b>16,258</b>	<b>(2,199)</b>	<b>2,167</b>	<b>(721)</b>	<b>63,833</b>	<b>(7,542)</b>	<b>56,291</b>

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Note 12 (C) Subsidiaries Property, Plant and Equipment	Opening Cost/ Valuation 1-Jul-07 (\$000)	Accum. Deprn. and impairment charge 1-Jul-07 (\$000)	Opening Book Value 1-Jul-07 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation (\$000)	Current year Annual Deprn. (\$000)	Eliminate on Revaluation /Disposal (\$000)	WIP Transferred (\$000)	Closing Valuation 30-Jun-08 (\$000)	Closing Accum. Deprn. 30-Jun-08 (\$000)	Closing Book Value 30-Jun-08 (\$000)
Expressions Property, Plant & Equipment at cost	93	(42)	51	6	0	0	(13)	0	0	99	(55)	44
<b>Total Subsidiary Assets 2008</b>	<b>93</b>	<b>(42)</b>	<b>51</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>(13)</b>	<b>0</b>	<b>0</b>	<b>99</b>	<b>(55)</b>	<b>44</b>
<b>Total Group Property, Plant and Equipment 2008</b>	<b>48,516</b>	<b>(7,552)</b>	<b>40,964</b>	<b>2,067</b>	<b>(21)</b>	<b>16,258</b>	<b>(2,212)</b>	<b>2,167</b>	<b>(721)</b>	<b>63,932</b>	<b>(7,597)</b>	<b>56,335</b>
<b>2007</b>												
Note 12 (A) Property, Plant and Equipment Operational Property, Plant and Equipment Council Operational Assets	Opening Cost/ Valuation 1-Jul-06 (\$000)	Accum. Deprn. and impairment charge 1-Jul-06 (\$000)	Opening Book Value 1-Jul-06 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation (\$000)	Current year Annual Deprn. (\$000)	Eliminate on Revaluation /Disposal (\$000)	WIP Transferred (\$000)	Closing Valuation 30-Jun-07 (\$000)	Closing Accum. Deprn. 30-Jun-07 (\$000)	Closing Book Value 30-Jun-07 (\$000)
Land	4,745	0	4,745	0	0	0	0	0	0	4,745	0	4,745
Buildings	17,677	(1,703)	15,974	43	0	0	(600)	0	0	17,721	(2,304)	15,417
Furniture & Equipment	2,296	(1,901)	395	139	0	0	(102)	0	0	2,434	(2,003)	431
Library Books	1,628	(521)	1,107	263	0	372	(174)	(628)	0	1,635	(67)	1,568
Motor Vehicles	644	(443)	201	27	(14)	0	(40)	(47)	0	610	(437)	173
Plant	5,498	(890)	4,608	166	(2)	0	(378)	0	0	5,661	(1,266)	4,395
Work in Progress	32	0	32	721	0	0	0	0	(32)	721	0	721
<b>Total Operational Assets 2007</b>	<b>32,520</b>	<b>(5,458)</b>	<b>27,062</b>	<b>1,359</b>	<b>(16)</b>	<b>372</b>	<b>(1,294)</b>	<b>(675)</b>	<b>(32)</b>	<b>33,527</b>	<b>(6,077)</b>	<b>27,450</b>

Note 1: Work in Progress in 2006 has now been transferred to Vehicles and Plant at cost.

# NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

Note 12 (B) Council Restricted Assets Restricted Property, Plant and Equipment	Opening Cost/ Valuation 1-Jul-06 (\$000)	Opening Book Value 1-Jul-06 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation (\$000)	Current year Annual Deprn. (\$000)	Eliminate on Revaluation /Disposal (\$000)	WIP Transferred (\$000)	Closing Cost/ Valuation 30-Jun-07 (\$000)	Closing Accum. Deprn. 30-Jun-07 (\$000)	Closing Book Value 30-Jun-07 (\$000)
Land	10,488	10,488	0	0	0	0	0	0	10,488	0	10,488
Buildings	1,393	1,264	100	0	0	(44)	0	0	1,493	(173)	1,320
Parks & Reserves Services	2,826	1,895	89	0	0	(329)	0	0	2,915	(1,260)	1,655
<b>Total Restricted Assets 2007</b>	<b>14,707</b>	<b>13,647</b>	<b>189</b>	<b>0</b>	<b>0</b>	<b>(373)</b>	<b>0</b>	<b>0</b>	<b>14,896</b>	<b>(1,433)</b>	<b>13,463</b>

<b>Total Council Property, Plant &amp; Equipment 2007</b>	<b>47,227</b>	<b>40,709</b>	<b>1,548</b>	<b>(16)</b>	<b>372</b>	<b>(1,667)</b>	<b>(675)</b>	<b>(32)</b>	<b>48,423</b>	<b>(7,510)</b>	<b>40,913</b>
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Note 12 (C) Subsidiaries Property, Plant and Equipment	Opening Cost/ Valuation 1-Jul-06 (\$000)	Opening Book Value 1-Jul-06 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation (\$000)	Current year Annual Deprn. (\$000)	Eliminate on Revaluation /Disposal (\$000)	WIP Transferred (\$000)	Closing Cost/ Valuation 30-Jun-07 (\$000)	Closing Accum. Deprn. 30-Jun-07 (\$000)	Closing Book Value 30-Jun-07 (\$000)
Expressions Property, Plant & Equipment	89	60	4	0	0	(13)	0	0	93	(42)	51
<b>Total Subsidiary Assets 2007</b>	<b>89</b>	<b>60</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>(13)</b>	<b>0</b>	<b>0</b>	<b>93</b>	<b>(42)</b>	<b>51</b>

