Clutha District Council

FINANCIAL STATEMENTS

OUR PLACE CLUTHA DISTRICT COUNCIL LONG TERM PLAN 2024/34

STATEMENT OF COMPLIANCE

THE PROSPECTIVE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE ON 26 JULY 2024 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 FRS 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.

THE ACTUAL RESULTS ACHIEVED FOR ANY GIVEN FINANCIAL YEAR ARE LIKELY TO VARY FROM THE INFORMATION PRESENTED AND MAY VARY MATERIALLY DEPENDING UPON THE CIRCUMSTANCES THAT ARISE DURING THE PERIOD. THE PROSPECTIVE FINANCIAL INFORMATION IS PREPARED IN ACCORDANCE WITH SECTION 93 OF THE LOCAL GOVERNMENT ACT 2002. THE INFORMATION MAY NOT BE SUITABLE FOR USE IN ANY OTHER CAPACITY.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
Revenue	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Rates	31,146	35,836	42,790	50,801	53,774	58,460	59,248	62,965	64,880	65,708	67,438
Grants, Subsidies and Donations	13,704	15,688	17,165	19,126	18,135	18,038	17,931	19,371	17,867	18,277	17,796
Interest Revenue	1,001	1,601	1,697	1,774	1,840	1,904	1,949	1,994	2,043	2,141	2,193
Fees and Charges	5,721	7,223	6,624	6,844	6,996	7,165	7,262	7,414	7,537	7,552	7,669
Other Revenue	3,804	1,675	1,709	1,746	1,782	1,818	1,851	1,883	1,915	1,947	1,978
TOTAL REVENUE	**55,376**	**62,023**	**69,984**	**80,291**	**82,527**	**87,384**	**88,241**	**93,627**	**94,243**	**95,626**	**97,074**
Expenditure											
Employee Benefit Expenses	9,844	14,540	14,775	14,781	15,053	15,323	15,594	15,864	16,134	16,404	16,673
Finance Costs	1,906	6,240	8,680	10,367	11,559	12,620	12,892	13,125	13,444	15,702	16,023
Depreciation and Amortisation	15,113	16,993	17,667	19,200	18,971	19,116	20,341	20,346	20,333	22,452	22,661
Movement in landfill provision	-	-	-	-	-	-	-	-	-	-	-
Other expenses	27,743	36,548	35,399	35,952	36,365	37,071	37,505	38,329	39,124	39,414	39,963
TOTAL EXPENDITURE	**54,606**	**74,322**	**76,520**	**80,301**	**81,948**	**84,131**	**86,331**	**87,664**	**89,034**	**93,972**	**95,321**

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PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
Income tax expenses/(benefit)	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Income tax expenses/(benefit)	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus/(Deficit)	770	(12,299)	(6,537)	(10)	579	3,253	1,910	5,963	5,209	1,654	1,753
Other comprehensive revenue and expense											
Gain/(loss) on assets											
Gain/(loss) financial assets	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on revaluation	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on vested assets	-	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on assets	-	-	118,144	-	-	100,575	-	-	98,472	-	-
Other Comprehensive Revenue and Expenses	-	-	118,144	-	-	100,575	-	-	98,472	-	-
Total comprehensive revenue and expense/(deficit) for the year attributable to Council	**770**	**(12,299)**	**111,608**	**(10)**	**579**	**103,828**	**1,910**	**5,963**	**103,680**	**1,654**	**1,753**

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PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
Equity Balance at 30 June	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Opening Balance at 1 July	1,312,250	1,302,729	1,290,430	1,402,038	1,402,027	1,402,607	1,506,435	1,508,344	1,514,307	1,617,987	1,619,641
Comprehensive Income For Year	770	(12,299)	111,608	(10)	579	103,828	1,910	5,963	103,680	1,654	1,753
Equity balance at 30 June	1,313,020	1,290,430	1,402,038	1,402,027	1,402,607	1,506,435	1,508,344	1,514,307	1,617,987	1,619,641	1,621,395
Components of Equity											
Retained Earnings 30 June											
Retained Earnings at 1 July	219,877	190,021	178,902	171,251	169,661	168,647	169,717	167,042	169,689	170,893	166,370
Net Surplus/(Deficit)	770	(12,299)	(6,537)	(10)	579	3,253	1,910	5,963	5,209	1,654	1,753
Transfers to/(From) reserves	204	1,180	(1,114)	(1,580)	(1,593)	(2,183)	(4,585)	(3,316)	(4,005)	(6,177)	(6,370)
Retained Earnings 30 June	220,851	178,902	171,251	169,661	168,647	169,717	167,042	169,689	170,893	166,370	161,747

