

ANNUAL PLAN 2020/21



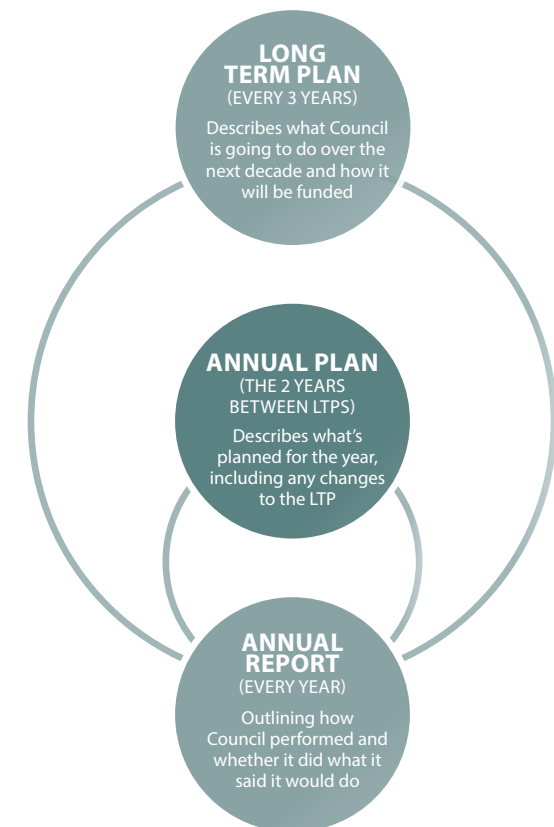
COUNCIL'S PLANNING DOCUMENTS

COUNCIL USES A NUMBER OF PLANNING PROCESSES TO REALISE ITS VISION FOR THE DISTRICT AND TO HELP PROVIDE ACCOUNTABILITY TO THE COMMUNITY.

All local authorities are required to prepare an Annual Plan under Section 95 of the Local Government Act 2002. The purpose of an annual plan is to:

- Contain proposed annual budget and funding impact statement for 2020/21;
- Identify variations to the financial and funding impact statements compared to the 2018/28 year of the Long Term Plan;
- Provide integrated decision making and coordination of resources of the local authority; and
- Contribute to Council's accountability to the community.

Please refer to the Long Term Plan 2018/28 for additional information.



YOUR COUNCIL



Bryan Cadogan
MAYOR



Stewart Cowie
DEPUTY MAYOR
CLUTHA
VALLEY WARD



Ken Payne
CORPORATE
SERVICES CHAIR
BALCLUTHA WARD



Bruce Vollweiler
REGULATORY
SERVICES CHAIR
BRUCE WARD



Bruce Graham
SERVICE DELIVERY CHAIR
KAITANGATA-MATUA
WARD



Carol Sutherland
BALCLUTHA WARD



Wayne Felts
BALCLUTHA WARD



Alison Ludemann
BALCLUTHA WARD



Dane
Catherwood
CATLINS WARD



Jo-anne Thompson
CLINTON WARD



Gaynor Finch
BRUCE WARD



Selwyn Wilkinson
BRUCE WARD



Mel Foster
LAWRENCE/
TUAPEKA WARD



Michele Kennedy
WEST OTAGO WARD



John Herbert
WEST OTAGO WARD

WHAT GUIDES US OUR COUNCIL OUTCOMES



CONTENTS

Council's Planning Documents	2
Your Council	3
Council Outcomes	4
INTRODUCTION	6
Message from the Mayor	7
Key Decision - Balclutha Memorial Hall	8
Updates following Feedback	9
Financial Summary	10
Rates Debt and Investment Update	12
Local Government (Financial Reporting and Prudence) Regulations 2014	13
Schedule of Capital Projects 2020/21	15
RATING	19
Rating Base Information	20
Prospective Funding Impact Statement (Whole of Council)	21
Detailed Description of Rate Funding Mechanisms	23
Rates Examples	30
FINANCES	50
Statement of Compliance	51
Prospective Statement of Comprehensive Revenue & Expense	52
Prospective Statement of Changes in Equity	54
Prospective Statement of Financial Position	56
Prospective Statement of Cashflows	58
Reconciliation of Prospective Non-Exchange & Exchange Revenue	60
Reconciliation of Prospective Cashflow to Comprehensive Revenue & Expense	61
Prospective Depreciation & Amortisation	62
Accounting Policies	63
Prospective Schedule of Reserve Funds	76

INTRODUCTION

ANNUAL PLAN 2020/21



MESSAGE FROM THE MAYOR



MAYOR
Bryan Cadogan

Like virtually every aspect of 2020, our annual plan has been challenged due to the disruption of COVID-19.

But despite the changes that were forced on to us, we have still delivered what I believe is an outcome that reflects our collective aspirations, while acknowledging the pragmatic and nimble approach required. I thank everyone that contributed and assisted us in navigating a complex and fast changing environment. Normally the annual plan is straight-forward, with consultation requirements and statutory timelines to be met. But this year will be remembered for the new dynamics of distance working and restrictions on our ability to directly embrace the public. There was also a heightened awareness and expectation from many that Council must respond to the economic downturn, whilst not contributing to the demise by reducing activity or delaying projects. Solutions were sought and we were able to accommodate needs with an extension to the submission period by a month and Zoom became the mode of interaction with our ratepayers and each other. We are immensely fortunate to have an extremely strong rural economy and to date have been able to maintain a degree of economic momentum compared with virtually anywhere in New Zealand. This has encouraged Council to take a proactive approach. We are extremely proud to have proposed to our ratepayers that we shall continue to deliver on a capital works programme to address much

needed infrastructure upgrades, and major projects, that have been identified through our community consultations, primarily the Clutha Community Hub and the various growth projects for Milton like their main street upgrade and town centre projects. We also listened to our submitters like Milton's Project Bruce and made alterations where possible. Demands and expectations seemed amplified, and I can assure you that Councillors and staff were constantly aware of the need to respond. I want to acknowledge the collective depth of understanding and generosity shown by staff in agreeing to a wage freeze that directly reduced costs by \$181,000. That is a saving to every ratepayer and was a major contributing factor in our ability to reduce rates from our original 3.31% down to 1.70%. Not all factors were in our favour with reduced returns from our investments. Fortunately the returns were positive but unlike previous years the 1.6% return did not achieve our budgeted return and did not offer the degree of latitude required to contribute to the extent anticipated. This year also saw Council taking on debt through the Local Government Funding Agency (LGFA) at an interest rate around 2%. We are budgeting for this debt to increase over the next 3 years, positioning Council to be in a net debt situation at that time. It is important that rate payers are aware of, and understand the dynamics of our investment portfolio running in tandem with the LGFA debt to prudently manage the future costs to Council.

Overall this year saw less submissions, but the underlying sentiment was that we remain positive, we show faith in our district's ability to prevail, and that we respond with compassion and understanding. We wanted to target our most vulnerable ratepayers with support that will be provided through the establishment of a \$100,000 fund to target specific needs. We also allocated \$100,000 from reserves to alleviate some of the overall rate demand and we were mindful of the impact of this on the following year, ensuring we can keep within our 4% rating cap. This year has tested our resolve, and forced us all to consider our options and re-evaluate exactly what is important in life, but one thing it will not do is change our belief and determination that Clutha shall have a bright and prosperous future. Thank you once again to all those that assisted us in getting the balance right.

Onwards and Upwards

A handwritten signature in black ink, appearing to read 'Bryan Cadogan', with a long, sweeping tail.

Bryan Cadogan
Mayor



MOVING FORWARD FOR BALCLUTHA MEMORIAL HALL

Key Decision

Concept design of the Clutha Community Hub - April 2020

Council asked for feedback as part of the consultation for the Annual Plan 2020/21 on future options for Balclutha Memorial Hall.

One of Council's key goals is to promote living and working in the Clutha District. Part of that strategy involves backing key projects intended to promote living and working in and around Balclutha. Community consultation in 2016 and 2017 for the Our Place Balclutha Community Plan identified creating a multi-purpose community and visitor hub at the current hall site was a community priority. Council felt that the success of this significant and important community project would be best achieved if it was led by the community, with Council's support. A coordinating group was developed, and then the Clutha Community Hub Charitable Trust was then formed to represent the community as a legal entity and to progress the project.

A feasibility study commissioned by the Trust and carried out by independent consultants in 2019 analysed different scenarios.

These included carrying out a compliance update of the existing hall, a new build, or to redevelop the hall using the existing structure. The study concluded the new build option provides best value for money in creating a high-quality community amenity to inspire the current community and next generations through wider access to the arts, theatre, our districts' diverse culture, and our local heritage

The independent business case built on the feasibility study and:

- identified the case for change and the preferred option for achieving this;
- established the best option that optimises value for money;
- outlined the investment requirement and assessed the associated risks, and
- demonstrated the proposed option is deliverable.

Before making a decision that would impact on rates Council consulted ahead of this plan on two options as outlined (see right). Further information including rates impacts for all options were included in the Annual Plan 2020/21 Consultation Document.

OPTION 1 - Fix up existing hall

Estimated cost: \$4-5M

This involved: Fixing up the existing hall, undertaking compliance work to meet building code and earthquake requirements. Council would continue to own and operate the hall. This was the 'status quo' option.

OPTION 2 - Contribute to a new facility

Estimated cost: \$7.5M

This involved: The development of Clutha Community Hub, a multi-purpose community, business and visitor hub located at the site of the existing Balclutha Memorial Hall. Integral to this proposal is that it is community-led, with ownership, governance and management by the Clutha Community Hub Charitable Trust (the Trust).

After considering all information Council resolved to include a budget of \$7.5M in the Annual Plan 2020/21 to contribute to a new facility at the existing hall site.

BUDGET & RATES IMPACT

Contribute to a new facility

The proposed facility is estimated to cost \$15M. Council has indicated that they would consider funding half of these costs, with the remainder to come from external funding.

The best case scenario is for construction in 2020/21, but there would be a number of aspects including securing non-rates funding before this could take place. Budgets in 2020/21 have been updated to include Council's share of the proposed project. This would be funded via a loan, repaid over a 30 year term via rates.

The rates impact for Council's 50% share of the cost of this option is shown below:

OPTION 2 NEW FACILITY (\$7.5M)	2021/22 ONWARDS
All properties*	\$22
Properties in the Lower Clutha community facilities rating area**	\$53 (\$75 in total)

* Via the uniform annual general charge (UAGC).

** Includes both the UAGC and Lower Clutha community facilities rate.

LOOKING AHEAD

A new facility could only be achieved through rates funding and other funding such as external grants, sponsorship and community fundraising. To do this, and achieve external funding, it is expected that ownership of a new facility would rest with the Clutha Community Hub Charitable Trust.

In making their decision, Council recognised that this facility is seen as crucial and transformational for the Clutha District.

THANKS TO THOSE WHO GAVE US FEEDBACK TO HELP MAKE DECISIONS

THANK YOU TO THE 48 SUBMITTERS AND FURTHER 9 WHO SPOKE TO COUNCIL VIA ZOOM ON 16 APRIL. AFTER CONSIDERING FEEDBACK, COUNCIL MADE THE FOLLOWING DECISIONS:

FUNDING DECISIONS

An outline of decisions in response to submissions included:

- Increased funding to the community-led development scheme Project Bruce from \$7,244 per annum to \$60,000 in 2020/21, funded from the reserves. It was recognised that Project Bruce's key projects address many social issues, facilitate development of organisations and community resources that align closely with the Local Government community well-beings.
- Confirmation of funding in 2020/21 to the Clutha District Combined Museum Group of \$58,994.
- Funding to the Cross Recreation Centre for \$53,500 in 2020/21. Council also agreed to an increase of \$26,749 towards the capital cost of building improvements in 2020/21.
- Confirmation of funding in 2020/21 to Sport Otago/Clutha of \$47,348.
- Approval of \$9,500 towards continuation of the Sport and Recreation Rural Travel Fund administered by Council.

- Approving an increase to \$8,000 per annum to the Catlins Historical Society for the library/i-Site in Owaka. There was also a recognition of backdating the increase with a one-off payment of \$3,250.
- Funding to the Catlins Coast Inc for costs of printing the Catlins Care Code and tear-off map.
- Council declined the request from the South Otago A&P Society for funding for \$20,000 for replacement of the roof over the sheep pens at the grounds.

OTHER DECISIONS

- Confirmation of the demolition of the former Memorial Hall, that has now been superseded by the new community facility in Kaitangata.

COVID-19 SUPPORT

Council considered and agreed to put in place measures including a \$100,000 to assist ratepayers in financial hardship, primarily through the remission and postponement of rates. Introduction of trade waste charging is also to be deferred until 1 July 2021.

Council has also established a working group of elected members and staff to progress Rates Distress and Business Support actions.



FINANCIAL SUMMARY

There are some differences between what was forecast for 2020/21 in the 2018 Long Term Plan, and the updated forecasts we are looking at now for the 2020/21 Annual Plan. The main variances are outlined in this section.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE*

(All in \$000s)	Long Term Plan 2020/21	Annual Plan 2020/21	Overview of changes
Rates	27,730	27,374	1
Rental Revenue	948	948	
Grants, Subsidies & Donations	9,670	10,175	2
Fees and User Charges	1,117	863	3
Other Fees	464	1,213	3
Permits & Other Licences	621	756	4
Other Gains	1,599	1,219	
Other Income	9	429	5
Interest Income	1,286	778	6
TOTAL REVENUE	43,444	43,755	
Employee Benefit Expense	6,879	7,648	7
Operating Expenditure	12,596	12,538	
Roading repairs and maintenance	6,540	5,952	8
Grants	1,432	1,380	
Finance Costs	697	568	9
Depreciation and Amortisation	14,285	13,213	10
TOTAL EXPENDITURE	42,429	41,299	
Other Comprehensive Revenue & Expense	0	0	
TOTAL COMPREHENSIVE REVENUE & EXPENSE FOR THE YEAR	1,015	2,456	

* For further details refer to the Financial Statements section of this document.

OVERVIEW OF CHANGES

1 Rates

Reduction mainly due to UAGC rates being \$360k less due to COVID-19 savings.

2 Grants, subsidies and donations

The NZTA subsidy projection is \$577k less due to timing of projects. The Waste Recovery Park project funding of \$285k has been moved from 2021 to 2022. As the impact of COVID-19 has meant our Nikko returns are likely to decrease, \$213k worth of funding is coming from the Nikko Reserves for the first time.

3 Fees and user charges

Water meter income is higher by \$92k, Resource Consent fees are up by \$57k and Out of District Water income of \$390k is now reflected in other fees.

4 Permits & licences

Building permit revenue is \$130k higher than LTP due to increased building activity in the district.

5 Other income

There is a Tourism Infrastructure Fund contribution of \$420k which was not in LTP.

6 Interest income

This reflects the drop in budgeted returns from the Nikko portfolio from a 5% forecast to 3.8%.

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7 Employee benefit expense

The total is higher than the LTP despite having no inflationary increase as part of the COVID-19 savings. The increase reflects an increase in full time equivalent staff numbers approved at last year's Annual Plan.

Note that this is down \$181K from \$7,837 in the consultation draft due to a staff wage freeze, which is one of Council's COVID-19 impact measures.

8 Roading repairs and maintenance

The savings are mainly around structures maintenance reducing by \$588k and seal maintenance reducing by \$42k.

9 Finance costs

Due to the impact of COVID-19 there is a favourable reduction in the LGFA borrowing rate.