<b>Total Group Property, Plant &amp; Equipment 2007</b>	<b>47,316</b>	<b>40,769</b>	<b>1,552</b>	<b>(16)</b>	<b>372</b>	<b>(1,680)</b>	<b>(675)</b>	<b>(32)</b>	<b>48,516</b>	<b>(7,552)</b>	<b>40,964</b>
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## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

2008 Note 13A Infrastructural Assets	Opening Cost/ Valuation 1-Jul-07 (\$'000)	Accum. Deprn. & impairment charge 1-Jul-07 (\$'000)	Opening Book Value 1-Jul-07 (\$'000)	Current year Additions (\$'000)	Current year Disposals (\$'000)	Current year Revaluation (\$'000)	Current year Annual Deprn. (\$'000)	Eliminate on Revaluation /Disposal (\$'000)	Closing Cost/ Valuation 30-Jun-08 (\$'000)	Closing Accum. Deprn. 30-Jun-08 (\$'000)	Closing Book Value 30-Jun-08 (\$'000)
Land Under Roads at cost	80,178	0	80,178	3,893	0	0	0	0	84,071	0	84,071
Roads	109,262	(5,816)	103,446	3,711	(248)	41,723	(1,948)	7,764	146,684	0	146,684
Stormwater	44,691	(3,018)	41,673	1,420	(25)	30,192	(1,020)	4,038	72,240	0	72,240
Telemetry	380	(86)	294	30	0	26	(29)	115	321	0	321
Wastewater	47,338	(3,095)	44,243	2,061	(240)	17,748	(1,054)	4,149	62,758	0	62,758
Water	46,817	(2,698)	44,119	1,498	(129)	12,654	(906)	3,604	57,236	0	57,236
Hutt Valley Wastewater Assets (Note 13B)	37,642	(500)	37,142	1,167	(133)	0	(1,293)	0	38,676	(1,793)	36,883
<b>Total Infrastructure Assets 2008</b>	<b>366,308</b>	<b>(15,213)</b>	<b>351,095</b>	<b>13,780</b>	<b>(775)</b>	<b>102,343</b>	<b>(6,250)</b>	<b>19,670</b>	<b>461,986</b>	<b>(1,793)</b>	<b>460,193</b>

NOTE:

Opening Cost/Valuation for Road at valuation and Stormwater at valuation varies from the 2007 Annual Report.

Road at valuation included asset Open Drains, non-depreciating (\$236,244), which should be part of Stormwater at valuation.

This has been corrected in this 2008 report.

# NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

2007 Note 13A Infrastructural Assets	Opening Cost/ Valuation 1-Jul-06 (\$000)	Accum. Deprn. and impairment charge 1-Jul-06 (\$000)	Opening Book Value 1-Jul-06 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation (\$000)	Current year Annual Deprn. (\$000)	Eliminate on Revaluation /Disposal (\$000)	Closing Cost/ Valuation 30-Jun-07 (\$000)	Closing Accum. Deprn. 30-Jun-07 (\$000)	Closing Book Value 30-Jun-07 (\$000)
Land Under Roads at cost	79,870	0	79,870	308	0	0	0	0	80,178	0	80,178
Roads	106,364	(3,972)	102,392	3,593	(419)	0	(1,884)	(41)	109,497	(5,815)	103,682
Stormwater	42,995	(2,019)	40,976	1,515	(51)	0	(1,002)	(3)	44,456	(3,018)	41,438
Telemetry	374	(58)	316	7	(1)	0	(28)	0	380	(86)	294
Wastewater	46,815	(2,064)	44,751	563	(38)	0	(1,034)	(2)	47,338	(3,096)	44,242
Water	45,847	(1,799)	44,048	1,013	(42)	0	(900)	(1)	46,817	(2,698)	44,119
Hutt Valley Wastewater Assets (note 13B)	32,538	0	32,538	474	0	4,630	(500)	0	37,642	(500)	37,142
<b>Total Infrastructure Assets 2007</b>	<b>354,803</b>	<b>(9,912)</b>	<b>344,891</b>	<b>7,473</b>	<b>(551)</b>	<b>4,630</b>	<b>(5,348)</b>	<b>(47)</b>	<b>366,308</b>	<b>(15,213)</b>	<b>351,095</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

### NOTE 13B HUTT VALLEY WASTEWATER SCHEME

The Local Government (Wellington Region) Reorganisation Order 1989 transferred the functions of the Hutt Valley Drainage Board to the Hutt City Council. In so doing, the reorganisation provided for a joint committee to be established between the Upper Hutt and Hutt City Councils to consider the coordination of the two Councils in respect of matters affecting the Hutt Valley as a whole, and the disposal of wastewater in particular. The joint Hutt Valley Wastewater Scheme has been constructed to improve the operation of the system and the quality of the discharge. Upper Hutt pays an annual levy to the Hutt City Council, which manages the Wastewater system, based on an apportionment of between 26% and 31% for Upper Hutt City Council. Upper Hutt City Council is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model. While Upper Hutt City Council does not have any direct control over the Scheme it is entitled to a share of the proceeds from any sale of the Scheme's assets.

