

Notes to the Financial Statements

Year Ended 30 June 2009

NOTE 1	RATES	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	General Rates	13,857	12,885	13,857	12,885
	Water - Targeted Rate	2,869	2,595	2,869	2,595
	Water Fire Protection Rates	1,009	947	1,009	947
	Stormwater Disposal Rates	2,102	1,758	2,102	1,758
	Wastewater Pan Charges	4,998	5,313	4,998	5,313
	Karapoti Bridge Rates	2	2	2	2
	Rates Penalties	227	185	227	185
	Total Rates Income	25,064	23,685	25,064	23,685

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 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
Total Gross rates revenue	25,254	23,896	25,254	23,896
Rates remission				
Land used for sport	88	86	88	86
Rate penalties remissions	23	21	23	21
Remissions Economic Development Policy	79	104	79	104
Total Remissions	190	211	190	211
Rates Revenue Net of Remissions	25,064	23,685	25,064	23,685

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 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Metered Water Charges	1,060	1,064	1,060	1,064
	Property Rentals	172	145	172	145
	Permit and Licence Fees	1,178	1,563	1,178	1,919
	H ² O Xtream and Expression Charges	886	1,055	1,176	1,055
	Library, Parks, Cemetery and Community Charges	448	396	448	396
	Vested Assets	4,866	7,099	4,866	7,099
	Insurance Recovery	153	0	153	0
	Other Charges	2,837	2,817	2,837	2,817
	Total Fees and Charges Income	11,600	14,139	11,890	14,495

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Year Ended 30 June 2009

NOTE 3	SUBSIDIES AND GRANTS	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Roading Subsidies (NZTA ¹)	1,686	1,905	1,686	1,905
	Petrol Tax (Crown)	141	143	141	143
	Public Transport Subsidies (GWRC ²)	21	20	21	20
	Rural Fire Subsidies (GWRC ² & NRFA ³)	0	0	0	0
	Safety Administration Programme (LTSA ⁴)	0	0	0	0
	Subsidies - Silverstream Bridge	0	0	0	0
	Social Community Project Grants	590	887	590	887
	Other Grants and Subsidies	131	17	131	17
	Total Subsidies and Grant Income	2,569	2,972	2,569	2,972

¹ New Zealand Transport Agency

³ National Rural Fire Authority

² GWRC - Greater Wellington Regional Council

⁴ Land Transport Safety Authority

NOTE 4	INTEREST AND DIVIDENDS	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Other Financial Assets	325	564	333	574
	Trade Receivables - Community Loans	10	16	10	16
	Dividend	7	0	7	0
	Total Interest and Dividends	342	580	350	590

NOTE 5	RATE AND GENERAL FUNDING REQUIREMENT FOR EACH ACTIVITY	Actual 30 Jun 09 (\$000)	Actual 30 Jun 08 (\$000)	Forecast 30 Jun 09 (\$000)
	Leadership	1,659	1,656	1,759
	Economic Development	654	651	713
	Community Services	569	346	560
	Activation	102	0	102
	Parks and Reserves	1,922	1,786	1,901
	H ² O Xtream	1,448	1,159	1,452
	Library	1,824	1,766	1,814
	Expressions	618	578	631
	Property	(128)	(149)	(112)
	Akatarawa Cemetery	14	22	26
	Emergency Management	473	450	456
	Regulatory Services	634	75	199
	City Planning	938	764	918
	Land Transport	3,685	3,514	3,703
	Water Supply	3,851	3,604	3,848
	Wastewater	4,967	5,572	4,968
	Stormwater	2,020	1,543	2,164
	Solidwaste	(204)	(188)	(229)
	Support Services	61	43	21
	Total Rate Funding Requirement for Each Activity	25,107	23,192	24,894

This note reconciles to the Cost of Services Statements in the Statement of Service Performance.

Notes to the Financial Statements

Year Ended 30 June 2009

NOTE 6	OTHER EXPENDITURE AND ITEMS FOR DISCLOSURE	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Employee Costs - Salaries and Wages	7,724	7,832	8,007	8,050
	Increase/Decrease in employee benefit liabilities	128	136	128	136
	Local Government Association	34	29	34	29
	Employers Association	3	3	3	3
	Insurance	276	330	281	336
	Disaster Fund Insurance	50	50	50	50
	Subscriptions	62	55	65	55
	Entertainment	17	19	17	19
	Civic Functions	14	18	14	18
	Audit Fees	109	100	118	106
	Audit LTCCP	74	16	74	16
	Finance Costs - Interest Expenses	1,411	1,285	1,411	1,285
	Rental	348	352	349	352
	Depreciation:	10,638	8,448	10,648	8,462
	Individual components are;				
	Buildings (operational)	919	918	919	918
	Buildings (restricted)	61	53	61	53
	Furniture and Equipment (operational)	127	119	127	119
	Investment Properties	2	0	2	0
	Park and Reserves - services	431	338	431	338
	Vehicle, Computer Equipment and Plant	504	522	504	522
	Library Books	264	248	264	248
	Land Transport	3,490	1,948	3,490	1,948
	Stormwater	1,088	1,025	1,088	1,025
	Wastewater	1,282	1,058	1,282	1,058
	Hutt Valley Wastewater Project	1,344	1,293	1,344	1,293
	Water Supply	1,125	926	1,125	926
	Subsidiary (Expressions)	0	0	11	13
	Impairment of Receivables	12	22	12	22
	Impairment of Property, Plant and Equipment	0	2	0	2
	Loss on Disposal of Assets	457	643	457	643
	Rates Remission -sports clubs and other non profit bodies as per the Upper Hutt City Council	88	86	88	86
	Rates Remissions or Postponement Policies				
	Penalty Remissions	23	21	23	21
	Unauthorised Expenditure	0	0	0	0
	Amortisation of Intangibles	3	16	3	16
	Derivative expenses	1,151	287	1,151	287
	Provision for Weathertightness	14	0	14	0
	Other items for disclosure :				
	Derivative income	0	0	0	0
	Profit on Disposal of Assets	(187)	(199)	(187)	(199)

Notes to the Financial Statements

Year Ended 30 June 2009

NOTE 7	CASH AND CASH EQUIVALENTS	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Cash on hand	3	3	4	4
	Bank Balances/ (Bank overdrafts)	277	79	397	136
	Call account	2,524	2,450	2,524	2,450
	Short term deposits maturing three months or less from date of acquisition	2,500	2,800	2,500	2,800
	Total Cash and Cash Equivalents	5,304	5,332	5,425	5,390

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

Refer to Note 8 for weighted average effective interest rate for cash and cash equivalents.