10 Depreciation and amortisation

The lag in the capital build programme timing from earlier years means the opening balances are lower which causes a reduction in depreciation.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION*

(All in \$000s)	Long Term Plan 2021/21	Annual Plan 2020/21	Overview of changes
Current assets	31,690	31,378	1
Non-current assets	1,117,770	1,111,042	2
TOTAL ASSETS	1,149,460	1,147,470	
Current liabilities	4,952	7,518	3
Non-current liabilities	22,580	27,697	4
TOTAL LIABILITIES	27,532	35,215	
EQUITY	1,121,928	1,107,205	
NET CURRENT ASSETS	26,738	23,860	

* For further details refer to the Prospective Financial Statements section of this document.

OVERVIEW OF CHANGES

1 Current assets

The stockpile of gravel that was planned to be purchased has not materialised due to difficulties in sourcing the right quality materials.

The Nikko investment portfolio has been affected by lower returns caused by COVID-19 on the global share market.

The sale of lots in our development properties has been slowed by impact of COVID-19.

2 Non-current assets

The historic capital build programme has achieved less than forecast in LTP which means the opening balances are less.

3 Current liabilities

These are higher than forecast due to an increased asset build programme and associated debt.

4 Non-current liabilities

Computer software is now disclosed separately as an intangible.

The LGFA loan timing has been affected by timings in the capital build programme.

RATES, DEBT & INVESTMENTS UPDATE

There are some differences between what was forecast for 2020/21 in the Long Term Plan 2018, and the updated forecasts we are looking at now for the proposed Annual Plan 2020/21 . The main variances are included in this section.

UPDATED DRAFT FORECASTS FOR RATES, DEBT & INVESTMENTS 2020/21

\$000	LTP 2018 Year 3 (2020/21)*	Annual Plan 2020/21	Difference
RATES			
Total (excluding penalties)	27,500	27,200	300
Forecast rates change (%)**	3.31%	1.70%	1.61%
Rates limit at 4%	27,700	27,800	100
DEBT			
Internal borrowing	41,800	45,700	3,900
External debt	21,800	28,000	6,200
External interest costs as a % of rates***	1.6%	1.3%	0.3%
Debt limit****	65,200	65,600	400
INTERNAL INVESTMENTS			
Closing balance	41,800	45,700	3,600
Interest earned	1,300	640	(660)
EXTERNAL INVESTMENTS			
Closing balance	26,200	25,800	400
Interest earned	1,300	777	(523)
Amount to off-set rates	800	840	40

* As published on pp.57, 58, 59, 60 & 60 of the Financial Strategy contained within the Long Term Plan 2018.

*** On external debt funding only . **** On internal debt and additional external debt funding.

Updated Internal Debt, Internal Investment & External Debt Forecasts

These variances are linked with progress of the 2020/21 capital programme, levels of expenditure and their flow-on impact.

Updated External Investment Forecast

The 2019/20 returns are lower than the LTP 2018 forecasts due to the impacts of COVID-19, giving a lower forecast opening balance at 1 July 2020, and a lower closing balance at 30 June 2021.

**Individual property rates vary depending on its land value, capital value and the bundle of services received. Refer to the Rates Information section for examples of rating changes.

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

Annual Plan disclosure statement for the period ending 30 June 2021

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some terms used in this statement.

BENCHMARK	LIMIT	PLANNED	MET
Rates affordability benchmark			
Income	27,700,000	27,200,000	Yes
Increases	4.00%	1.70%	Yes
Debt affordability benchmarks			
Balanced budget benchmark	100%	105.94%	Yes
Essential services benchmark	100%	222.76%	Yes
Debt servicing benchmark	10%	1.30%	Yes

RATES AFFORDABILITY BENCHMARK

1. For this benchmark –
 - a) The Council's planned rates income for the year is compared with \$26.9 million on rates contained in the financial strategy included in the Council's Long Term Plan; and
 - b) The Council's planned rates increases for the year are compared with 4% on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.
2. The Council meets the rates affordability benchmark if –
 - a) Its planned rates income for the year equals or is less than each quantified limit on rates; and
 - b) Its planned rates increases for the year equal or are less than each quantified limit on rates increases.

DEBT AFFORDABILITY BENCHMARK

1. For this benchmark, the Council's planned borrowing is compared with 150% at revenue on borrowing contained in the financial strategy included in the Council's Long Term Plan.
2. The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

BALANCED BUDGET BENCHMARK

1. For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains in derivative financial instruments and revaluations of property, plant or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
2. The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

ESSENTIAL SERVICES BENCHMARK

1. For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
2. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.







DEBT SERVICING BENCHMARK

1. For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
2. Because Statistics New Zealand projects that Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

SCHEDULE OF PROJECTS 2020-21

	LTP 2020/21 (\$'000)	AP 2020/21 (\$'000)
Roading Improvements		
Balclutha Streetscape (Stage 2)	240	0
Milton Main Street/Streetscape Project	731	75
Urban Seal Extensions	659	0
Low cost low risk roading improvements	221	186
Roading Renewals		
Unsealed Road Metalling	2,023	2,023
Sealed Road Resurfacing	2,937	2,937
Drainage Renewals	488	488
Pavement Rehabilitation	425	425
Structure Component Replacement	738	904
Traffic Service Renewals	272	196
Milton Main Street/Streetscape Project	244	25
Replacement of bridges and structures	-	1,652
Low cost low risk roading improvements	1,574	1,433
Footpath upgrades (renewals)	415	415







Key - Explanation of variances to the 2020/21 LTP:

	Change in amount
	New Project
	Carried forward from 2019/20 to 2020/21
	Change in timing
	Brought forward from a future year into 2020/21
	Project cancelled/deleted - no longer required

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	LTP 2020/21 (\$'000)	AP 2020/21 (\$'000)
Urban Water Improvements		
Treatment Plant Upgrades	210	120
Commercial Meter Installation	200	-
Urban Water Loss Management	30	30
Milton to Waihola Pipeline - 70%	71	50
Small town water metering for meeting consent requirement	-	60
Urban Water Renewals & Minor Upgrades Urban Seal	-	50
Milton Water Treatment Plant - Access and Sludge Improvements	-	290
Tapanui Backwash Upgrade/Removal	-	470
Urban Water Treatment Compliance Upgrades	-	500
Urban Water Renewals		
Pipeline Renewals	540	340
Treatment Plant Renewals	65	65
Treatment Plant backwash tank inspections and renewals	45	45
District-wide urban condition assessment of pipelines and modelling	-	20
Urban Water - Reconfigure water meter takes	-	40
Milton to Waihola Pipeline - 30%	-	21
Phoenix Dam Geotechnical Investigations	-	100
Rural Water Improvements		
Treatment Plant Upgrades	-	3,824
Clydevale RWS - Additional Bore	-	150
Stirling Treatment Plant Compliance Upgrade	-	200
Clydevale Rural Water Scheme Zone Metering	-	160







Key - Explanation of variances to the 2020/21 LTP:

	Change in amount
	New Project
	Carried forward from 2019/20 to 2020/21
	Change in timing over 3 year period for roading projects
	Brought forward from a future year into 2020/21
	Project cancelled/deleted - no longer required

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	LTP 2020/21 (\$'000)	AP 2020/21 (\$'000)
Rural Water Renewals		
Treatment Plant Renewals	-	2,446
Booster Pump Station Renewals	200	200
Pipeline Renewals	957	741
Reservoir Tank Renewals and Assessments	711	651
Water Take Resource Consent Renewals	-	20
Sewerage Improvements		
Treatment Plant Upgrades	2,410	730
Biofiltro and Oxidation Pond Upgrade	-	960
Sewerage Renewals		
Network Renewals	40	40
Treatment Plant Renewals	25	25
Wastewater Pond Desludging	755	1,455
Pump Station Renewals	155	155
Sewer Modelling	-	80
Stormwater Improvements		
Stormwater Upgrades & Extension	445	940
Solid Waste Improvements		
Resource Recovery Park	325	-
Mount Cooee Landfill - Leachate Curtain - Stage 2	-	60
Investigation of leachates from abandoned landfills and associated permitting	-	150
Mount Cooee Landfill - Stormwater Realignment	-	1,075







Key - Explanation of variances to the 2020/21 LTP:

-  Change in amount
-  New Project
-  Carried forward from 2019/20 to 2020/21
-  Change in timing over 3 year period for roading projects
-  Brought forward from a future year into 2020/21
-  Project cancelled/deleted - no longer required

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	LTP 2020/21 (\$'000)	AP 2020/21 (\$'000)
Solid Waste Renewals		
Operational Consent Extensions	30	95
Community Service Improvements		
Milton Service Centre Library Pool Community Facility - Service Centre/Library Component	-	419
Milton Service Centre Library Pool Community Facility - Pool Component	-	1,096
Parks and Reserves - Proposed upgrades	276	426
Cemeteries - Proposed upgrades	2	32
Sportsground improvements	-	27
Balclutha & Milton Destination Toilets	-	1,096
Community Services Renewals		
Camping Ground Renewals	9	-
Swimming Pool Renewals	14	14
Community Hall Renewals	1,964	2,113
Library Renewals	113	113
Community Centre Renewals	10	10
Community Housing Renewals	200	200
Sports Grounds Renewals	4	4
Internal Services		
Information Services	35	944
Rosebank Office	50	1,263
Vehicle Renewals	240	240
District Plan Review	-	350

Key - Explanation of variances to the 2020/21 LTP:

-  Change in amount
-  New Project
-  Carried forward from 2019/20 to 2020/21
-  Change in timing over 3 year period for roading projects
-  Brought forward from a future year into 2020/21
-  Project cancelled/deleted - no longer required

RATES 2020/21



RATING BASE INFORMATION

OVERALL RATES CHANGE

The overall rates change is slightly below what was initially forecast in the Long Term Plan:

(\$000)	LTP FORECAST 2020/21	ANNUAL PLAN 2020/21
Total	27,500	27,200
Change	3.31%	1.70%

The rates revenue received by Council will decrease to 1.70%, which is lower than the 3.31% forecast in the LTP 2018. This reflects savings and actions taken by Council to counteract the effects of COVID-19.

Refer to the rating examples that follow for examples of what impacts ratepayers in each of the rating areas might expect in 2020/21.

FORECAST RATING UNITS AS AT 30 JUNE 2021

AS AT 30 JUNE 2021	LTP FORECAST 2020/21	ANNUAL PLAN 2020/21
Number of rating units	11,213	11,185

PROSPECTIVE FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

(All in \$000s)

	LONG TERM PLAN 2019/20	LONG TERM PLAN 2020/21	ANNUAL PLAN 2020/21
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	4,943	5,095	2,710
Targeted rates	21,901	22,635	24,664
Subsidies and grants for operating purposes	3,783	4,020	3,787
Fees and charges	3,058	3,180	863
Interest and dividends from investments	1,264	1,286	778
Fuel tax, infringement fees and other receipts	1,742	1,776	4,566
TOTAL SOURCES OF OPERATING FUNDING	36,692	37,993	37,368
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	27,687	27,480	27,093
Finance Costs	474	697	568
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	28,161	28,177	27,661
SURPLUS (DEFICIT) OF OPERATING FUNDING	8,530	9,815	9,707

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PROSPECTIVE FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

(All in \$000s)

	LONG TERM PLAN 2019/20	LONG TERM PLAN 2020/21	ANNUAL PLAN 2020/21
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	6,639	5,452	6,388
Development and financial contributions	0	0	0
Increases in debt	9,300	7,500	20,000
(Debt repayments)	(310)	(720)	(1,552)
Gross proceeds from sale of development property	500	0	900
Lump sum contributions	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	16,129	12,231	25,736
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	0	75	791
Capital expenditure to improve level of service	7,813	6,716	14,871
Capital expenditure to replace existing assets	16,241	15,074	20,250
Increase (decrease) in reserves	168	(264)	371
Increase (decrease) in investments	438	446	(840)
TOTAL APPLICATIONS OF CAPITAL FUNDING	24,660	22,047	35,443
Surplus (deficit) of capital funding	(8,531)	(9,817)	(9,707)
FUNDING BALANCE	0	0	0

DETAILED DESCRIPTION OF RATE FUNDING MECHANISMS

PROPOSED RATES TO BE SET FOR THE YEAR COMMENCING 1 JULY 2020 AND ENDING 30 JUNE 2021
ALL MONETARY VALUES DISCLOSED ARE INCLUSIVE OF GST.

DEFINITIONS

UAGC - A' Uniform Annual General Charge'

is a rate set at a fixed amount across the district and which every rateable SUIP pays.

SUIP -A 'separately used or inhabited part of a rating unit' includes any part or parts of a rating unit that can be separately used or inhabited in addition to the principal habitation or use.

'On demand' water supply - A supply which is available on demand directly from the point of supply subject to the agreed level of service.

'Restricted' water supply - A type of water supply connection where a small flow is supplied through a flow control device, and storage is provided by the customer to cater for the customer's demand fluctuations.

The Council is not inviting lump sum contributions in respect of any targeted rates.

COMMUNITY LEADERSHIP

Community Board Targeted Rate

	FIXED CHARGE (\$) PER SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
West Otago Community Board	67.70	83,700
Lawrence/Tuapeka Community Board	121.40	118,100
TOTAL		201,800

COMMUNITY BOARDS

Council has set 'Community Board' rates to fund the cost of its two community boards and local projects within the community board. The rates are set as a fixed charge per rateable separately used or inhabited part of a rating unit (SUIP) within each

community board area as per the table above:

WEST OTAGO HEALTH TRUST

Council has set a targeted rate per rateable separately used or inhabited part of a rating unit (SUIP) for those within the West Otago Health Trust service

catchment area, which mirrors the West Otago Community Board boundaries. The rate is set to fund repayment of loans taken out for Council's grant to West Otago Health for the construction of their facility in Tapanui. The rate is set as a fixed charge of \$72.70 per SUIP. The total amount to be collected is \$90,700.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Continues from
previous page

ACTIVITY	AMOUNT (\$) PER UAGC	TOTAL AMOUNT TO BE COLLECTED (\$)
Council	112.70	1,201,800
Community support	38.60	411,000
Economic development	79.60	848,200
Culture and heritage	22.80	242,600
District wide main street	6.80	71,700
Parks, reserves, sportsgrounds and playgrounds	51.00	543,800
Halls & community centres	23.50	250,800
Swimming pools	70.30	749,400
I-Site	24.00	255,900
Service Centres & Libraries	147.90	1,575,900
Cross Recreation Centre	9.90	105,400
Animal Control	7.00	74,100
Civil defence & emergency services	15.90	169,400
Cemeteries	19.10	203,400
Public conveniences	26.40	281,600
Environmental health	15.10	160,800
Rural fire	0.50	5,200
Waste minimisation	7.60	81,400
SUB TOTAL	678.70	7,232,400
Income		
Property	21.10	225,100
General - Petrol Tax and Investment Income	145.80	1,553,300
Other income	19.70	209,900
SUB TOTAL	186.60	1,988,300
TOTAL	492.10	5,244,100

Council has set a 'UAGC' of \$492.10 on each rateable separately used or inhabited part of a rating unit (SUIP) in the district.

The amount to be collected is \$5,244,100.

The activities that the UAGC is used to fund, as well as the income sources that offset the UAGC, are outlined to the left.

DISTRICT ROADING

Council has set a 'District Roding' rate on every rateable rating unit in the district. The rate is 0.041563 cents per \$1 of capital value and funds approximately 37% of Councils share of the cost of providing operating and managing the local roading network, including roads, bridges, streetscapes and footpaths.

The amount to be collected is \$3,345,700.

LOCAL ROADING

Council has set 'Local Roding' Rates on every rateable rating unit in the district. This rate funds approximately 63% of Council's share of roading costs, including construction and maintenance of roads and footpaths within a locality/rating area. The rates include a fixed charge and land value based component. The fixed charge component will be charged per SUIP and will be differentiated based on location and level of service, with the urban fixed charge being higher due to additional sealing in urban areas. The land value component will be differentiated based on location.

The amount to be collected is \$5,696,600.