The Hutt Valley Wastewater Scheme was valued on the depreciated replacement value basis as at 1 July 2006. The valuation of these assets was independently reviewed by Graham Hughson, BE (Civil), DIP Mgmt, CPEng, MIPENZ, Senior Infrastructure Management Consultant of Maunsell Ltd.

Upper Hutt City Council now has an interest in the total assets of \$36,883M (2007 \$37.142M) as recognised as part of Infrastructural assets.

This is the assessed net book value of the Upper Hutt City Council share.

HUTT VALLEY WASTEWATER SCHEME TRANSACTIONS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Drainage Levy	1,999	2,022	1,999	2,022
Capital Contributions	1,167	475	1,167	475
Trade Waste Income	(141)	(107)	(141)	(107)

NOTE 14 INTANGIBLE ASSETS Computer Software	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Balance at 01 July				
Cost	162	155	162	155
Accumulated amortisation and impairment	(141)	(105)	(141)	(105)
<b>Opening Carrying amount</b>	<b>21</b>	<b>50</b>	<b>21</b>	<b>50</b>
Year ended 30 June				
Additions	0	7	0	7
Amortisation charge	(16)	(36)	(16)	(36)
<b>Closing carrying amount at 30 June</b>	<b>5</b>	<b>21</b>	<b>5</b>	<b>21</b>
Cost Balance at 30 June 2007	162	162	162	162
Accumulated amortisation and impairment	(157)	(141)	(157)	(141)
<b>Closing cost amount at 30 June 2008</b>	<b>5</b>	<b>21</b>	<b>5</b>	<b>21</b>

NOTE 15	TRADE & OTHER PAYABLES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Trade Creditors	3,496	2,948	3,591	3,050
	Rates In Advance	525	553	525	553
	Greater Wellington Regional Council Rates	297	214	297	214
	Fees In Advance	753	841	754	850
	Amounts due to related parties	2	3	0	0
	Accrued Interest Payable	48	41	48	41
	Payroll Liability	145	141	145	141
	Other Liabilities	88	86	88	86
	Deposits and Trust Accounts	1,157	1,237	1,171	1,304
	<b>Total Trade and Other Payables</b>	<b>6,511</b>	<b>6,064</b>	<b>6,619</b>	<b>6,239</b>

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

NOTE 16	EMPLOYEE BENEFIT LIABILITIES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Accrued Pay	113	21	113	21
	Annual Leave	457	447	457	447
	Sick leave	15	10	15	10
	Retirement and Long Service Leave	210	181	210	181
	<b>Total Employee Benefit Liabilities</b>	<b>795</b>	<b>659</b>	<b>795</b>	<b>659</b>
	Current	585	478	585	478
	Non-Current	210	181	210	181
	<b>Total Employee Entitlements</b>	<b>795</b>	<b>659</b>	<b>795</b>	<b>659</b>

NOTE 17	BORROWINGS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	<b>Current</b>				
	Secured Loans	3,354	1,250	3,354	1,250
	Interest Free Loan - EECA	50	50	50	50
	<b>Total current borrowings</b>	<b>3,404</b>	<b>1,300</b>	<b>3,404</b>	<b>1,300</b>
	<b>Non-current</b>				
	Secured Loans	14,330	15,619	14,330	15,619
	Interest Free Loan - EECA	62	90	62	90
	<b>Total non-current borrowings</b>	<b>14,392</b>	<b>15,709</b>	<b>14,392</b>	<b>15,709</b>
	<b>Total Borrowings</b>	<b>17,796</b>	<b>17,009</b>	<b>17,796</b>	<b>17,009</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

### Fixed-rate debt

Upper Hutt City Council's secured debt of \$1.692M (2007 \$1.732M) is issued at fixed rates of interest.

### Floating-rate debt

Upper Hutt City Council's secured debt of \$15.892M (2007 \$15.138M) is issued at floating rates of interest.

### Interest free Loan

Upper Hutt City Council's has one interest free loan from Energy Efficiency Commission Authority (EECA).

### Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2007 \$600,000).

There are no restrictions on the use of this facility.

From 27 June 2001 all current fixed term loan facilities are secured by the Council's Debenture Trust Deed with security over rates income.

Upper Hutt City Council has issued security stock to the value of \$19.294M (2007 \$18.5M), under its Debenture Trust Deed. This stock has been issued to three banking institutions as security for existing facilities totalling committed funds of \$17.696M (2007 \$17.032M) and uncommitted facilities available to the value of \$0.62M (2007 \$0.62M).

Upper Hutt City 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 the Upper Hutt City Council's Long Term Council Community Plan.

### Interest Rates

The weighted average effective interest rate on loans outstanding (current and non current) at 30 June 2008 was 7.80% (7.43% in June 2007). The loans are secured by a rate made pursuant to Section 115 of the Local Government Act 2002 upon the rateable property in the City of Upper Hutt.

### Maturity analysis and effective interest rates

The following is a maturity analysis of Upper Hutt City Council's borrowings. There are no early repayment options.