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PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
REVALUATION RESERVES 30 JUNE	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Revaluation Reserves at 1 July	1,047,447	1,068,688	1,068,688	1,186,832	1,186,832	1,186,832	1,287,407	1,287,407	1,287,407	1,385,879	1,385,879
Revaluation Gains	-	-	118,144	-	-	100,575	-	-	98,472	-	-
Revaluation Reserves at 30 June	1,047,447	1,068,688	1,186,832	1,186,832	1,186,832	1,287,407	1,287,407	1,287,407	1,385,879	1,385,879	1,385,879
Council Created Reserves at 30 June											
Council Created Reserves at 1 July	44,921	44,021	42,841	43,955	45,535	47,128	49,311	53,896	57,211	61,216	67,393
Transfers (To)/From Reserves	(199)	(1,180)	1,114	1,580	1,593	2,183	4,585	3,316	4,005	6,177	6,370
Council Created Reserves at 30 June	44,722	42,841	43,955	45,535	47,128	49,311	53,896	57,211	61,216	67,393	73,763
COMPONENTS OF EQUITY	**1,313,020**	**1,290,430**	**1,402,038**	**1,402,027**	**1,402,607**	**1,506,435**	**1,508,344**	**1,514,307**	**1,617,988**	**1,619,641**	**1,621,395**

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PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
Current Assets	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Cash and cash equivalents	614	485	485	485	485	485	485	485	485	485	485
Debtors and Other Receivables	6,276	5,379	5,379	5,379	5,379	5,379	5,379	5,379	5,379	5,379	5,379
Other financial assets	29,628	33,350	34,825	36,082	37,295	38,153	39,015	39,942	41,817	42,798	43,478
Non-Current Assets Held For Sale	550	2,477	2,477	2,477	2,477	2,477	2,477	2,477	2,477	2,477	2,477
TOTAL CURRENT ASSETS	**37,068**	**41,691**	**43,166**	**44,423**	**45,636**	**46,495**	**47,356**	**48,283**	**50,159**	**51,139**	**51,819**
Non Current Assets											
Property, plant & equipment	1,395,807	1,350,073	1,499,767	1,522,711	1,544,506	1,664,471	1,670,936	1,676,526	1,786,128	1,830,352	1,836,937
Intangible assets	50	683	819	467	325	372	261	160	143	143	143
Assets Under Construction	-	77,785	70,225	69,058	66,986	55,128	54,268	59,879	95,109	57,679	45,116
Other financial assets	440	-	-	-	-	-	-	-	-	-	-
TOTAL NON CURRENT ASSETS	**1,396,297**	**1,428,541**	**1,570,811**	**1,592,235**	**1,611,817**	**1,719,971**	**1,725,465**	**1,736,565**	**1,881,379**	**1,888,174**	**1,882,196**
TOTAL ASSETS	**1,433,365**	**1,470,232**	**1,613,977**	**1,636,658**	**1,657,453**	**1,766,465**	**1,772,821**	**1,784,848**	**1,931,538**	**1,939,313**	**1,934,015**

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PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
Current Liabilities	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Creditors & other payables	**7,529**	**10,846**	**10,846**	**10,846**	**10,846**	**10,846**	**10,846**	**10,846**	**10,846**	**10,846**	**10,846**
Employee benefit liabilities	756	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096
Tax payable	-	-	-	-	-	-	-	-	-	-	-
Borrowings	4,000	26,452	31,606	35,289	38,587	39,523	40,362	41,470	48,506	49,625	47,810
Other	-	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281
Total Current Liabilities	**12,285**	**39,675**	**44,830**	**48,512**	**51,810**	**52,746**	**53,585**	**54,693**	**61,729**	**62,849**	**61,034**
Non-Current Liabilities											
Deferred Tax	-	-	-	-	-	-	-	-	-	-	-
Employee benefit liabilities	-	-	-	-	-	-	-	-	-	-	-
Provisions	790	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232	1,232
Borrowings	107,252	138,882	165,865	184,873	201,792	206,039	209,647	214,603	250,577	255,578	250,341
Derivative financial intruments	-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	18	13	13	13	13	13	13	13	13	13	13
Total Non-Current Liabilities	108,060	140,127	167,109	186,118	203,037	207,284	210,892	215,847	251,822	256,823	251,586
TOTAL LIABILITIES	**120,345**	**179,802**	**211,939**	**234,630**	**254,847**	**260,031**	**264,477**	**270,541**	**313,551**	**319,671**	**312,620**
Net Assets	1,313,020	1,290,430	1,402,038	1,402,027	1,402,607	1,506,435	1,508,344	1,514,307	1,617,987	1,619,641	1,621,395