NEW FOOTPATHS

Council has set 'New Footpath Rates' to fund repayment of loans taken out to provide new footpaths. The total to be collected is \$226,500.

The rates are set as a fixed charge per separately used or inhabited part of a rating unit (SUIP) in each local roading rating area as per the table to the right:

LOCAL ROADING TARGETED RATE

	TARGETED FIXED CHARGE (\$) PER SUIP	CENTS PER \$ OF LAND VALUE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	70.40	0.17402	421,000
Clinton	70.40	0.82329	40,500
Heriot	70.40	0.23936	7,100
Kaitangata	70.40	0.76445	115,300
Kaka Point	70.40	0.07924	46,900
Lawrence	70.40	0.25563	72,600
Milton	70.40	0.15990	164,100
Owaka	70.40	0.41326	42,300
Papatowai	70.40	0.06466	13,600
Pounawea	70.40	0.09398	14,000
Stirling	70.40	0.25062	30,700
Taieri Mouth	70.40	0.08584	42,200
Tapanui	70.40	0.39316	62,900
Waihola	70.40	0.05547	31,100
Rural	57.50	0.08597	4,592,300
TOTAL			5,696,600

NEW FOOTPATHS TARGETED RATES

	FIXED CHARGE (\$) PER SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	47.70	105,600
Clinton	15.20	2,800
Kaitangata	18.20	7,900
Kaka Point	28.30	8,100
Lawrence	13.70	5,100
Milton	72.10	79,400
Owaka	42.70	8,600
Stirling	24.50	3,700
Tapanui	11.30	5,300
TOTAL		226,500

URBAN WATER SUPPLY

This rate funds the provision of reticulated potable water supplies to urban areas.

Council has set a targeted rate for customers who receive potable water from an 'on demand' supply and a targeted rate for customers who receive potable water from a 'restricted' supply.

These rates will be set up as a fixed charge per SUIP.

These rates will be differentiated based on whether the SUIP is connected to the service, or is available but the SUIP is not actually connected i.e. serviceable SUIP (50% of the fixed charge per connected SUIP).

The final determination of these rates will also include operating and capital costs for the water supply activity.

On demand water rates will be charged for each serviced or serviceable SUIP to an unrestricted water supply.

Restricted water rates will be charged to a serviced or serviceable SUIP where a small flow is supplied through a flow control device, and storage is provided by the customer to cater for the customer's demand fluctuations.

The restricted rate will be set at 85% of the on demand rate.

The total amount to be collected is \$3,657,300.

The rate for each scheme is shown in the table below:

URBAN WATER SUPPLY TARGETED RATE

	FIXED CHARGE (\$) PER SERVICED SUIP	FIXED CHARGE (\$) PER SERVICEABLE SUIP	SCHEME TYPE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	646.40	323.20	On-demand	1,463,800
Benhar	646.40	N/A	On-demand	33,600
Clinton	549.50	274.75	Restricted	99,200
Kaitangata	646.40	323.20	On-demand	284,400
Kaka Point	549.50	274.75	Restricted	142,000
Lawrence	646.40	323.20	On-demand	246,000
Milton	646.40	323.20	On-demand	684,200
Owaka	549.50	274.75	Restricted	134,600
Stirling	646.40	323.20	On-demand	102,500
Tapanui	646.40	323.20	On-demand	329,400
Waihola	549.50	274.75	Restricted	137,600
TOTAL				3,657,300

RURAL WATER SCHEMES

Council has set 'Rural Water Scheme' rates to fund the operation, maintenance and capital expenditure for individual rural water schemes areas that are primarily for stock but also for domestic consumption. The total amount to be collected is \$5,524,300. The rates are set as a fixed charge for each unit (one m3 of water per day) of water supplied, as per the table to the right:

SEWERAGE UPGRADE SUPPORT

Council has set a 'District Sewerage Upgrade Support' rate on every rateable rating unit in the district. This will be used to fund 10% of capital costs of treatment upgrades, investigations into establishing new sewerage schemes and reticulation extensions and improving sewage disposal from existing systems. The rate is 0.001691 cents per\$1 of capital value. The amount to be collected is \$136,000.

SEWERAGE

This rate funds the provision of sewerage reticulation and treatment facilities.

Council has set a targeted uniform sewerage rate for each separately used or inhabited part of a rating unit (SUIP) that is either connected to one of the following schemes, or for which a connection is available.

These rates will be differentiated based on whether the SUIP is connected to the service, or is available but the SUIP is not actually connected i.e. serviceable SUIP (50% of the fixed charge per connected SUIP).

The total amount to be collected is \$ 2,730,100.

The rate for each scheme is shown in the table to the right:

RURAL WATER SCHEME TARGETED RATES

	FIXED CHARGE (\$) PER UNIT SUPPLIED	TOTAL AMOUNT TO BE COLLECTED (\$)
Balmoral 1	339.20	257,100
Balmoral 2	322.00	507,800
Clydevale/Pomahaka	377.20	881,900
Glenkenich	309.30	633,500
Moa Flat	219.60	573,300
North Bruce	288.60	555,900
Richardson	311.40	781,700
South Bruce	184.00	282,800
Tuapeka	404.80	653,800
Waipahi	244.90	203,600
Wangaloa	464.70	192,900
TOTAL		5,524,300

SEWERAGE TARGETED RATE

	FIXED CHARGE (\$) PER SERVICED SUIP	FIXED CHARGE (\$) PER SERVICEABLE SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha (including Benhar)	480.00	240.00	1,088,900
Clinton	480.00	240.00	87,600
Heriot	480.00	N/A	36,500
Kaitangata	480.00	240.00	191,800
Kaka Point	480.00	240.00	125,800
Lawrence	480.00	240.00	164,900
Milton (including Tokoiti)	480.00	240.00	519,600
Owaka (including Pounaweia)	480.00	240.00	111,800
Stirling	480.00	240.00	70,600
Tapanui	480.00	240.00	223,200
Waihola	480.00	240.00	109,400
TOTAL			2,730,100

SEWERAGE LOAN RATES

Council has set 'Sewerage Loan' rates to repay loans taken out to fund the capital cost of certain sewerage schemes. The rates are set as an amount for each separately used or inhabited part of a rating unit (SUIP) that is "serviced", i.e. connected to one of the following schemes, that did not elect to make a lump sum contribution.

The total amount to be collected is \$48,200. The rate for each scheme is shown in the table to the right:

STORMWATER

This rate is for the provision of stormwater reticulation and minor stormwater works.

Council has set targeted stormwater rates for each separately used or inhabited part of a rating unit (SUIP) that is either provided with a full stormwater service, or for which a limited service is available (50% of full service charge).

The total amount to be collected is \$913,000. The rate for each scheme is shown in the table to the right:

SEWERAGE CAPITAL TARGETED LOAN RATES

	AREA A	AREA B	
	FIXED CHARGE (\$) PER SERVICED SUIP	FIXED CHARGE (\$) PER SERVICED SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Benhar	894.00	814.00	32,900
Tokoiti	745.00	589.00	15,300
TOTAL			48,200

STORMWATER TARGETED RATE

	FIXED CHARGE (\$) PER FULL SERVICED SUIP	FIXED CHARGE (\$) PER LIMITED SERVICED SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	159.00	79.50	344,400
Clinton	159.00	79.50	28,700
Heriot	159.00	79.50	11,200
Kaitangata	159.00	79.50	65,500
Kaka Point	159.00	79.50	40,900
Lawrence	159.00	79.50	52,000
Milton	159.00	79.50	155,200
Owaka	159.00	79.50	32,400
Pounawea	159.00	79.50	15,000
Stirling	159.00	79.50	23,000
Taieri Mouth	159.00	79.50	37,000
Tapanui	159.00	79.50	70,600
Waiholā	159.00	79.50	37,100
TOTAL			913,000

COMMUNITY FACILITIES

Council has set 'Community Facilities' targeted rates on all rateable rating units in the district. These rates are used to fund approximately 50% of swimming pools, halls, community centres, parks, reserves, sportsgrounds, playgrounds, Cross Recreation Centre, and approximately 80% of the local share of main street improvements.

The amount to be collected is \$1,695,200.

The rates are set as a fixed charge per SUIP and is based on location and the facilities within each Community rating area areas. The charges are per the table to the right:

Community Facilities Targeted Rates

COMMUNITY RATING AREA	FIXED CHARGE PER SUIP (\$)	TOTAL AMOUNT TO BE COLLECTED (\$)
Bruce	123.90	324,400
Catlins	42.20	39,400
Clinton	64.60	38,200
Lawrence Tuapeka	87.40	77,900
Lower Clutha	261.40	1,173,200
West Otago	35.20	42,100
TOTAL		1,695,200

SOLID WASTE MANAGEMENT

A 'Waste Management' rate has been set to fund waste collection and disposal services. This rate is set as a fixed charge of \$134.80 per pair of wheelie bins provided to each SUIP.

The amount to be collected is \$ 834,200 .

DISTRICT-WIDE FACILITIES

Council has set a 'District-wide Facilities' rate on every rateable rating unit in the district. This will fund approximately 50% of the costs of public toilets. The rate is 0.003513 cents per \$1 of capital value.

The amount to be collected is \$281,600.

PLANNING/REGULATORY

Council has set a 'Planning/Regulatory' rate on every rateable rating unit in the district. This will part-fund resource management, building control, compliance and liquor licensing. The rate is 0.010984 cents per \$1 of capital value.

The amount to be collected is \$884,200.

VOLUNTARY TARGETED RATE SCHEMES

Council sets targeted rates for rating units in the Clutha District which are part of a Voluntary Targeted Rating Scheme. These schemes provide a way for ratepayers in the Clutha District to pay for the cost of additional services provided specifically to them.

These voluntary targeted rates are subject to an agreement between the ratepayer and Council, and

the application of a specified interest rate (currently 2.5%), over a specified timeframe (currently between 3 to 5 years).

The rate is set as a targeted rate for each rating unit in the Clutha District Voluntary Targeted Rate Scheme. As at 1 July 2020 specific schemes and amounts to be collected are:

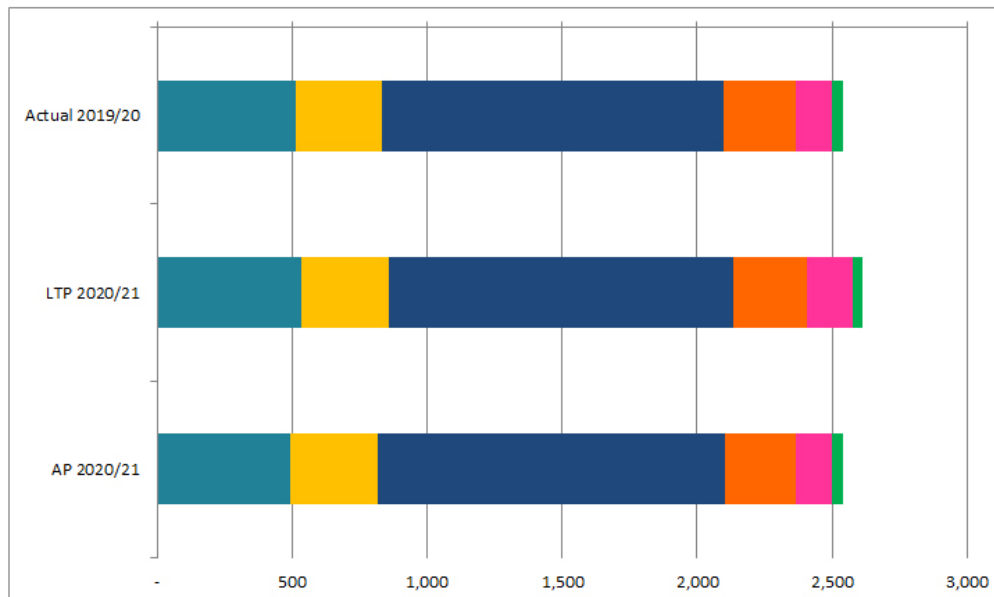
VOLUNTARY TARGETED RATE	TOTAL AMOUNT TO BE COLLECTED (\$)
Dust Suppression	21,231
Warm Air Clean Homes	126,277
Cosy Homes	11,741
Sewerage Connection	3,327
Total	162,576

RATING EXAMPLES

RATES EXAMPLE - BALCLUTHA

Residential - Balclutha

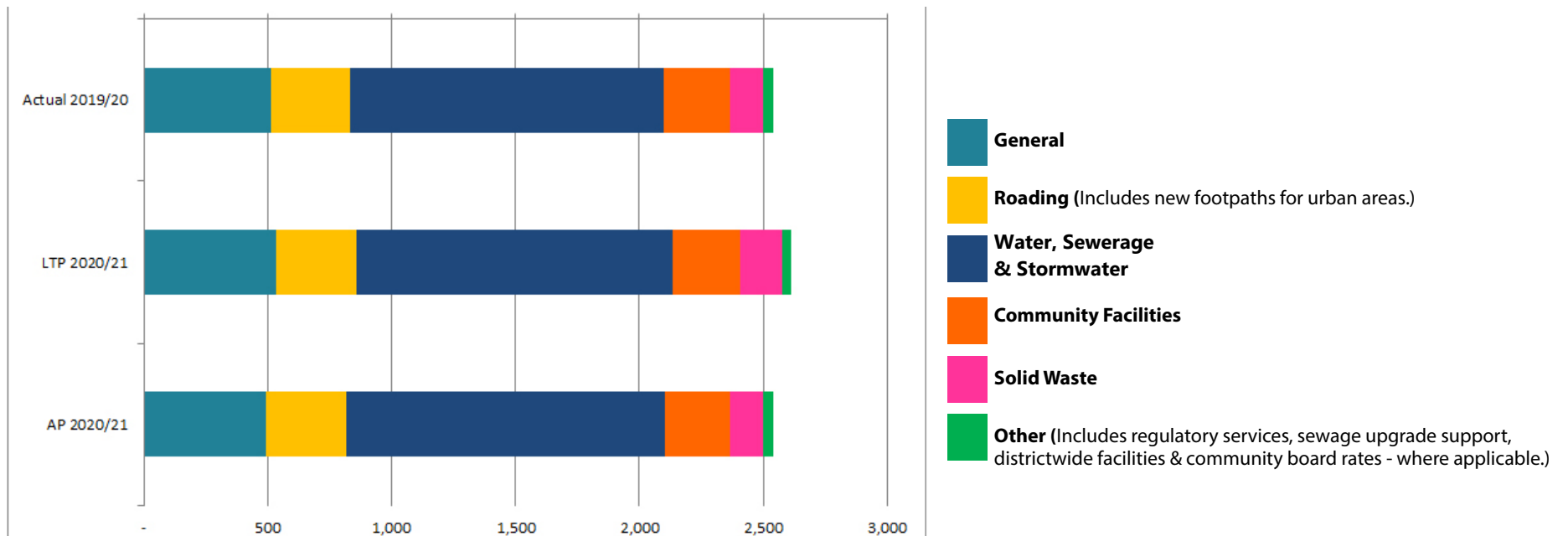
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 62,000			
Capital Value 240,000			
General (UAGC)	512	533	492
Roading	318	324	326
Water, Sewerage & Stormwater	1,268	1,279	1,285
Community Facilities	269	273	261
Solid Waste	134	165	135
Other	37	38	39
TOTAL	\$2,538	\$2,611	\$2,538