BORROWINGS	30 Jun 08 Secured Loans Parent & Group (\$000)	30 Jun 07 Secured Loans Parent & Group (\$000)
Less than one year	3,404	1,300
<i>weighted average effective interest rate</i>	7.80%	7.43%
Later than one year but not more than five years	14,330	15,732
<i>weighted average effective interest rate</i>	7.80%	7.43%
Later than five years	62	0
<i>weighted average effective interest rate</i>	7.80%	7.43%
	<b>17,796</b>	<b>17,032</b>

**Fair Value of Non Current borrowings**

The carrying amounts and the fair value on non-current borrowings are as follows:

	Carrying Amounts		Fair Value	
	30 Jun 08 (\$000)	30 Jun 07 (\$000)	30 Jun 08 (\$000)	30 Jun 07 (\$000)
<b>Non-current</b>				
Secured Loans	14,330	15,619	14,330	15,619
Interest Free Loan - EECA	62	90	62	90
<b>Total non-current borrowings</b>	<b>14,392</b>	<b>15,709</b>	<b>14,392</b>	<b>15,709</b>

The Energy Efficiency Commission Authority (EECA) interest free loan is valued at amortised cost using a rate of 7.22%.

This loan was originally determined using cashflows discounted at a rate of 7.22%.

The carrying amounts of borrowings repayable approximate their fair value as the loans are re-priced every 90 days.

**NOTE 18 FINANCIAL INSTRUMENTS**

The financial instruments which expose the Council to credit risk are principally bank balances, investments, accounts receivable, creditors and term loans.

The Council's main bank accounts are held with the Australian and New Zealand Bank (ANZ). The credit risk is reduced by ensuring that the balances in the accounts are at sufficient levels to fund day to day operations of the Council. Surplus funds are invested with trading banks and organisations with credit ratings of not less than AA-.

The level and spread of accounts receivable minimises the Council's exposure to credit risk. Council does not engage in any material transactions in foreign currencies and therefore is not exposed to any material foreign currency risk.

Council's term loans are borrowed at fixed and floating interest rates. The main interest rate risk Council is exposed to is that market interest rates will fluctuate during the currency of the loans. In addition, many of Council's term loans are refinanced before ultimate repayment. Council is exposed to a risk that interest rates will have increased at the time loans are refinanced. To minimise this risk, loans are structured to avoid a concentration of refinancing at one time, and a portion of the current loans are covered by interest rate swaps to the value of \$15.087M.

# NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

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	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
<b>A Financial Instrument Categories</b>				
<b>Financial Assets</b>				
<b>Fair value through profit and loss</b>				
Derivative financial instrument assets	85	328	85	328
<b>Loans and receivables</b>				
Cash at bank and cash equivalents	5,332	1,964	5,390	2,041
Debtors and other receivables	3,541	2,524	3,591	2,544
Other financial assets				
- term deposits	2,207	6,015	2,238	6,096
- community loans	221	146	221	146
<b>Total loans and receivables</b>	<b>11,301</b>	<b>10,649</b>	<b>11,440</b>	<b>10,827</b>
<b>Fair value through equity</b>				
Other financial assets				
- unlisted shares	226	226	226	226
<b>Total fair value through equity</b>	<b>226</b>	<b>226</b>	<b>226</b>	<b>226</b>
<b>Financial Liabilities</b>				
Fair Value through Profit and Loss				
Derivative financial instrument	44	0	44	0
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	6,511	6,064	6,619	6,239
Borrowings				
- secured loans	17,796	17,009	17,796	17,009
<b>Total financial liabilities at amortised cost</b>	<b>24,307</b>	<b>23,073</b>	<b>24,415</b>	<b>23,248</b>

## B Financial Instrument Risks

Upper Hutt City Council has policies to manage the risks associated with financial instruments. Upper Hutt City Council is risk adverse and seeks to minimise exposure from its treasury activities. Upper Hutt City Council has established Council Approved Liability Management and Investment Policies.

These policies do not allow any transactions that are speculative in nature to be entered into.

### Market Risk

#### Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Upper Hutt City Council does not currently enter into arrangements from which significant currency risk arises.

Purchases denominated in foreign currency are of a one off nature made using the rate at the time of the transaction.

#### 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.

*Cash flow Interest Rate Risk*

Cash flow Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

Borrowings and investments issued at variable interest rates expose Upper Hutt City Council to cash flow interest rate risks.

**Credit Risk**

Credit risk is the risk that a third party will default on its obligations to Upper Hutt City Council causing Upper Hutt City Council to incur a loss. Due to the timing of its cash inflows and outflows, Upper Hutt City Council invests surplus cash into term deposits which gives rise to credit risk.

Upper Hutt City Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation.

Upper Hutt City Council only invests with entities that have a Standard and Poor's credit rating of at least A1 for short term and A- for long term investments.

Upper Hutt City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

**C Maximum Exposure to Credit Risk**

Upper Hutt City Council's maximum credit exposure for each class of financial instrument is as follows:

Maximum exposure to credit risk	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Cash at bank and term deposits	7,539	7,979	7,628	8,137
Debtors and other receivables	3,541	2,524	3,591	2,543
Community and related party loans	221	146	221	146
Derivative financial instrument assets	85	328	85	328
<b>Total credit risk</b>	<b>11,386</b>	<b>10,977</b>	<b>11,525</b>	<b>11,154</b>