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PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
Reserves	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Restricted reserves	44,722	42,841	43,955	45,535	47,128	49,311	53,896	57,211	61,216	67,393	73,769
Revaluation reserves	1,047,447	1,068,688	1,186,832	1,186,832	1,186,832	1,287,407	1,287,407	1,287,407	1,385,879	1,385,879	1,385,879
Reserves	**1,092,169**	**1,111,528**	**1,230,787**	**1,232,367**	**1,233,960**	**1,336,718**	**1,341,303**	**1,344,618**	**1,447,094**	**1,453,271**	**1,459,648**
Retained earnings											
Retained earnings	220,851	178,902	171,251	169,661	168,647	169,717	167,042	169,689	170,893	166,370	161,747
Total Equity	**1,313,020**	**1,290,430**	**1,402,038**	**1,402,027**	**1,402,607**	**1,506,435**	**1,508,344**	**1,514,307**	**1,617,988**	**1,619,641**	**1,621,395**

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PROSPECTIVE STATEMENT OF CASHFLOWS

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
NET CASHFLOW OPERATING ACTIVITIES	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Cash was provided from:											
Rates Revenue	31,146	36,316	43,378	51,500	54,515	59,265	60,050	63,823	65,766	66,514	68,271
Fees, charges, and other receipts	6,994	6,744	6,036	6,146	6,255	6,360	6,460	6,556	6,651	6,746	6,837
Interest Received	1,001	1,601	1,697	1,774	1,840	1,904	1,949	1,994	2,043	2,141	2,193
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Grants and Subsidies	13,704	15,688	17,165	19,126	18,135	18,038	17,931	19,371	17,867	18,277	17,796
Other Revenue	1,529	1,675	1,709	1,746	1,782	1,818	1,851	1,883	1,915	1,947	1,978
Cash was provided from:	**54,374**	**62,023**	**69,984**	**80,291**	**82,527**	**87,384**	**88,241**	**93,627**	**94,243**	**95,626**	**97,074**
Cash was applied to:											
Payment Staff & Suppliers	(37,581)	(51,089)	(50,174)	(50,733)	(51,418)	(52,395)	(53,099)	(54,193)	(55,258)	(55,818)	(56,637)
Interest Paid	(1,906)	(6,240)	(8,680)	(10,367)	(11,559)	(12,620)	(12,892)	(13,125)	(13,444)	(15,702)	(16,023)
Cash was applied to:	**(39,487)**	**(57,329)**	**(58,854)**	**(61,101)**	**(62,976)**	**(65,015)**	**(65,991)**	**(67,318)**	**(68,701)**	**(71,520)**	**(72,660)**
Net Cashflow Operating Activities	**14,887**	**4,694**	**11,130**	**19,190**	**19,550**	**22,369**	**22,250**	**26,309**	**25,541**	**24,106**	**24,414**
Net Cashflow Investment Activities											
Cash was provided from:											
Proceeds from Investments realised	800	-	-	-	-	-	-	-	-	-	-
Proceeds sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Movement in bonds	-	-	-	-	-	-	-	-	-	-	-
Cash was provided from:	-	-	-	-	-	-	-	-	-	-	-

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PROSPECTIVE STATEMENT OF CASHFLOWS

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
Cash was applied to:	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Purchase of property, plant and equipment	(53,367)	(49,352)	(41,792)	(40,625)	(38,553)	(26,695)	(25,835)	(31,446)	(66,676)	(29,246)	(16,683)
Purchase of intangibles	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investments	-	(1,815)	(1,475)	(1,257)	(1,214)	(858)	(862)	(927)	(1,876)	(980)	(680)
Cash was applied to:	**(52,567)**	**(51,167)**	**(43,267)**	**(41,881)**	**(39,767)**	**(27,553)**	**(26,697)**	**(32,373)**	**(68,551)**	**(30,226)**	**(17,363)**
NET CASHFLOW INVESTMENT ACTIVITIES	**(52,567)**	**(51,167)**	**(43,267)**	**(41,881)**	**(39,767)**	**(27,553)**	**(26,697)**	**(32,373)**	**(68,551)**	**(30,226)**	**(17,363)**
Cash was provided from:											
Proceeds from borrowings	36,500	49,380	35,953	27,268	25,485	11,101	10,721	12,818	50,383	14,937	2,433
Capital works loan repayments	-	-	-	-	-	-	-	-	-	-	-
Cash was provided from:	**36,500**	49,380	35,953	27,268	25,485	11,101	10,721	12,818	50,383	14,937	2,433
Cash was applied to:											
Repayment of borrowings	-	(2,907)	(3,816)	(4,577)	(5,269)	(5,917)	(6,275)	(6,754)	(7,373)	(8,816)	(9,484)
Cash was applied to:	-	(2,907)	(3,816)	(4,577)	(5,269)	(5,917)	(6,275)	(6,754)	(7,373)	(8,816)	(9,484)
Net Cashflow Finance Activities	**36,500**	**46,473**	**32,137**	**22,691**	**20,216**	**5,184**	**4,446**	**6,064**	**43,010**	**6,121**	**(7,051)**
Cash Balance											
Total cash resources at start of the year	1,795	485	485	485	485	485	485	485	485	485	485
Net increase/(decrease) in cash held	(1,180)	-	-	-	-	-	-	-	-	-	-
Cash Balance	**615**	**485**	**485**	**485**	**485**	**485**	**485**	**485**	**485**	**485**	**485**