- General**
- Rooding** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

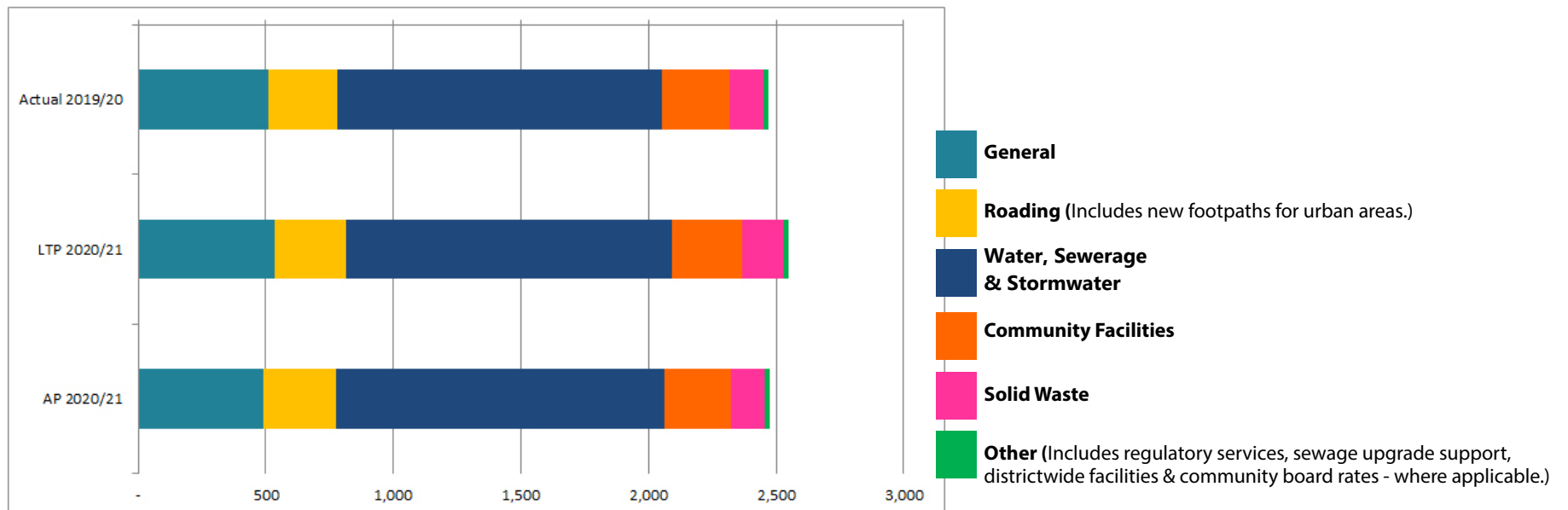
RATES EXAMPLE - CLINTON

Residential - Clinton	2019/20	2020/21	2020/21
Land Value 9,000	(ACTUAL)	(LTP FORECAST)	(AP FORECAST)
Capital Value 90,000			
GENERAL (UAGC)	512	533	492
ROADING	187	214	197
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,188
COMMUNITY FACILITIES	64	88	65
SOLID WASTE	134	165	135
OTHER	14	14	15
TOTAL	\$2,083	\$2,199	\$2,092



RATES EXAMPLE - KAITANGATA

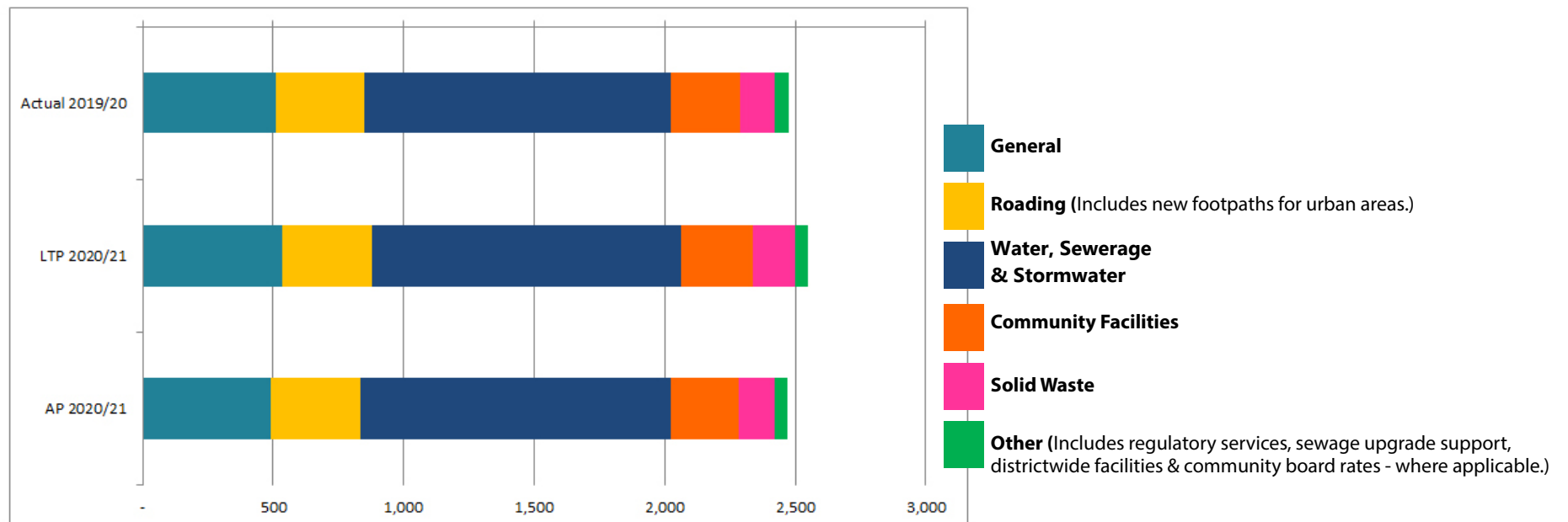
Residential - Kaitangata			
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 20,000			
Capital Value 101,000			
GENERAL (UAGC)	512	533	492
ROADING	271	282	283
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,285
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	134	165	135
OTHER	16	16	16
TOTAL	\$2,469	\$2,547	\$2,473



RATES EXAMPLE - KAKA POINT

Residential - Kaka Point

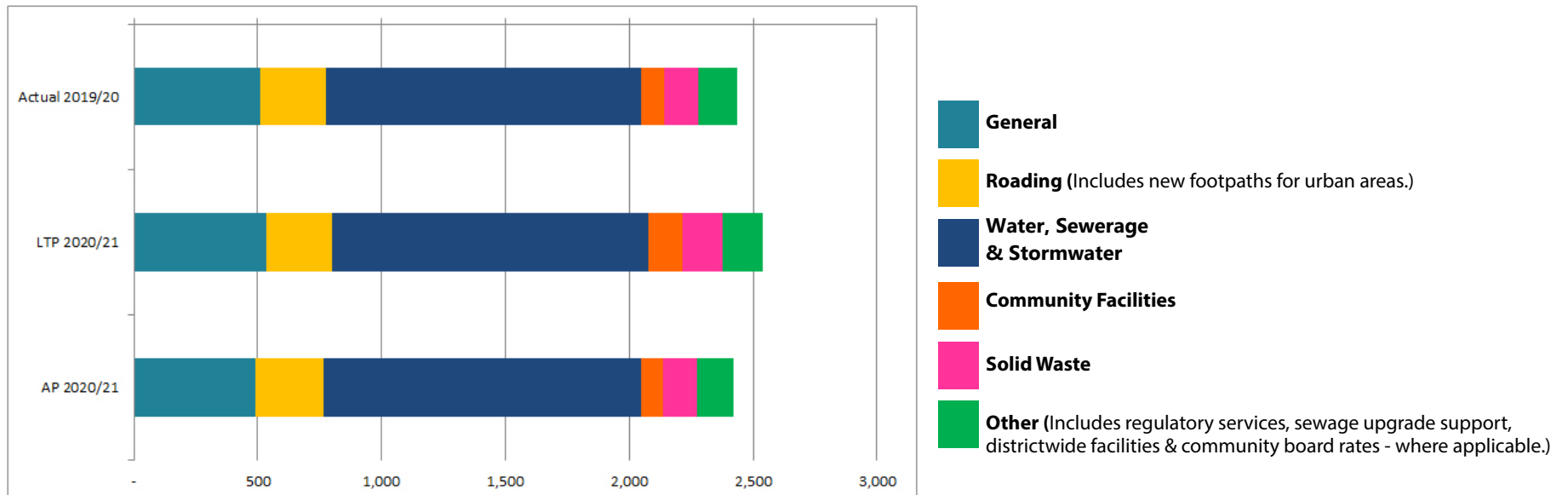
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 140,000			
Capital Value 320,000			
GENERAL (UAGC)	512	533	492
ROADING	337	345	343
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,188
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	134	165	135
OTHER	50	50	52
TOTAL	\$2,473	\$2,551	\$2,471



RATES EXAMPLE - LAWRENCE

Residential - Lawrence

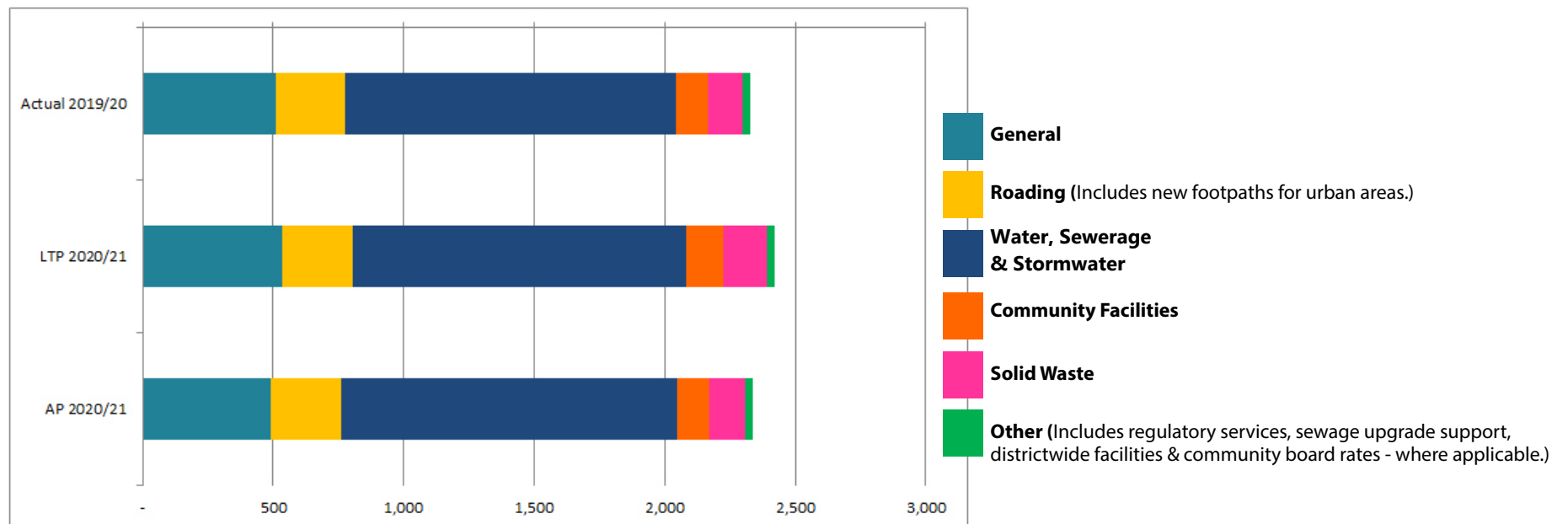
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 46,000			
Capital Value 170,000			
GENERAL (UAGC)	512	533	492
ROADING	266	267	272
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,285
COMMUNITY FACILITIES	98	135	87
SOLID WASTE	134	165	135
OTHER	158	162	149
TOTAL	\$2,435	\$2,541	\$2,421



RATES EXAMPLE - MILTON

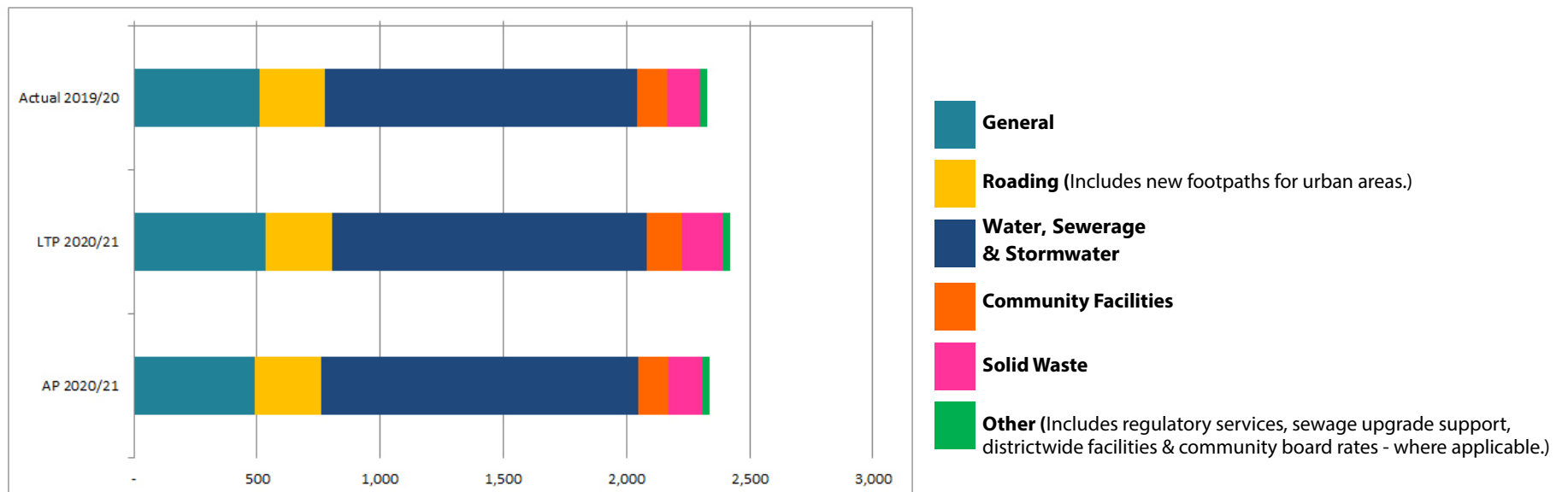
Residential - Milton

	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 30,000			
Capital Value 195,000			
GENERAL (UAGC)	512	533	492
ROADING	261	271	272
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,285
COMMUNITY FACILITIES	123	143	124
SOLID WASTE	134	165	135
OTHER	30	31	32
TOTAL	\$2,329	\$2,421	\$2,339



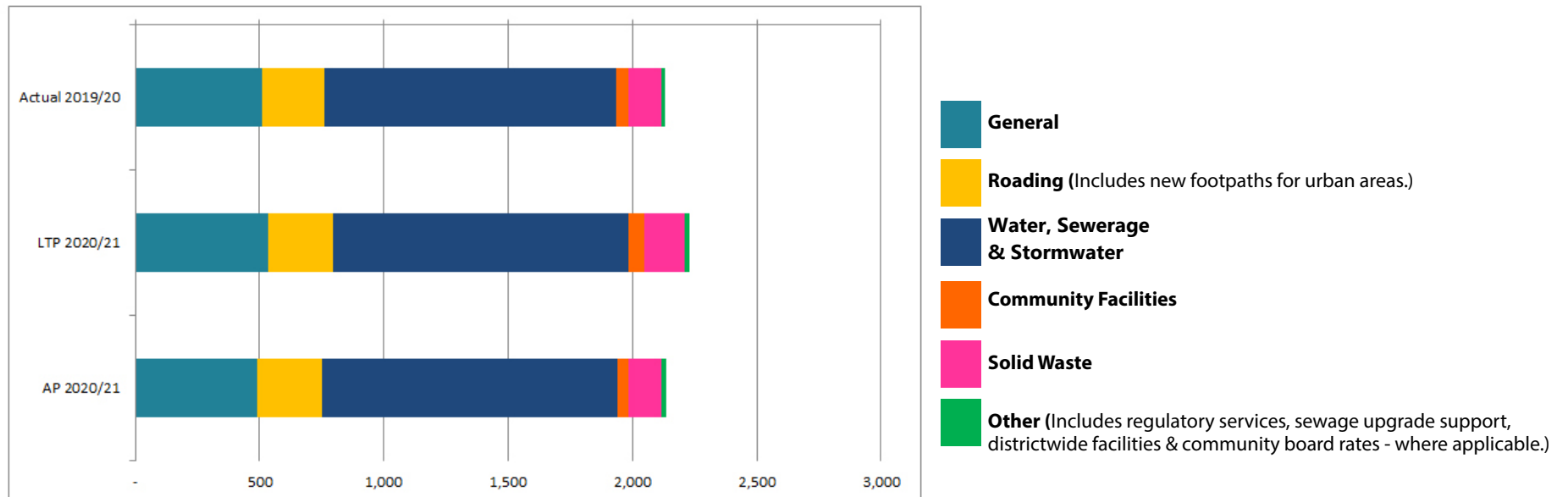
RATES EXAMPLE - OWAKA

Residential - Owaka			
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 25,000			
Capital Value 105,000			
GENERAL (UAGC)	512	533	492
ROADING	251	265	260
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,188
COMMUNITY FACILITIES	47	63	42
SOLID WASTE	134	165	135
OTHER	16	16	17
TOTAL	\$2,132	\$2,228	\$2,134