**D Credit Quality of Financial Assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

Credit quality of financial assets	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
<b>Counterparties with Credit Ratings</b>				
<b>Cash at bank and term deposits</b>				
AA (Standard and Poors)	6,529	6,462	6,617	6,619
AA- (Standard and Poors)	1,000	1,500	1,000	1,500
Aa1 (Moody's – Principal only)	7	15	7	15
<b>Total Cash at bank and term deposits</b>	<b>7,536</b>	<b>7,977</b>	<b>7,624</b>	<b>8,134</b>
<b>Derivative financial instrument assets:</b>				
AA (Standard and Poors)	85	328	85	328
<b>Total Cash at bank and term deposits</b>	<b>85</b>	<b>328</b>	<b>85</b>	<b>328</b>
<b>Counterparties without Credit Ratings</b>				
<b>Community and related party loans:</b>				
Existing Counterparty with defaults in past	21	0	21	0
Existing Counterparty with no defaults in past	200	146	200	146
<b>Total community and related party loans</b>	<b>221</b>	<b>146</b>	<b>221</b>	<b>146</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

Debtors and other receivables mainly arise from Upper Hutt City Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Upper Hutt City Council has no significant concentrations of credit risk in relation to debtors and other receivables, it has a large number of credit customers, mainly ratepayers and Upper Hutt City Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

### E Liquidity Risk

#### *Management of Liquidity Risk*

Liquidity risk is the risk that Upper Hutt City Council will encounter difficulty raising liquid funds to meet commitments as they fall due.

Prudent liquidity 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. Upper Hutt City Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Upper Hutt City Council maintains a target level of investments that must mature within the next 12 months. Upper Hutt City Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of Upper Hutt City Council's Long Term Council Community Plan.

Upper Hutt City Council has a maximum amount that can be drawn against its overdraft facility of \$600,000 (2007: \$600,000). There are no restrictions on the use of this facility.

### F Contractual Maturity Analysis of Financial Liabilities

The table below analyses Upper Hutt City 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 are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

Contractual maturity analysis of financial assets	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
<b>Council 2008</b>						
Creditors and other payables	6,511	6,511	6,511	0	0	0
Secured Loans	17,796	19,384	11,932	4,283	3,169	0
<b>Total</b>	<b>24,307</b>	<b>25,895</b>	<b>18,443</b>	<b>4,283</b>	<b>3,169</b>	<b>0</b>
<b>Group 2008</b>						
Creditors and other payables	6,619	6,619	6,619	0	0	0
Secured Loans	17,796	19,384	11,932	4,283	3,169	0
<b>Total</b>	<b>24,415</b>	<b>26,003</b>	<b>18,551</b>	<b>4,283</b>	<b>3,169</b>	<b>0</b>
<b>Council 2007</b>						
Creditors and other payables	6,064	6,064	6,064	0	0	0
Secured Loans	17,009	18,839	6,584	8,098	4,157	0
<b>Total</b>	<b>23,073</b>	<b>24,903</b>	<b>12,648</b>	<b>8,098</b>	<b>4,157</b>	<b>0</b>
<b>Group 2007</b>						
Creditors and other payables	6,239	6,239	6,239	0	0	0
Secured Loans	17,009	18,839	6,584	8,098	4,157	0
<b>Total</b>	<b>23,248</b>	<b>25,078</b>	<b>12,823</b>	<b>8,098</b>	<b>4,157</b>	<b>0</b>

**G Contractual Maturity Analysis of Financial Assets**

The table below analyses Upper Hutt City Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

Contractual maturity analysis of financial assets	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
<b>Council 2008</b>						
Cash and cash equivalents	5,332	5,332	5,332	0	0	0
Debtors and other receivables	3,541	3,541	3,541	0	0	0
Other financial assets:						
- term deposits	7,457	7,548	7,541	0	0	7
- community and related party loans	221	303	57	47	96	103
<b>Total</b>	<b>16,551</b>	<b>16,724</b>	<b>16,471</b>	<b>47</b>	<b>96</b>	<b>110</b>
<b>Group 2008</b>						
Cash and cash equivalents	5,390	5,389	5,389	0	0	0
Debtors and other receivables	3,591	3,591	3,591	0	0	0
Other financial assets:						
- term deposits	7,488	7,582	7,575	0	0	7
- community and related party loans	221	303	57	47	96	103
<b>Total</b>	<b>16,690</b>	<b>16,865</b>	<b>16,612</b>	<b>47</b>	<b>96</b>	<b>110</b>
<b>Council 2007</b>						
Cash and cash equivalents	1,964	1,964	1,964	0	0	0
Debtors and other receivables	2,524	2,524	2,524	0	0	0
Other financial assets:						
- term deposits	7,815	7,998	7,975	1	3	19
- community and related party loans	146	182	46	42	66	28
<b>Total</b>	<b>12,449</b>	<b>12,668</b>	<b>12,509</b>	<b>43</b>	<b>69</b>	<b>47</b>
<b>Group 2007</b>						
Cash and cash equivalents	2,041	2,041	2,041	0	0	0
Debtors and other receivables	2,544	2,544	2,544	0	0	0
Other financial assets:						
- term deposits	7,969	8,083	8,061	1	3	19
- community and related party loans	146	182	46	42	66	28
<b>Total</b>	<b>12,700</b>	<b>12,850</b>	<b>12,692</b>	<b>43</b>	<b>69</b>	<b>47</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

## H Sensitivity Analysis

The tables below illustrate the potential profit and loss equity (excluding retired earnings) impact for reasonably possible market movements, with all other variables held constant, based on Upper Hutt City Council's financial instrument exposures at the balance date.