The bank overdraft is unsecured. The facility totals \$600,000, (2008 \$600,000). The current interest rate on the facility is 11.40% per annum, (2008 13.90% per annum).

NOTE 8	OTHER FINANCIAL ASSETS	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Current portion				
	<i>Loans and receivables</i>				
	Short-term deposits with maturities of 4-12 months	1,200	2,200	1,231	2,231
	Total current portion	1,200	2,200	1,231	2,231
	Non-Current portion				
	<i>Loans and receivables</i>				
	Pins Security	8	7	8	7
	<i>Fair value through Equity- unlisted shares</i>				
	Investment in Civic Assurance Ltd	51	51	51	51
	Investment in Smartlinx3 Ltd	175	175	175	175
	Total Non-current portion	234	233	234	233

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 Ended 30 June 2009

Maturity analysis and effective interest rates

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

2009	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 40 days)	2,500	2,500	0
<i>weighted average effective interest rate</i>	3.01%	3.01%	0%
Short term deposits (with maturities of 4-12 months or less; average maturity 157 days) <i>weighted average effective interest rate</i>	1,200	1,231	0
	4.25%	5.38%	0%
Pins Security (maturity 31/01/2014)	0	0	8
<i>weighted average effective interest rate</i>	0%	0%	0%
Call account	2,524	2,524	0
<i>weighted average effective interest rate</i>	5.19%	5.19%	0%
	6,224	6,255	8

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
<i>weighted average effective interest rate</i>	8.56%	8.56%	0%
Short term deposits (with maturities of 4-12 months or less; average maturity 125 days) <i>weighted average effective interest rate</i>	2,200	2,231	0
	8.83%	8.90%	0%
Pins Security (maturity 31/01/2014)	0	0	7
<i>weighted average effective interest rate</i>	0%	0%	0%
Call account	2,450	2,450	0
<i>weighted average effective interest rate</i>	8.25%	8.25%	0%
	7,450	7,481	7

Notes to the Financial Statements

Year Ended 30 June 2009

NOTE 9	DERIVATIVE FINANCIAL INSTRUMENTS	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Interest rate swaps - fair value				
	Current asset portion	0	0	0	0
	Non-current asset portion	0	85	0	85
	Current liability portion	(44)	0	(44)	0
	Non-current liability portion	(1,065)	(44)	(1,065)	(44)

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2009 were \$15.087M (2008 \$15.087M).

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 & OTHER RECEIVABLES	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
	Rates Receivables	1,093	726	1,093	726
	Sundry Debtors	1,128	1,053	1,176	1,102
	Community Loans	185	221	185	221
	GST	269	146	275	176
	Related Party Receivables	30	33	0	0
	Accrued Revenue	619	1,361	621	1,364
	Prepayments	164	272	165	273
		3,488	3,812	3,515	3,862
	Less Provision for Impairment of Receivables	(50)	(50)	(50)	(50)
	Total Trade & Other Receivables	3,438	3,762	3,465	3,812

Less Non-Current portion:

Community Loans	159	167	159	167
Total Non-Current Portion	159	167	159	167
Current Portion	3,279	3,595	3,306	3,645

The fair value of community loans is \$184,922 (2008 \$221,379). Fair value has been determined using cash flows discounted at a rate of 7.75% (2008: 7.75%).

The face value of community loans is \$285,033 (2008 \$276,518).

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.

Notes to the Financial Statements

Year Ended 30 June 2009

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 2009 and 2008, 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.

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 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
At 1 July	50	50	50	50
Additional provisions made during the year	12	22	12	22
Receivables written off during period	(12)	(22)	(12)	(22)
At 30 June	50	50	50	50

AGE OF RATES RECEIVABLE	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
The age of rates receivable overdue that have not been impaired are as follows:				
Current 90 Days over	949	624	949	624
1 to 2 year old	63	24	63	24
2 to 3 years old	5	5	5	5
greater than 3 years old	76	73	76	73
Carrying Amount as at 30 June	1,093	726	1,093	726

AGE OF SUNDRY DEBTORS	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
The age of sundry debtors overdue that have not been impaired are as follows:				
Past due 1-30 days	1,015	840	1,056	885
Past due 31 -60 days	45	30	45	33
Past due 61 -90 days	6	14	11	15
Past due greater than 90 days	62	169	64	169
Carrying Amount as at 30 June	1,128	1,053	1,176	1,102

Notes to the Financial Statements

Year Ended 30 June 2009

NOTE 11	INVENTORIES	Actual Parent 30 Jun 09 (\$000)	Actual Parent 30 Jun 08 (\$000)	Actual Group 30 Jun 09 (\$000)	Actual Group 30 Jun 08 (\$000)
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Printing, photocopying and stationery supplies	8	10	20	14
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The carrying amount of inventories held for distribution is measured at current replacement cost as at 30 June 2009.

The carrying amount of inventories pledged as security for liabilities is \$nil (2008 \$nil).