RATES EXAMPLE - STIRLING

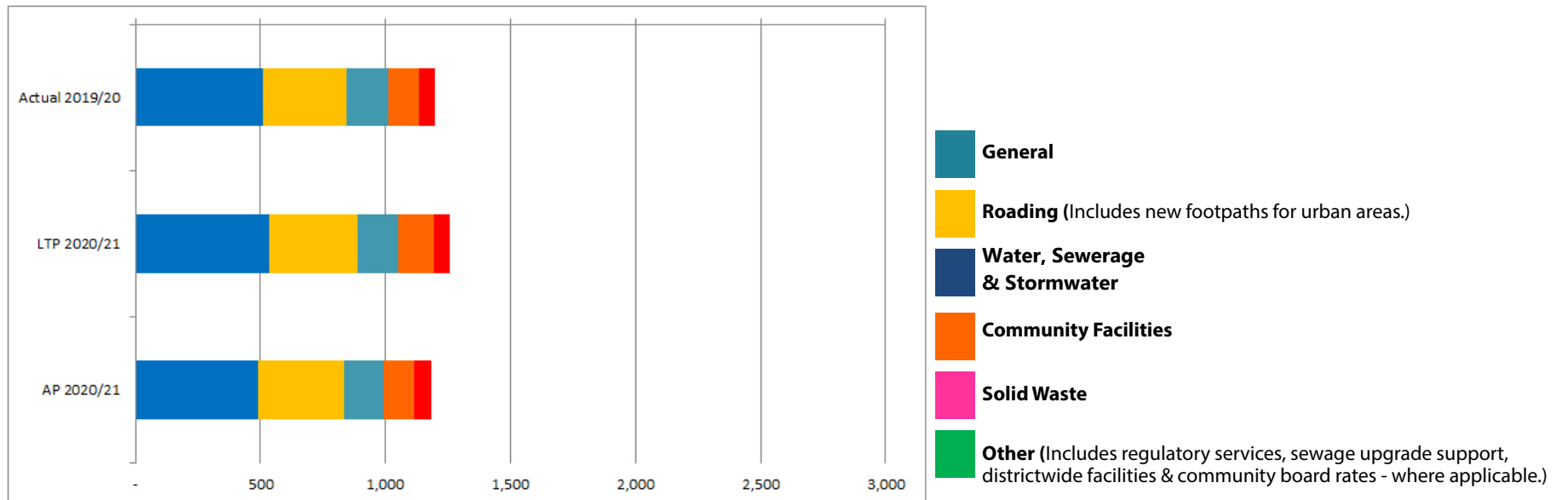
Residential - Stirling			
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 50,000			
Capital Value 260,000			
GENERAL (UAGC)	512	533	492
ROADING	320	323	328
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,285
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	134	165	135
OTHER	41	41	42
TOTAL	\$2,543	\$2,614	\$2,544



RATES EXAMPLE - TAIERI MOUTH

Residential - Taieri Mouth

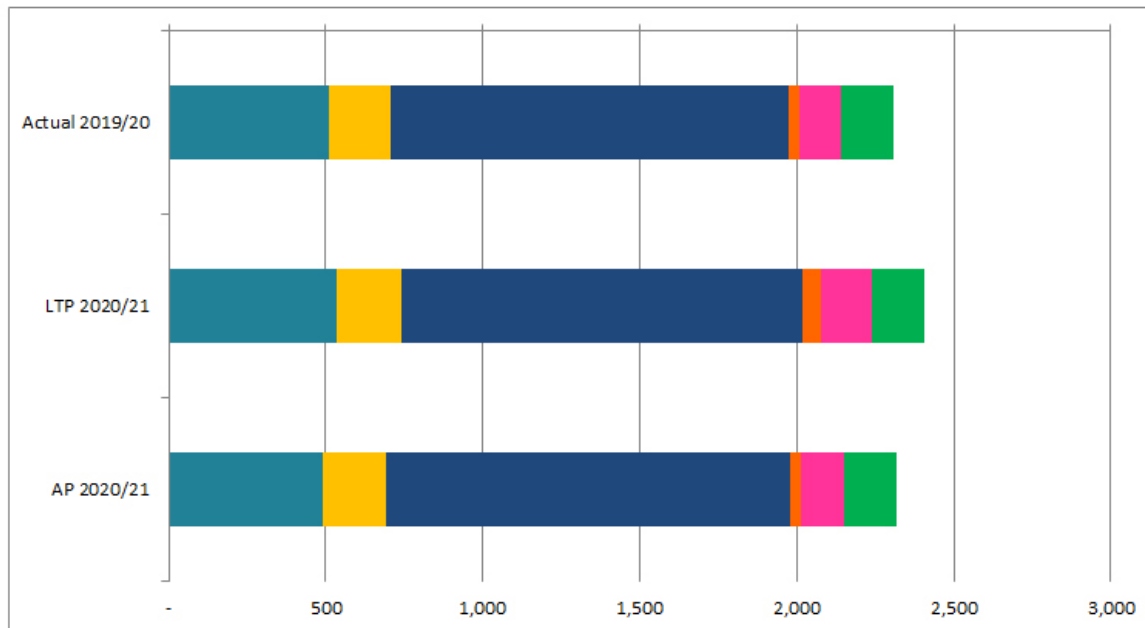
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 113,000			
Capital Value 420,000			
GENERAL (UAGC)	512	533	492
ROADING	334	354	342
WATER, SEWERAGE & STORMWATER	166	163	159
COMMUNITY FACILITIES	123	143	124
SOLID WASTE	-	-	-
OTHER	66	66	68
TOTAL	\$1,200	\$1,259	\$1,185



RATES EXAMPLE - TAPANUI

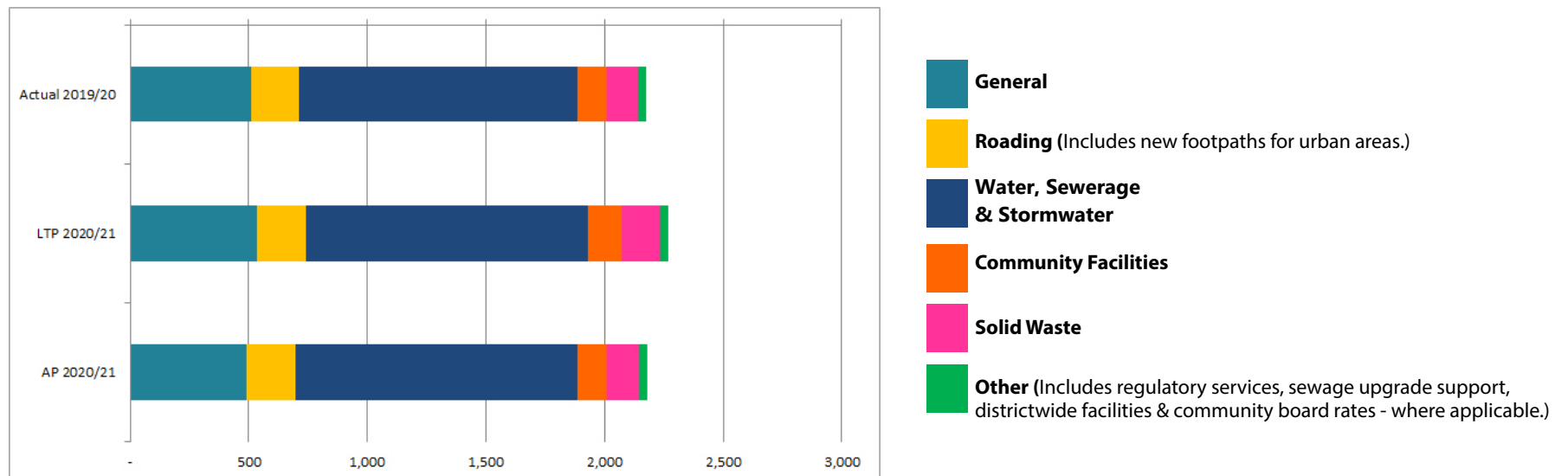
Residential - Tapanui

	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 12,000			
Capital Value 175,000			
GENERAL (UAGC)	512	533	492
ROADING	194	208	202
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,285
COMMUNITY FACILITIES	35	56	35
SOLID WASTE	134	165	135
OTHER	164	166	169
TOTAL	\$2,307	\$2,407	\$2,318



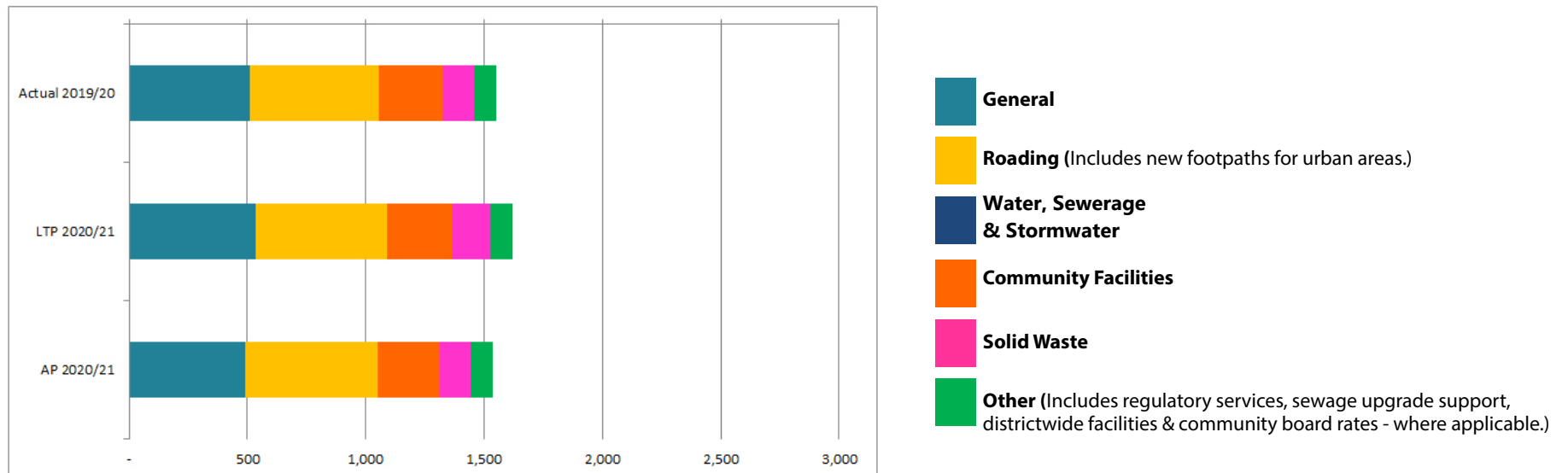
RATES EXAMPLE - WAIHOLA

Residential - Waihola	2019/20	2020/21	2020/21
Land Value 76,000	(ACTUAL)	(LTP FORECAST)	(AP FORECAST)
Capital Value 225,000			
GENERAL (UAGC)	512	533	492
ROADING	201	209	206
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,188
COMMUNITY FACILITIES	123	143	124
SOLID WASTE	134	165	135
OTHER	35	35	36
TOTAL	\$2,177	\$2,271	\$2,182



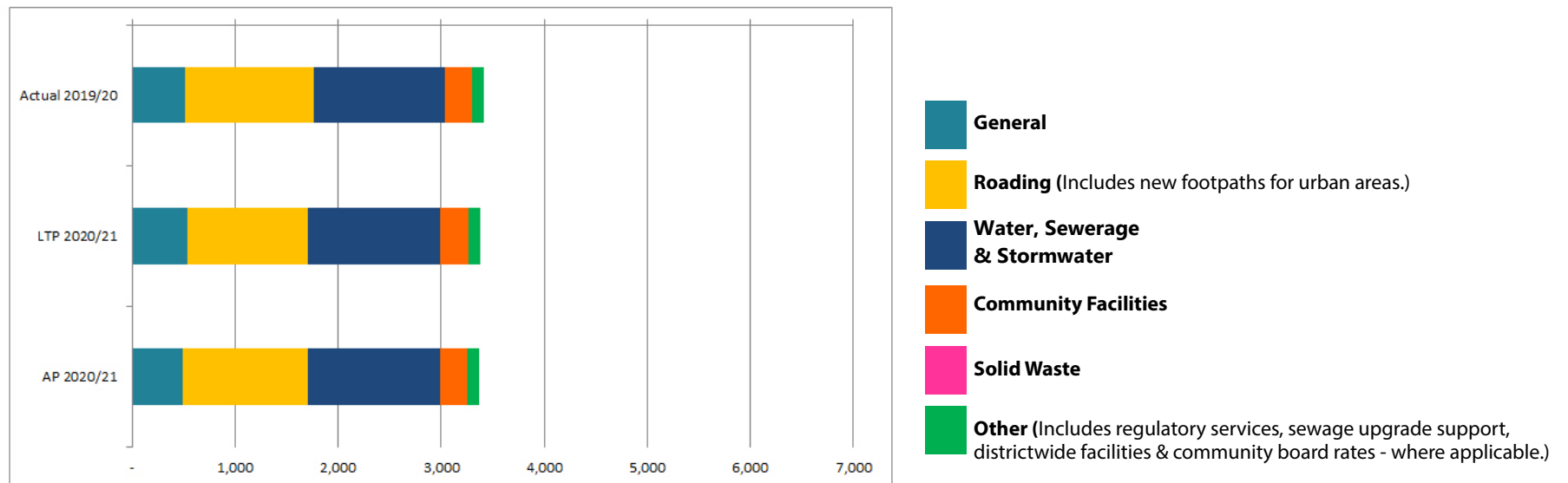
RATES EXAMPLE - LIFESTYLE

Lifestyle	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 300,000			
Capital Value 580,000			
GENERAL (UAGC)	512	533	492
ROADING	545	557	556
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	134	165	135
OTHER	91	91	94
TOTAL	\$1,550	\$1,619	\$1,539