Sensitivity Analysis Council	Note	2008 \$000		2007 \$000	
		-100bps	+100bps	-100bps	+100bps
<b>Interest rate risk</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1	-25	25	-13	13
<b>Financial liabilities</b>					
Term loans	2	-159	159	-151	151
<b>Total sensitivity to interest rate risk</b>		<b>-184</b>	<b>184</b>	<b>-164</b>	<b>164</b>

### Explanation of sensitivity analysis - Council

#### 1 Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$2,450,000 (2007 \$1,300,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$24,500 (2007 \$13,000).

#### 2 Secured Loans

Council has floating rate debt with a principal amount of \$15,892M (2007 \$15.138m). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$158,920 (2007 \$151,380).

Sensitivity Analysis Group	Note	2008 \$000		2007 \$000	
		-100bps	+100bps	-100bps	+100bps
<b>Interest rate risk</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1	-25	25	-14	14
<b>Financial liabilities</b>					
Term loans	2	-159	159	-151	151
<b>Total sensitivity to interest rate risk</b>		<b>-184</b>	<b>184</b>	<b>-165</b>	<b>165</b>

### Explanation of sensitivity analysis - Group

#### 1 Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$2,450,000 (2007 \$1,373,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$24,500 (2007 \$13,730).

#### 2 Secured Loans

Council has floating rate debt with a principal amount of \$15.892M (2007 \$15.138m). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$158,920 (2007 \$151,380).

NOTE 19	ACCUMULATED FUNDS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Opening Balance 01 July	240,952	239,724	240,975	239,722
	Net Surplus (deficit)	4,859	546	4,879	572
		245,811	240,270	245,854	240,294
	Transfer to:				
	Restricted reserves	(2,261)	(1,043)	(2,264)	(1,045)
	Accounts restricted by law	(435)	(944)	(435)	(944)
	Asset revaluation reserve on disposal of Property, Plant and Equipment	0	0	0	0
		(2,696)	(1,987)	(2,699)	(1,989)
	Transfer from:				
	Restricted reserves	1,326	896	1,328	897
	Accounts restricted by law	513	1,728	513	1,728
	Asset revaluation reserve on disposal of Property, Plant and Equipment	233	45	233	45
		2,072	2,669	2,074	2,670
	<b>Closing Balance 30 June</b>	<b>245,187</b>	<b>240,952</b>	<b>245,229</b>	<b>240,975</b>

**NOTE 20 RESTRICTED RESERVES**

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

The Local Government Act 2002 [the Act] requires the 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. Ratepayer's 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 is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans, and the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

Upper Hutt City Council has the following Council reserves:

- Reserves for different areas of benefit
- Special 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.

Special reserves are set up where Council has defined a specific purpose. Interest is added to these reserves where applicable and deductions are made where funds have been used for the purpose they were created.

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

RESTRICTED RESERVES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Reserve Funds	3,284	2,349	3,321	2,385
Other Accounts Restricted by Law	1,764	1,842	1,764	1,842
<b>Closing Balance 30 June</b>	<b>5,048</b>	<b>4,191</b>	<b>5,085</b>	<b>4,227</b>

A) RESERVE FUNDS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Opening Balance 01 July	2,349	2,202	2,385	2,237
Transfers from Net Surplus	1,662	794	1,665	796
Transfers from Accumulated Funds	599	249	599	249
	4,610	3,245	4,649	3,282
Transfers to Net Surplus	0	0	0	0
Transfers to Accumulated Funds	(1,326)	(896)	(1,328)	(897)
<b>Closing Balance 30 June</b>	<b>3,284</b>	<b>2,349</b>	<b>3,321</b>	<b>2,385</b>

CONTENTS OF RESERVE FUNDS	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
Sierra Way Subdivision	96	88	96	88
Civic Amenities Fund	15	52	15	52
Amenities Fund	148	248	148	248
Plant Renewal	116	62	116	62
Reserve Fund Contribution	1,093	571	1,093	571
Council Property Sales	491	663	491	663
Salary Contingency	0	17	0	17
Cash In Lieu Parking Fund Account	2	2	2	2
Harcourt Park Maintenance Fund	0	6	0	6
General Reserve Fund	196	121	196	121
Blue Mountain Roothing	70	64	70	64
Akatarawa Roothing Levy	35	14	35	14
Kaitoke Roothing levy	56	25	56	25
Mangaroa Roothing Levy	86	57	86	57
Katherine Mansfield Roothing Levy	4	4	4	4
Moonshine Hill Road Levy	31	28	31	28
Alexander Road Levy	1	0	1	0
Library Redevelopment Fund	844	327	844	327
Arts Scholarship Fund	0	0	37	36
<b>Closing Balance 30 June</b>	<b>3,284</b>	<b>2,349</b>	<b>3,321</b>	<b>2,385</b>

B)	OTHER ACCOUNTS RESTRICTED BY LAW	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Opening Balance 01 July	1,842	2,626	1,842	2,626
	Transfers from Net Surplus	435	944	435	944
	Transfers to Accumulated Funds	(513)	(1,728)	(513)	(1,728)
	<b>Closing Balance 30 June</b>	<b>1,764</b>	<b>1,842</b>	<b>1,764</b>	<b>1,842</b>

	CONTENTS OF OTHER ACCOUNTS RESTRICTED BY LAW	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Dog Control Account	54	25	54	25
	Water Rate Account	774	835	774	835
	Stormwater Rate Account	215	0	215	0
	Wastewater Rate Account	721	982	721	982
	<b>Closing Balance 30 June</b>	<b>1,764</b>	<b>1,842</b>	<b>1,764</b>	<b>1,842</b>