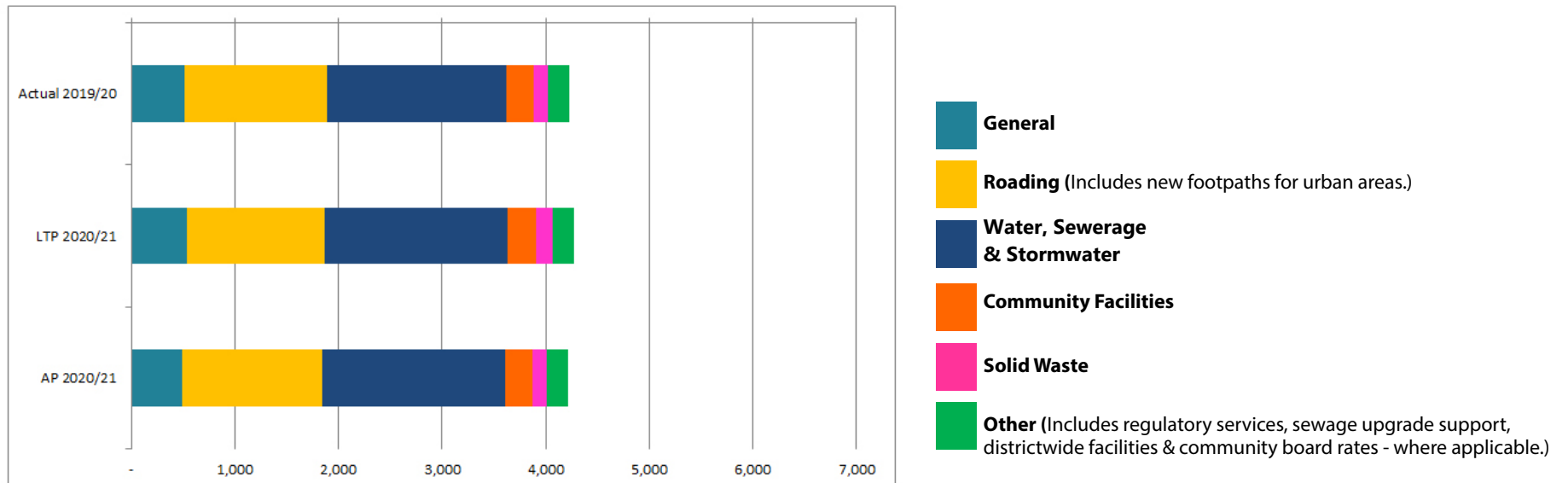
RATES EXAMPLE - COMMERCIAL

Commercial	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 485,000			
Capital Value 720,000			
GENERAL (UAGC)	512	533	492
ROADING	1,252	1,177	1,214
WATER, SEWERAGE &			
STORMWATER	1,268	1,279	1,285
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	-	-	-
OTHER	112	113	117
TOTAL	\$3,414	\$3,375	\$3,369



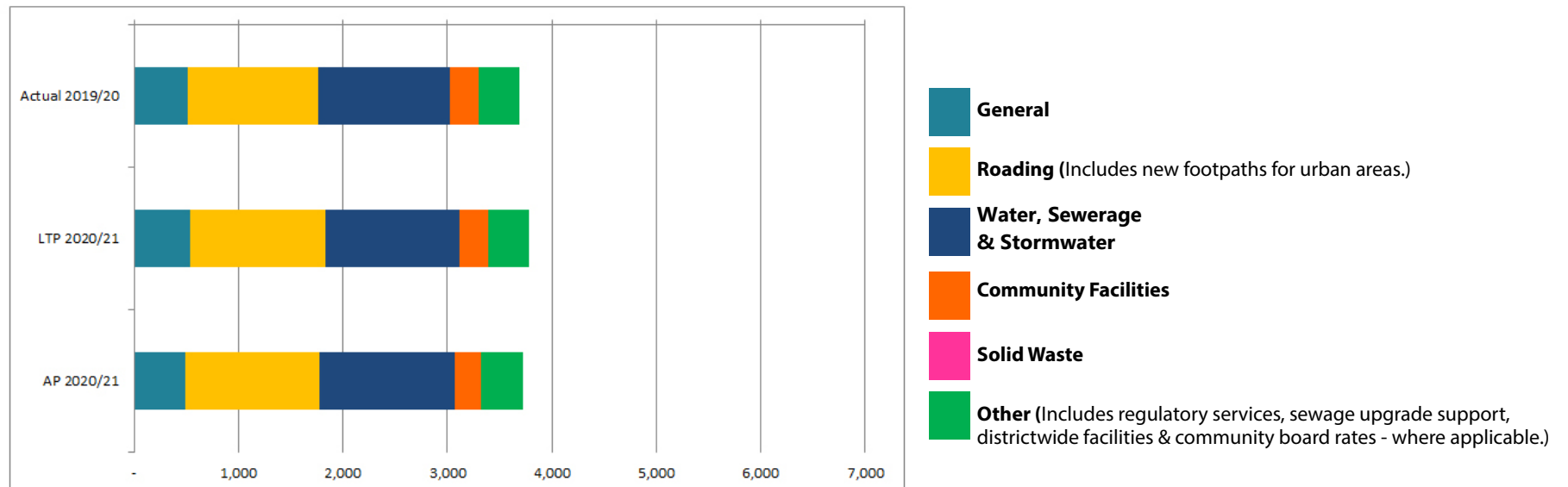
RATES EXAMPLE - INDUSTRIAL URBAN

Industrial - Urban	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 405,000			
Capital Value 1,280,000			
GENERAL (UAGC)	512	533	492
ROADING	1,379	1,330	1,355
WATER, SEWERAGE & STORMWATER	1,731	1,771	1,765
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	134	165	135
OTHER	200	201	207
TOTAL	\$4,224	\$4,273	\$4,216



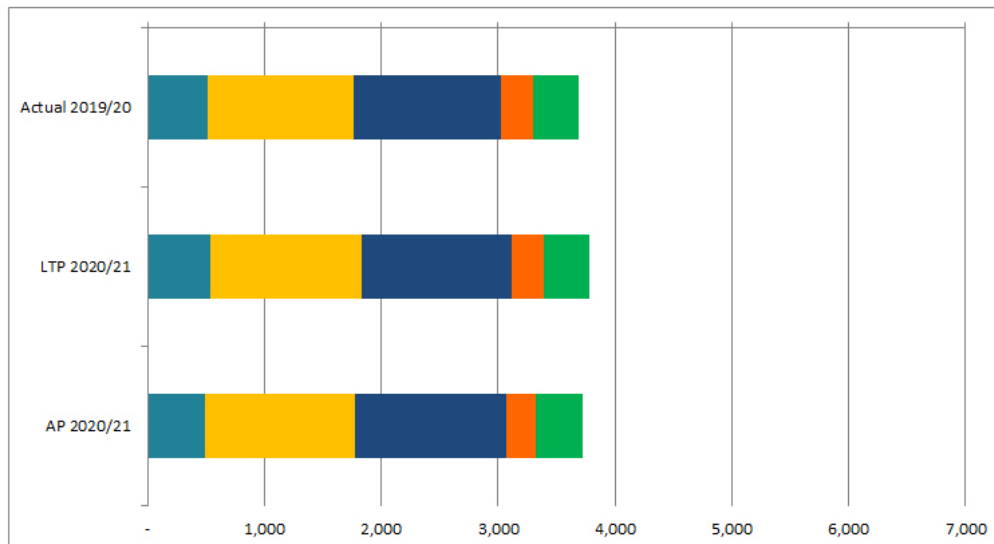
RATES EXAMPLE - INDUSTRIAL RURAL

Industrial - Rural	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 139,000			
Capital Value 2,469,000			
GENERAL (UAGC)	512	533	492
ROADING	1,251	1,306	1,288
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,285
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	-	-	-
OTHER	385	388	400
TOTAL	\$3,685	\$3,779	\$3,727



RATES EXAMPLE - RURAL DAIRY 1

Rural - Dairy 1	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 3,170,000			
Capital Value 3,800,000			
GENERAL (UAGC)	1,024	1,067	984
ROADING	4,317	4,407	4,420
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	-	-	-
OTHER	593	597	615
TOTAL	\$6,203	\$6,344	\$6,280

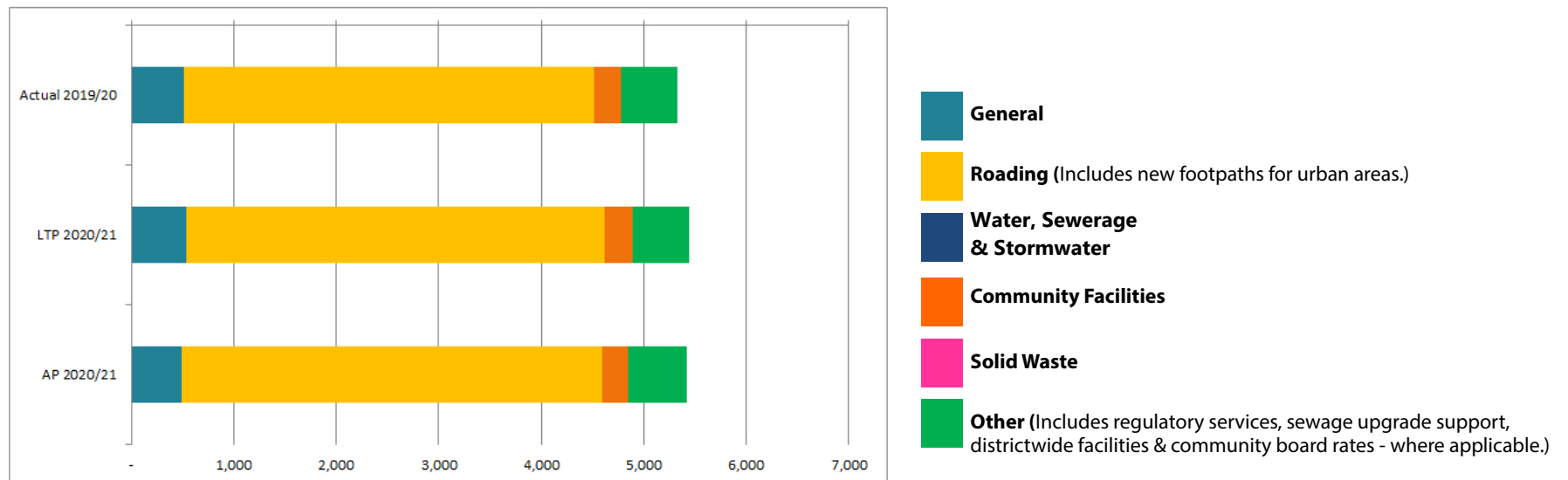


- General**
- Roading** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - RURAL SHEEP & BEEF 1

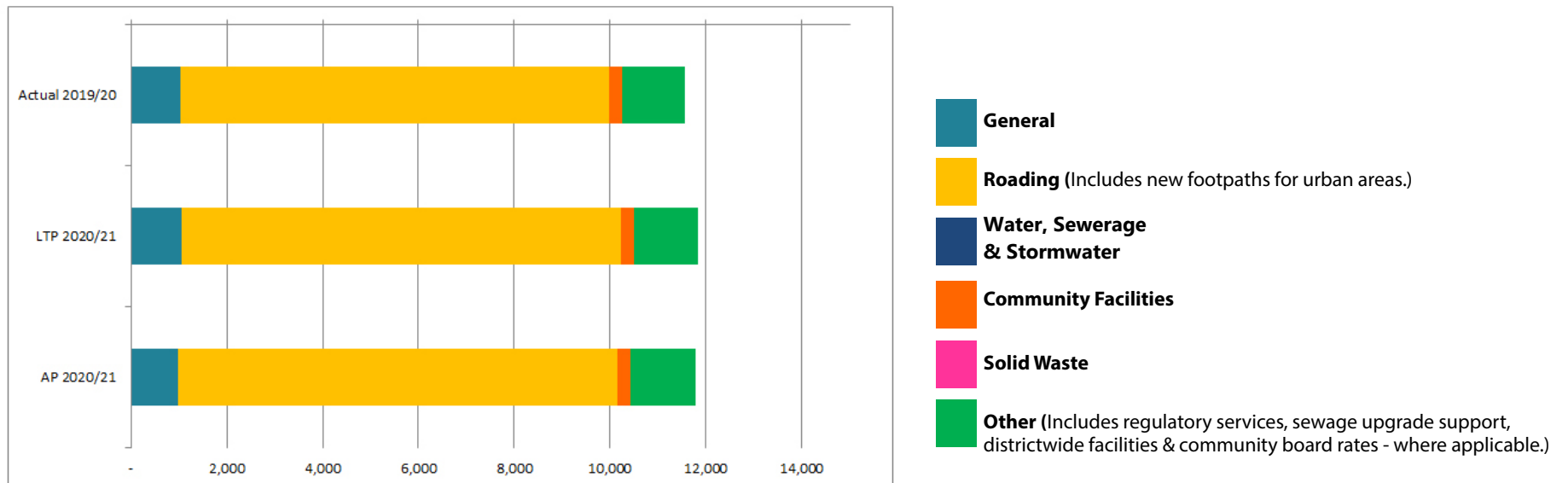
Rural - Sheep & Beef 1

	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value	3,010,000		
Capital Value	3,500,000		
GENERAL (UAGC)	512	533	492
ROADING	4,003	4,087	4,100
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	-	-	-
OTHER	546	550	567
TOTAL	\$5,330	\$5,443	\$5,420



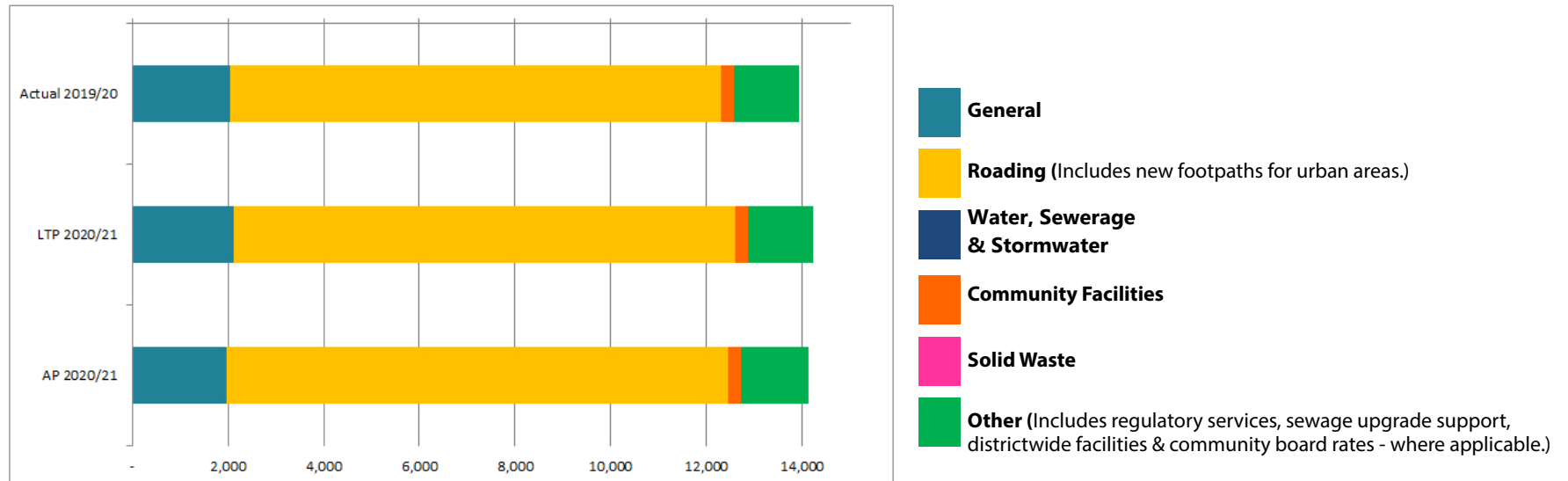
RATES EXAMPLE - RURAL DAIRY 2

Rural - Dairy 2	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 6,450,000			
Capital Value 8,450,000			
GENERAL (UAGC)	1,024	1,067	984
ROADING	8,957	9,151	9,172
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	-	-	-
OTHER	1,319	1,329	1,368
TOTAL	\$11,569	\$11,819	\$11,785



RATES EXAMPLE - RURAL SHEEP & BEEF 2

Rural - Sheep & Beef 2	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 7,700,000			
Capital Value 8,750,000			
GENERAL (UAGC)	2,049	2,134	1,968
ROADING	10,241	10,452	10,486
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	261
SOLID WASTE	-	-	-
OTHER	1,366	1,376	1,416
TOTAL	\$13,924	\$14,234	\$14,132



FINANCIAL STATEMENTS

*FIND OUT MORE IN THE LONG TERM PLAN 2018/28
SECTION 7 - FINANCIAL PAGES 261-295*



INTRODUCTION

THE PROSPECTIVE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE ON 11 JUNE 2020 BY THE COUNCIL OF THE CLUTHA DISTRICT COUNCIL.