NOTE 21	ASSET REVALUATION RESERVES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Opening Balance 01 July	134,362	129,405	134,362	129,405
	Revaluation gains (losses)	118,601	5,002	118,601	5,002
	Transfer of revaluation reserve to/from accumulated reserve on disposal of Property, Plant and Equipment	(233)	(45)	(233)	(45)
	<b>Closing Balance 30 June</b>	<b>252,730</b>	<b>134,362</b>	<b>252,730</b>	<b>134,362</b>

	Consists of :-				
	General asset revaluation reserve	21,922	5,668	21,922	5,668
	Land asset revaluation reserve	3,355	3,355	3,355	3,355
	Roading asset revaluation reserve	73,288	31,587	73,288	31,587
	Stormwater asset revaluation reserve	54,651	24,468	54,651	24,468
	Hutt Valley Wastewater Scheme revaluation reserve	17,269	17,268	17,269	17,268
	Wastewater asset revaluation reserve	47,820	30,234	47,820	30,234
	Water asset revaluation reserve	34,425	21,782	34,425	21,782
	<b>Closing Balance 30 June</b>	<b>252,730</b>	<b>134,362</b>	<b>252,730</b>	<b>134,362</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

NOTE 22	RECONCILIATION OF SURPLUS/(DEFICIT) AFTER TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Surplus/(deficit) after tax	4,859	546	4,879	572
	<b>ADD/(LESS) NON-CASH ITEMS</b>				
	Depreciation	8,448	7,015	8,461	7,028
	Donated Asset	133	0	133	56
	Vested assets	(7,099)	(1,351)	(7,099)	(1,351)
	Impairment of Receivables	22	0	22	0
	Amortisation of Intangible	16	36	16	36
	Amortisation of Premium	0	0	0	0
	Gain on Derivatives	0	(390)	0	(390)
	Loss of Derivatives	287	0	287	0
		1,807	5,310	1,820	5,379
	<b>ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES</b>				
	Impairment of Investments	7	0	7	0
	Loss on disposal of property, plant and equipment	643	547	643	547
	Profit on disposal of property, plant and equipment	(199)	(3)	(199)	(3)
		451	544	451	544
	<b>MOVEMENTS IN WORKING CAPITAL ITEMS</b>				
	(Increase)/Decrease in Trade Receivable	(557)	307	(582)	307
	(Increase)/Decrease in Inventories	5	2	6	2
	Increase/(Decrease) in Trade and other payables	(5)	786	(15)	747
	Increase/(Decrease) in Employee Benefits	136	9	136	9
		(421)	1,104	(455)	1,065
	<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	<b>6,696</b>	<b>7,504</b>	<b>6,695</b>	<b>7,560</b>

NOTE 23	CONTINGENCIES CONTINGENT LIABILITIES	Actual Parent 30 Jun 08 (\$000)	Actual Parent 30 Jun 07 (\$000)	Actual Group 30 Jun 08 (\$000)	Actual Group 30 Jun 07 (\$000)
	Guarantees	0	0	0	0
	Other Legal Proceedings	339	335	339	335
	<b>Total Contingent Liabilities</b>	<b>339</b>	<b>335</b>	<b>339</b>	<b>335</b>

**Guarantees**

The value of guarantees disclosed as contingent liabilities reflects Upper Hutt City Council’s assessment of any loans guaranteed by Council to local sporting groups.

Currently Upper Hutt City Council has made no guarantees.

**Unquantified Claims**

Upper Hutt City Council has 6 claims outstanding; three have proceedings issued on them. (2007 4 claims, 1 proceedings)

**CONTINGENT ASSETS**

Upper Hutt City Council operates a scheme whereby sports clubs are able to construct facilities (e.g. club rooms on reserve land).

The clubs control the use of these facilities and Upper Hutt City Council will only gain control of the asset if the club vacates the facility.

Until this event occurs these assets are not recognised as assets in the Statement of Financial Position.

As at 30 June 2008 there are 17 facilities having an approximate value of \$4.437 million (2007 18 facilities - \$4.022 million). This estimate has been based on government valuations for the area.

**NOTE 24 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer of the Upper Hutt City Council, appointed under Section 119c (1) (a) of the Local Government Act 1974.

The Chief Executive Officer’s remuneration package as at 30 June was:

	30 Jun 08 \$	30 Jun 07 \$
Salary	210,873	198,090
Private use of a car	14,952	14,952
<b>Total remuneration, including fringe benefit tax</b>	<b>225,825</b>	<b>213,042</b>

The Chief Executive Officer’s actual remuneration was:

	Actual 30 Jun 08 \$	Actual 30 Jun 07 \$
Salary	207,677	195,075
Private use of a car	14,952	14,952
<b>Actual Total remuneration, including fringe benefit tax</b>	<b>222,629</b>	<b>210,027</b>

## NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

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### NOTE 25 REMUNERATION OF ELECTED MEMBERS

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$339,506 (\$341,290 at 30 June 2007) to elected members, as follows:

	Actual 30 Jun 08 \$	Actual 30 Jun 07 \$
His Worship the Mayor, W. Guppy	71,819	70,312
Deputy Mayor P. McCardle	34,796	30,918
Cr. K. Barnard	21,048	21,137
Cr. P. Christianson	21,981	22,761
Cr. N. Gillies	22,113	22,863
Cr M Archibald (newly elected)	14,807	0
Cr. H. Newell	34,565	35,077
Cr D Rabbitt (newly elected)	14,806	0
Cr. B. Timms	29,545	26,297
Cr. K Austin	24,731	21,039
Cr. J Gwilliam	28,856	22,759
Deputy Mayor, S. Harris (retired)	11,159	37,209
Cr. H. Phillips (not re-elected)	9,280	30,918
<b>Total Remuneration of Elected Members</b>	<b>339,506</b>	<b>341,290</b>

Included in the payments above is resource consent hearing fees to the following Councillors. These fees are recoverable from applicants.

	Actual 30 Jun 08 \$	Actual 30 Jun 07 \$
Deputy Mayor, S. Harris (retired)	493	1,671
Deputy Mayor P. McCardle	629	0
Cr. P. Christianson	810	1,722
Cr. N. Gillies	1,066	1,824
Cr. H. Newell	1,144	1,671
Cr. J Gwilliam	833	1,671
<b>Total Resource Consents Hearing Fees</b>	<b>4,975</b>	<b>8,559</b>

### NOTE 26 RELATED PARTY TRANSACTIONS

Key management personnel include the Mayor, Councillors, Chief Executive and Department Directors.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Upper Hutt City Council (such as payment of rates, purchase of rubbish bags etc).

No provision has been required, nor expense recognised for impairment of receivables for any loans or other receivables to related parties. 2007 (\$nil)

During the year Council had the following transactions:

A) WITH EXPRESSIONS ARTS & ENTERTAINMENT CENTRE	Actual 30 Jun 08 (\$000)	Actual 30 Jun 07 (\$000)
a) During the year Council had the following transactions:		
Grants	423	409
Maintenance Management Fee	12	12
Other	10	12
<b>Total Expressions Arts and Entertainment Centre</b>	<b>445</b>	<b>433</b>

- b) During the year Expressions paid Council \$44,086 (\$55,399 in 2007) for support services. Of this \$12,000 were internal recoveries. At year end 2008 \$33,147 (\$29,165 in 2007) was owed by Expressions to Council.  
 Also Council owed \$1,935 to Expressions (\$3,408 in 2007).

B) WITH COUNCILLORS	Actual 30 Jun 08 \$	Actual 30 Jun 07 \$
John Gwilliam (legal services)	21	8,665
Cr K G Barnard (payment for coach services)	374	861
<b>Total with Councillors</b>	<b>395</b>	<b>9,526</b>

C) KEY MANAGEMENT PERSONNEL COMPENSATION	Actual 30 Jun 08 \$	Actual 30 Jun 07 \$
Salaries and other short term employee benefits	1,270,731	1,207,380
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	0
<b>Total Key Management Personnel Compensation</b>	<b>1,270,731</b>	<b>1,207,380</b>

Key management personnel include the Mayor, Councillors, Chief Executive and Departmental Directors. Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there were no relationship to key management personnel.  
 The total paid out in 2008 was \$17,742 (2007: \$11,849).

#### D) HUTT VALLEY YOUTH HEALTH TRUST

Upper Hutt City Council and Hutt City Council appoint all seven Hutt Valley Youth Health Trust trustees and thus under section 6 of the Local Government Act 2002, the trust is classified as a Council Controlled Organisation. Other than its role in the appointment of trustees Upper Hutt City Council does not influence over the operations of the trust nor does it provide funding. Upper Hutt City Council does not require any form of accountability from the trust.

#### NOTE 27 SEVERANCE PAYMENTS

For the year ended 30 June 2008 Upper Hutt City Council made one severance payment to an employee \$13,670. (2007 \$nil)

# NOTES TO THE FINANCIAL STATEMENTS

Year ending 30 June 2008

## NOTE 28 MAJOR ESTIMATE VARIATIONS

Explanations for major variations from the Council estimate figures in the 2007/08 Annual Plan are as follows:

### Statement of Financial Performance

Operating Revenue was \$7.940 million above estimate. The following are details of the main variances:

- Rate Income was \$98,000 over estimate due to growth of subdivisions with in the city.
- Assets vested in council for \$6.244 million were not estimated for.
- Profit on disposal of Wastewater Project \$195,792 was not budgeted for.
- \$111,000 Reimbursable work was not estimated
- An increase of \$715,000 for Reserve fund Contribution due to the increase developer's activity was not estimated.

Operating Expenditure was \$2.706 million up above estimate. The following are details of the main variances:

- Loss on disposal of property was \$643,000 higher than estimated as in the Annual Plan as no allowance is made for the disposal on infrastructural assets.
- An increase of \$471,000 in depreciation for Wastewater assets was not estimated.
- New Community projects was \$241,000 higher than expected.
- Derivation expenses of \$286,671 were not estimated in the Annual Plan.

### Statement of Financial Position

Upper Hutt City Council transferred \$599,000 from Accumulated funds into the Library Redevelopment fund. Revaluation reserves are higher than estimates due to the revaluation of the all the infrastructural assets by \$117,673 million.

### Statement of Movement in Equity

The major variations were unbudgeted revenue, expenditure and operational asset revaluation as explained above.

## NOTE 29 DISCONTINUED ACTIVITIES

Nil (2007 : Nil)

## NOTE 30 POST BALANCE DATE EVENTS

There were no items between year end and the signing of the financial statements. (2007 : Nil)