THE COUNCIL IS RESPONSIBLE FOR THE PROSPECTIVE FINANCIAL STATEMENTS PRESENTED, INCLUDING THE APPROPRIATENESS OF THE ASSUMPTIONS UNDERLYING THE PROSPECTIVE FINANCIAL STATEMENTS AND ALL OTHER REQUIRED DISCLOSURES.

THE FINANCIAL INFORMATION CONTAINED IN THIS PLAN IS PROSPECTIVE FINANCIAL INFORMATION IN TERMS OF PBE FR 42 'PROSPECTIVE FINANCIAL STATEMENTS'; THE PURPOSE FOR WHICH IS TO ENABLE RATEPAYERS, RESIDENTS AND ALL INTERESTED PARTIES TO OBTAIN INFORMATION ABOUT THE EXPECTED FUTURE FINANCIAL PERFORMANCE, POSITION AND CASHFLOW OF COUNCIL.

*NO ACTUAL FINANCIAL RESULTS ARE INCORPORATED IN THE PROSPECTIVE FINANCIAL STATEMENTS.
IT IS NOT INTENDED TO UPDATE THE PROSPECTIVE FINANCIAL STATEMENTS SUBSEQUENT TO PRESENTATION.*

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Revenue			
Rates	26,844	27,730	27,374
Grants, Subsidies and Donations	10,617	9,670	10,175
Fees and User Charges	1,035	1,117	863
Permits and Licences	610	621	756
Other Fees	476	464	1,213
Rental Revenue	930	948	948
Interest Revenue	1,264	1,286	778
Other Revenue	9	9	429
Other Gains	1,547	1,599	1,219
Sale of Corporate and Development Property	0	0	0
TOTAL REVENUE	43,332	43,444	43,755

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PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Expenditure			
Grants, Contributions and Sponsorship	2,409	1,432	1,380
Other Operating Expenditure	12,101	12,596	12,538
Roading Repairs and Maintenance	6,379	6,540	5,952
Employee Benefits	6,765	6,879	7,648
Depreciation and Amortisation	12,951	14,285	13,213
Finance Costs - External Loan	474	697	568
Operating Lease Payment	0	0	0
Cost of Sales of Corporate and Development Property	0	0	0
TOTAL EXPENDITURE	41,079	42,429	41,299
SUPLUS FOR THE YEAR	2,253	1,015	2,456
Other Comprehensive Revenue and Expense			
Property, plant and equipment revaluations	83,722	0	0
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	85,975	1,015	2,456

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
ACCUMULATED FUNDS			
Opening Balance	246,066	251,157	224,150
Add Surplus for the Year	85,975	1,015	2,456
Transfer to Asset Revaluation Reserve	-83,722	0	0
Transfers to Reserves	2,838	2,556	5,069
Closing Balance	251,157	254,728	231,675
RESERVES			
Opening Balance	44,292	41,454	52,276
Transfers from Reserves	(2,838)	(2,555)	(5,071)
Closing Balance	41,454	38,899	47,205
ASSET REVALUATION RESERVE			
Opening Balance	744,208	827,930	827,930
Add Movement per PP&E Note	83,722	0	0
Closing Balance	827,930	827,930	827,930

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PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
OTHER			
Available for Sale Revaluation Reserve - Equity Securities	(25)	(25)	(25)
Trust Funds - Restricted	396	396	420
Closing Balance	371	371	395
EQUITY AT THE END OF THE YEAR	1,120,912	1,121,928	1,107,205

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Revenue			
Current Assets			
Cash and Cash Equivalents	542	279	746
Receivables and Prepayments	3,811	3,891	3,475
Inventory	1,020	1,040	0
Other Financial Assets	25,718	26,163	25,857
Development Property	0	0	1,300
Non-current Assets held for Sale	317	317	0
TOTAL CURRENT ASSETS	31,408	31,690	31,378
Non Current Assets			
Property, plant and equipment	1,110,137	1,117,718	1,109,690
Intangible assets	0	0	1,200
Other financial assets	52	52	152
TOTAL NON CURRENT ASSETS	1,110,189	1,117,770	1,111,042
TOTAL ASSETS	1,141,597	1,149,460	1,142,420

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PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Current Liabilities			
Payables and Accruals	4,899	4,470	6,883
Employee Entitlements	482	482	635
TOTAL CURRENT LIABILITIES	5,381	4,952	7,518
Non Current Liabilities			
Other Liabilities	14,554	21,830	26,917
Provisions	750	750	780
TOTAL NON CURRENT LIABILITIES	15,304	22,580	27,697
TOTAL LIABILITIES	20,685	27,532	35,215
NET ASSETS	1,120,912	1,121,928	1,107,205
Accumulated Funds	251,157	254,728	231,675
Reserves	869,755	867,200	875,530
TOTAL EQUITY	1,120,912	1,121,928	1,107,205
NET CURRENT ASSET POSITION	26,027	26,738	23,860

PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from customers, rates, grants and other services	42,067	42,359	42,976
Interest received	1,264	1,286	778
Payments to suppliers and employees	(28,162)	(28,377)	(27,659)
NET CASHFLOW FROM OPERATING ACTIVITIES	15,169	15,268	16,095
CASHFLOW FROM INVESTING ACTIVITIES			
Receipts from the sale of PP&E	0	0	0
Purchase of PP&E	(24,053)	(21,865)	(35,912)
(Acquisition) / sale of other financial assets	(438)	(446)	840
(Acquisition) / sale of development property	500	0	900
NET CASH FROM INVESTING ACTIVITIES	(23,991)	(22,311)	(34,172)

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PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	9,300	7,500	20,000
Repayment of borrowings	(310)	(720)	(1,552)
TOTAL CASHFLOW FROM FINANCING ACTIVITIES	8,990	6,780	18,448
Net increase (decrease) in cash and cash equivalents	168	(263)	371
Cash and cash equivalents at beginning of the year	374	542	375
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	542	279	746

PROSPECTIVE RECONCILIATION OF NON-EX- CHANGE & EXCHANGE REVENUE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Revenue from non-exchange transactions			
Rates	26,844	27,730	27,374
TOTAL NON - EXCHANGE REVENUE	26,844	27,730	27,374
Revenue from exchange transactions			
Grants, Subsidies and Donations	10,617	9,670	10,175
Fees and User Charges	1,035	1,117	863
Permits and Licences	610	621	756
Other Fees	476	464	1,213
Rental Revenue	930	948	948
Interest Revenue	1,264	1,286	778
Other Revenue	9	9	429
Other Gains	1,547	1,599	1,219
Sale of Corporate and Development Property	0	0	0
TOTAL EXCHANGE REVENUE	16,488	15,714	16,381
TOTAL REVENUE	43,332	43,444	43,755

PROSPECTIVE RECONCILIATION OF CASHFLOW TO COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	85,975	1,015	2,456
Add non-cash items			
Revaluation of Property, Plant and Equipment	(83,722)	0	0
Working Capital Inflation	(35)	(32)	426
Depreciations and Amortisation	12,951	14,285	13,213
Cost of Sales of Corporate and Development Property	0	0	0
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	15,169	15,268	16,095

PROSPECTIVE DEPRECIATION & AMORTISATION

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Buildings	383	390	495
Furniture and Equipment	576	576	296
Plant and Motor Vehicles	307	555	600
Library Books	130	130	106
Roads	8,506	9,256	8,595
Stormwater	315	351	301
Sewerage	861	991	966
Water	1,872	2,035	1,855
Computer Software			
PROSPECTIVE DEPRECIATION AND AMORTISATION	12,951	14,285	13,213

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Clutha District Council (“the Council or CDC”) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand. The relevant legislation governing the Council’s operations includes the LGA and the Local Government (Rating) Act 2002.

The Council’s principle address is 1 Rosebank Terrace, Balclutha, New Zealand. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with and comply with Tier 1 PBE standards. The financial statements are fully compliant with the requirements of PBE FRS 42.

PRESENTATION CURRENCY AND ROUNDING

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

GOODS AND SERVICES TAX

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

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

REVENUE ACCOUNTING POLICY

Revenue is measured at fair value. Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for Council in the statement of comprehensive revenue and expenditure, these transactions are eliminated. Council receives its revenue from exchange or non-exchange transactions.

Exchange transaction revenue arises when Council provides goods or services to a third party and directly receives approximately equal value in return.

Non-exchange transaction revenue arises when Council receives value from another party without giving approximately equal value directly in exchange for the value received. Non-exchange revenue comprises rates and transfer revenue.

Transfer revenue includes grants and subsidies and fees and user charges derived from activities that are partially funded by rates.

The specific accounting policies for significant revenue items are explained to the right:

Type	Recognition and measurement
	<p>The following policies for rates have been applied:</p> <ul style="list-style-type: none"> General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
Rates revenue	<ul style="list-style-type: none"> Rates arising from late payment penalties are recognised as revenue when rates become overdue. Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis. Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.
Grants	<p>Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied</p>
Financial contributions	<p>Financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.</p>
New Zealand Transport Agency roading subsidies	<p>Council receives funding assistance from the New Zealand Transport Agency (NZTA) which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.</p>
Vested or donated physical assets	<p>For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.</p> <p>For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.</p>
Infringement fees and fines	<p>When the infringement notice is issued.</p>

Interest revenue	Interest revenue is recognised using the effective interest method.
Dividend revenue	Dividends are recognised when the right to receive payment has been established.
Water and wastewater user charges	When invoiced or accrued in the case of unbilled services at fair value of cash received or receivable.
Sale of goods	Revenue from the sale of goods is recognised when a product is sold to the customer.
Sale of services	On a percentage of completion basis over the period of the service supplied.
Building and resource consent revenue	Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date. Partially refundable after administration and inspection fees if application is cancelled.
Licence and permit fees	On receipt of application as these are non-refundable.
Entrance fees	Entrance fees are fees charged to users of Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.
Landfill fees	Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.
Development Property	On earliest of either settlement, or unconditional sale and purchase agreement

OPERATING EXPENDITURE ACCOUNTING POLICIES

GRANTS AND SUBSIDIES

Council's grants awarded have no substantive conditions attached.

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

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have indefinite useful life are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, the Council estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is recognised in surplus or deficit in the statement of comprehensive revenue and expenditure for the amount by which the asset's carrying amount exceeds its recoverable amount.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of

expected future cash flows.

For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost (DRC).

Property, plant and equipment that is measured at fair value, is not required to be separately tested for impairment.

GROUP OF ACTIVITIES

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the period.

EMPLOYEE BENEFITS ACCOUNTING POLICY

Employee benefits for salaries and wages, annual leave, long service leave and other similar benefit are recognised as an expenditure and liability when they accrue to employees.

DEPRECIATION AND AMORTISATION ACCOUNTING POLICY

Depreciation is provided on all property, plant and equipment except for land, land under forests, road

formation and land under roads. Depreciation is calculated to write down the cost or revalued amount of the assets on a straight line basis over their useful economic lives.

Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight line basis over their useful economic lives.

FINANCE COSTS ACCOUNTING POLICY

Finance costs include interest expenditure, the unwinding of discounts on provisions and financial assets; and net realised losses on the early close-out of derivatives. Interest expenditure is recognised using the effective interest rate method. Interest expenditure includes the amortisation of borrowing costs recognised over the borrowing term. Borrowing costs are recognised as an expense in the financial year in which they are incurred.

NET GAINS AND LOSSES ACCOUNTING POLICY

Net other gains and losses on the sale of property plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that Council will receive the consideration due.

INCOME TAX ACCOUNTING POLICY

Council is exempt from income tax under the Income Tax Act 2007.

PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY

Property, plant and equipment consist of:

Operational Assets :

Land, buildings, furniture and equipment, plant and motor vehicles, land under forests and library books.

Infrastructural Assets:

Infrastructural assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function:

- Roads, bridges and lighting.
- Land under roads.
- Stormwater.
- Wastewater.
- Water.

Land (operational and restricted), buildings (operational and restricted), and library books are measured at cost less accumulated depreciation, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Restricted Assets:

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

REVALUATION

Infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenditure and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenditure but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

ADDITIONS

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

DISPOSALS

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the carrying value of the assets to their estimated residual values over their useful lives. The useful lives and associated. Depreciation rates of major classes of assets have been estimated as per table on the previous page.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

THE FOLLOWING ESTIMATED USEFUL LIVES ARE USED IN THE CALCULATION OF DEPRECIATION:

	YEARS	DEPRECIATION RATE
Operational Assets		
Land	n/a	Not depreciated
Buildings	40-50	2% - 2.5%
Furniture and Equipment	3-10	10% - 33.3%
Plant and Motor Vehicles	3-10	10% - 33.3%
Land Under Forest	n/a	Not depreciated
Library Books	7	14.3%
Infrastructural Assets		
Roads - Formation	n/a	Not depreciated
Roads - Pavement (Sealed)	2-100	1%-50%
Roads - Pavement (Unsealed)	35-100	1%-2.86%
Roads - Other Roading Assets	20-150	0.6%-5%
Roads - Other	10-50	2%-10%
Roads - Bridges	50-150	0.6%-2%
Land Under Roads	n/a	Not depreciated
Stormwater	20-100	1-5%
Wastewater	20-100	1-5%
Water	20-100	1-5%
Restricted Assets		
Reserves	Not applicable	Not applicable
Endowments	Not applicable	Not applicable
Other	Not applicable	Not applicable

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as 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 surplus or deficit.

From the 30 June 2017 year onwards, Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. Council can therefore impair a revalued asset without having to revalue the entire class of asset to which the asset belongs.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expenditure and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

VALUE IN USE FOR CASH-GENERATING ASSETS

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

INTANGIBLE ASSETS ACCOUNTING POLICY

SOFTWARE ACQUISITION AND DEVELOPMENT

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

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are

recognised as an expense when incurred.

Costs associated with development and maintenance of Council's website 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 the date that the asset is derecognised.

The amortisation charge for each financial year is recognised in the surplus or deficit.

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

Computer software	3 to 5 years	20% to 33.3%
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IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

BORROWINGS ACCOUNTING POLICY

Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

FINANCIAL INSTRUMENTS ACCOUNTING POLICY

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when Council becomes a party to contractual provisions of the instrument. Council

is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, other financial assets, trade and other receivables, trade and other payables and borrowings. The relevant accounting policies are stated under separate headings.

FINANCIAL ASSETS

Financial assets are classified into the following specified categories:

- Financial assets 'at fair value through surplus or deficit',
- 'Available-for-sale' financial assets, and
- 'Loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest revenue over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

Has been acquired principally for the purpose of selling in the near future;

Is a part of an identified portfolio of financial instruments that Council manages together and has a recent actual pattern of short term profit-taking; or

Is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through surplus or deficit

are stated at fair value, with any resultant gain or loss recognised in the Statement of comprehensive revenue and expenditure. The net gain or loss is recognised in the Statement of comprehensive revenue and expenditure and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

Council has classified its managed funds, held with Nikko Asset Management, as financial assets at fair value through surplus or deficit. This fund includes bonds and tradable securities.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are those that are designated as fair value through other statement of comprehensive revenue or expenditure or are not classified in any of the other categories. This category encompasses investments that Council intends to hold long-term but which may be realised before maturity and equity securities held for strategic purposes.

Equity securities have been classified as being available-for-sale and are stated at fair value.

Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve; with the exception interest calculated using the effective interest method and impairment losses which are recognised directly in the Statement of comprehensive revenue and expenditure. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the Statement of comprehensive revenue and expenditure for the period.

Dividends on available-for-sale equity securities are recognised in the Statement of comprehensive revenue and expenditure when Council's right to receive payments is established.

LOANS AND RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for doubtful debts is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is expensed in the Statement of comprehensive revenue and expenditure.

Loans, including loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of comprehensive revenue and expenditure as a grant.

Money Market Deposits are included within this classification.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial

recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is noncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of comprehensive revenue and expenditure.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of comprehensive revenue and expenditure to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

FINANCIAL LIABILITIES

TRADE AND OTHER PAYABLES

Trade payables and other accounts payable are recognised when Council becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of comprehensive revenue and expenditure over the period of the borrowing using the effective interest method.

DERIVATIVE FINANCIAL INSTRUMENTS

From time to time Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Council does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

Derivative instruments entered into by Council do not qualify for hedge accounting. The resulting gain or loss is recognised in the Statement of comprehensive revenue and expenditure immediately.

There were no derivative financial instruments held by Council.

- **Fair Value Estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by Council is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

- **Assets Held For Sale**

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Assets (including those that are part of a disposal) are not depreciated or amortised while they are classified as held for sale.

OTHER FINANCIAL ASSETS ACCOUNTING POLICY

Other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Other financial assets include unit trusts, loans to related parties, credit support annex, bonds, borrower notes, community loans and listed and unlisted shares.

FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS ACCOUNTING POLICY

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the fair value of the investment based on the LGFA's net asset backing at 30 June.

The carrying amount of financial assets and financial liabilities are recorded at amortised cost in the financial statements which approximates their fair values.

Fair value measurements recognised in the Statement of comprehensive revenue and expenditure. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, reconciled into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data unobservable inputs).

FAIR VALUE HIERARCHY ACCOUNTING POLICY

For the purpose of measurement financial assets and liabilities are classified into categories. The classification

depends on the purpose for which the financial assets and liabilities are held.

Management determines the classification of financial assets and liabilities and recognised these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Loans and receivables	Amortised cost less provision for impairment	Surplus or deficit
Available for sale financial assets	Fair value	Other comprehensive revenue and expenditure
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit
Held to maturity financial assets	Amortised cost less provision for impairment	Surplus or deficit

Council does not have financial assets for purposes of trading. Council has listed shares and unit trusts that are designated on initial recognition at fair value through surplus or deficit. This is because the performances of these groups of assets are managed, and performance evaluated, on a fair value basis, in accordance with Council's investment management policy. Derivatives are, by their nature, categorised as held for trading unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset and the net amount reported in the statement of financial

position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenditures arising as a result of financial

instrument earnings or fair value adjustments are recognised as a net result for like items.

CASH AND CASH EQUIVALENTS ACCOUNTING POLICY

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

RECEIVABLES AND PREPAYMENTS ACCOUNTING POLICY

Short-term receivables are recorded at the amount due, less any provision for uncollectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

FAIR VALUE

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

PROVISION FOR IMPAIRMENT OF RECEIVABLES ACCOUNTING POLICY

ASSESSMENT FOR UNCOLLECTABILITY

Council does not normally provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after due date for payment. If payment has not been made within three months of the Court's judgment, then Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. Council provides for impairment on rates receivables only for abandoned land and properties at rating sales with little chance of recovery.

All receivables more than 30 days in age are considered to be past due.

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write offs.

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Council holds no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

Other than NZTA, the Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers. Council believes no further credit provision is required in excess of the allowance for doubtful debts.

PAYABLE & ACCRUALS ACCOUNTING POLICY

Current payables and accruals are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore the carrying value approximates fair value. Non-current payables and accruals are measured at the present value of the estimated future cash outflows.

EMPLOYEE ENTITLEMENTS ACCOUNTING POLICY

Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported at the present value of estimated future cash outflows.

PROVISIONS ACCOUNTING POLICY

Provisions are recognised in the statement of financial position only where Council has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance cost in surplus or deficit.

EQUITY ACCOUNTING POLICY

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Restricted reserves;
- Property revaluation reserve; and
- Fair value through other comprehensive revenue and expenditure reserve.

RESTRICTED RESERVES

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

Reserves may be legally restricted or created by Council.

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

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

PROPERTY REVALUATION RESERVE

This reserve relates to the revaluation of property, plant, and equipment to fair value.

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expenditure.

CAPITAL MANAGEMENT

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

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council.

Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that 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 Council's LTP.

Council has the following Council-created reserves:

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

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

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by Council.

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

NON-CURRENT ASSETS HELD FOR SALE ACCOUNTING POLICY

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

DEVELOPMENT PROPERTY ACCOUNTING POLICY

Development Properties are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the development properties less all estimated costs to make the sale.

CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS ACCOUNTING POLICY

Contingent liabilities and contingent assets are not recognised in the financial statements due to their uncertainty or the fact that they cannot be reliably measured. Disclosures are provided for as follows:

- Contingent liabilities are disclosed unless the possibility that these will crystallise is remote.
- Contingent assets are only disclosed when the possibility that these will crystallise is probable.

LEASE COMMITMENTS ACCOUNTING POLICY

Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases.

SIGNIFICANT JUDGEMENTS & ESTIMATES

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future.

These estimates and assumptions may differ from the 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 ten years are:

- Estimating the fair value and useful lives of land, buildings, and infrastructural assets.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of property

Council owns properties held to provide social housing. The receipt of market-based rental from these properties is incidental to holding them. These properties are held for service delivery objectives as part of Council's social housing policy. The properties are therefore accounted as property, plant and equipment, rather than investment property.

Estimating the fair value of infrastructure

The most recent valuation of infrastructural assets effective 30 June 2017 was performed by:

- Stormwater, wastewater and water infrastructural assets were valued at depreciated replacement cost as at 30 June 2017 by Council staff and reviewed by Rationale Limited.

- The roading infrastructural assets (excluding land under roads) were revalued at depreciated replacement cost at 30 June 2017 by MWH Limited (Stantec).

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2017 quarter index) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expenditure. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand 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 asset management planning activities, which provides further assurance over useful life estimates.

ITEM	VALUATION INPUT
Interest rate swaps	Forward interest rate yield

Landfill aftercare provision

The management of the Mt Cooee landfill will influence the timing of recognition of some future liabilities. However, it is likely that the main restriction on the future use of the current site will be the statutory and regulatory limitations rather than the capacity of the site. At the current rates of usage there will be significant volumetric capacity remaining in 2023.

The cash outflows for closed landfills are expected to occur until 2026. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6%.

Other assumptions made in the calculation of the provision are:

- No major capital projects will be required at existing closed landfill sites and
- The Mt Cooee Landfill will close when the current consent expires in 2023.
-

STANDARDS AND AMENDMENTS, ISSUED BUT NOT YET EFFECTIVE THAT HAVE NOT BEEN EARLY ADOPTED; AND WHICH ARE RELEVANT TO THE COUNCIL

FINANCIAL INSTRUMENTS

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council has not yet assessed the effects of the new standard.

EMPLOYEE BENEFITS

PBE IPSAS 39 Employee Benefits replaces the current standard on employee benefits, PBE IPSAS 25. PBE IPAS 39 is

effective for annual period beginning on or after 1 January 2019, with early application permitted. The changes mainly focus on defined benefit plans where the new standards:

- Removes the option to defer the recognition of certain actuarial gains and losses arising from defined benefit plans.
- Eliminates some of the presentation options for actuarial gains and losses arising from defined benefit plans.
- Introduces the net interest approach, which is to be used when determining the defined benefit cost for defined benefit plans.
- Structures the disclosures for defined benefit plans according to explicit disclosure objectives for defined benefit plans.

Council does not have defined benefit plans and therefore, Council does not expect this standard to have significant impact on the financial statements.

OTHER CHANGES IN ACCOUNTING POLICES

There have been no other changes in accounting policies.

PROSPECTIVE SCHEDULE OF RESERVE FUNDS

fund (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2020	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2021
Community Leadership						
Election Fund	Spec	37	-	1	2	36
Lawrence Tuapeka Community Board	Spec	30	-	1	4	27
West Otago Community Board	Spec	56	-	2	-	58
Tuapeka Bursary	Spec	34	-	1	-	35
Clutha Gold Trail	Spec	38	-	0	26	13
Opportunities Fund	Spec	73	-	2	-	76
Signage	Spec	8	-	0	-	8
Welcome to Signage	Spec	4	-	0	-	4
Internal Services						
Information Technology	Depn	(1,038)	195	(30)	140	(1,013)
Rosebank Terrace Main Office	Depn	833	74	10	583	334
Underground Insurance	Spec	365	56	13	-	434
Human Resources	Spec	19	-	1	-	20
Cars	Spec	481	250	15	240	505
Gratuities	Spec	77	-	2	-	79
District Assets Infrastructure	Spec	2	-	0	-	2
Policy and Communications	Spec	122	-	3	35	89

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previous page

fund (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2019	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2020
Community Services						
Library	Depn	90	135	3	113	115
Balclutha Pool	Depn	-1	52	1	14	38
Kaitangata Pool	Depn	211	-	6	-	218
Kaitangata Pool	Spec	84	-	3	-	87
Lawrence Pool	Depn	138	-	4	-	142
Lawrence Pool	Spec	48	-	1	-	49
Milton Pool	Depn	27	25	2	-	54
Reserve Contributions	Spec	76	8	3	-	87
Parks and Reserves	Depn	96	15	3	14	100
Sports Grounds	Depn	263	-	8	-	271
Grandstand 2000	Depn	155	-	5	-	159
Cemetery	Depn	134	-	3	32	105
Cemeteries	Spec	522	-	16	-	537
Kaitangata Cemetery	Spec	15	-	0	-	15
Lawrence Cemetery	Spec	30	-	1	-	31
Public Conveniences	Depn	132	50	5	-	187
Balclutha Town Hall	Depn	154	48	3	100	105
Balclutha Town Hall	Spec	179	-	5	-	185
	Depn	15	-	0	-	15
Kaitangata Hall	Depn	2	-	0	-	3
Clutha Valley Hall	Depn	50	3	1	10	44
Hillend Hall	Depn	33	3	1	-	37
Kaka Point	Depn	47	7	2	-	56
Lovells Flat	Depn	14	0	0	-	15
Moneymore	Depn	11	0	0	-	12
Owaka Hall	Depn	76	3	2	-	82

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fund	Type/ Purpose	Opening balance as at 1 July 2020	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2021
(All rounded to \$000s)						
Community Services						
Waiholā Hall	Depn	6	0	0	-	6
Waipahi Hall	Depn	13	1	0	-	14
Waitahuna Hall	Depn	211	4	6	-	221
Waiwera Hall	Depn	19	0	1	-	20
Various halls	Depn	157	-	5	-	162
Naish Park Camping Ground	Depn	71	16	3	3	87
Kaka Point Camping Ground	Depn	89	11	3	-	103
Tayor Park Camping Ground	Depn	60	1	2	3	60
Pounaweā Camping Ground	Depn	14	7	1	3	19
Waiholā Camping Ground	Depn	8	0	0	-	8
Community Housing	Depn	787	109	21	197	720
Endowment Land	Spec	610	-	18	-	628
Depots	Depn	362	-	11	-	373
Other Property	Depn	129	-	4	-	133
Dunrobin Recreation Reserve Board	Spec	72	-	2	-	74
Parkhill Recreation Reserve Board	Spec	5	-	0	-	5
Waikoikoi Domain Board	Spec	17	-	1	-	18
Solid Waste						
Solid Waste	Depn	2,382	58	32	1,380	1,092
Stormwater						
Urban Stormwater	Depn	1,782	289	34	940	1,165
Milton Stormwater	Spec	24	-	-	-	24

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next page

fund (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2020	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2021
Water						
Urban Water	Depn	174	713	6	690	203
Urban Water	Spec	406	-	12	4	415
Balmoral No.1	Depn	143	23	5	10	161
Balmoral No.1 Plant Renewal	Spec	32	-	1	8	25
Balmoral No. 2	Depn	191	53	7	17	234
Balmoral No.2 Plant Renewal	Spec	137	-	3	48	92
Clydevale/Pomahaka	Depn	165	128	7	60	239
Glenkenich	Depn	131	129	5	95	170
Glenkenich Rural Water Scheme Renewal	Spec	1	-	0	-	1
Moa Flat	Depn	370	127	4	354	149
Moa Flat Rural Water Scheme Pump Renewal	Spec	3	-	0	-	3
North Bruce	Depn	496	107	4	457	150
Richardson	Depn	117	124	1	197	46
Richardson Rural Water Scheme Renewal	Spec	36	-	1	-	37
South Bruce	Depn	2	21	0	13	10
Tuapeka Rural Water Scheme	Depn	133	83	5	37	185
Waipahi	Depn	121	28	3	54	98
Waitahuna	Depn	218	50	7	39	235
Wangaloa	Depn	140	14	5	1	157
Stirling Treatment Plant	Depn	-22	39	0	13	4
Stirling Treatment Plant	Spec	147	-	1	100	48
Kaitangata Treatment Plant	Depn	141	46	1	150	38
Wangaloa Plant Renewal	Spec	16	-	0	-	17
Telemetry	Depn	466	-	14	-	480
Telemetry	Spec	174	-	5	-	180

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next page

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previous page

fund (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2020	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2021
Roading						
Roading - Bridge Lights	Spec	44	-	1	-	45
Roading	Depn	4,223	415	103	1,188	3,553
Balclutha Main Street	Spec	59	-	2	-	61
Deferred Roading	Depn	1,529	264	46	264	1,575
Sewerage						
Urban	Depn	5,366	855	90	3,227	3,085
Tapanui Works Infrastructure Fund	Spec	8	-	0	-	8
Balclutha Sewerage	Spec	668	-	20	1	687
Kaitangata Sewerage	Spec	49	-	1	-	50
Kaka Pt Sewerage Renewal	Spec	82	-	2	-	84
Stirling Sewerage Plant	Spec	3	-	0	-	3
Waihola Sewerage	Spec	106	-	3	-	109
Regulatory and Emergency Services						
Animal Control	Depn	18	2	1	-	20
Regulatory Reserve	Depn	53	-	2	-	55
Not Specifically Allocated Funds						
Emergency Fund	Spec	4,548	-	136	-	4,684
General Reserve	Spec	6,308	407	-	37	6,677
Serdel - Externally Invested	Spec	4,773	-	-	-	4,773
Forestry Fund - Externally Invested	Spec	5,968	-	119	-	6,088
Rates Disbursement Reserve	Spec	2,631	-	-	100	2,531
Treasury Return to Balance Reserve	Spec	1,274	-	-	-	1,274
Lawrence Heritage	Spec	29	-	1	-	30

Continues from
previous page

fund (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2020	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2021
Trust Funds						
Tapanui Domain Trust	Trust	16	-	0	-	16
Milton Brass Band	Trust	1	-	0	-	1
O'Hara Sports Trust	Trust	2	-	0	-	2
J D Swan Estate	Trust	9	-	0	-	10
George Melville Estate	Trust	161	-	5	-	166
Kate Leslie Trust	Trust	119	-	4	-	123
Elderly Citizens Trust Lawrence	Trust	31	-	1	-	32
Clinton Endowment Land	Trust	92	-	3	-	95
TOTAL RESERVE FUNDS		52,670	5,052	883	11,006	47,599