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DEPRECIATION & AMORTISATION

(All in $000s)	Annual Plan	Long Term Plan (FORECAST)									
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Community Leadership	-	-	5	5	5	5	5	5	5	5	5
Community Services	835	608	741	742	744	760	766	767	773	779	781
Economic & Community Development	-	-	-	-	-	-	-	-	-	-	-
Internal Services	1,011	752	1,039	1,120	860	701	636	554	449	432	432
Regulatory & Emergency Services	-	5	5	5	5	5	5	5	5	5	5
Solid Waste	140	148	148	148	148	148	148	148	148	148	148
Stormwater	455	552	562	621	623	626	681	681	681	722	722
Transportation	8,828	9,666	9,675	10,516	10,518	10,518	11,233	11,233	11,233	11,919	11,919
Wastewater	1,337	1,988	2,053	2,245	2,254	2,536	2,793	2,868	2,952	4,111	4,305
Water Supply	2,507	3,275	3,441	3,799	3,815	3,817	4,074	4,085	4,086	4,331	4,345
Total Council Depreciation	**15,113**	**16,993**	**17,667**	**19,200**	**18,971**	**19,116**	**20,341**	**20,346**	**20,333**	**22,452**	**22,661**

STATEMENT OF ACCOUNTING POLICIES

This section contains Council's significant accounting policies that relate to the prospective financial statements as a whole.

REPORTING ENTITY

The Clutha District Council ("Council" or "CDC") is a local authority domiciled in New Zealand and governed by the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002.

Council's principal address is 1 Rosebank Terrace, Balclutha, New Zealand.

The primary objective of the Council is to provide services and facilities to the Clutha community for social benefit rather than make a financial return. Accordingly, the Council has designated itself as a public benefit entity (PBE) and applies New Zealand Tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS) with amendments for the New Zealand environment.

BASIS OF PREPARATION

The prospective financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the LGA 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 and comply with Tier 1 PBE Accounting Standards;
- in accordance with PBE Financial Reporting Standard 42: Prospective Financial Statements;
- on a historical cost basis, except for certain financial instruments which have been measured at fair value (note C2) and certain classes of property, plant, and equipment (note B1) which have been subsequently measured at fair value;
- on the going concern basis and the accounting policies have been applied consistently throughout the period; and
- in New Zealand Dollars (NZD) rounded to the nearest thousand dollars, unless otherwise stated.

The Council has a balance date of 30 June and these prospective financial statements are for the period from 1 July 2024 to 30 June 2034. The actual results achieved for the period covered by this plan are likely to vary from the information presented in this document and these variances may be material.

The Annual Plan 2023/24 adopted by Council on 15 June 2023 has been provided as a comparator for these prospective financial statements. The closing balances in this comparative differ from the opening position used to prepare these prospective financial statements, which are based on the most up-to-date forecast information.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the prospective financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical experience and other factors, as appropriate to the particular circumstances. Judgements and estimates which are considered material to understanding the performance of Council are found in the following notes:

B1 Property, plant, and equipment
D5 Provisions.

IMPLEMENTATION OF NEW AND AMENDED STANDARDS

Council has adopted all new standards and noted there has been no material impact.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Council will adopt the following accounting standard in the reporting period after the effective date.

2022 OMNIBUS AMENDMENTS TO PBE STANDARDS, ISSUED JUNE 2022

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. They are not expected to have any significant impact on the Council's financial statements.

PBE IFRS 17 INSURANCE CONTRACTS

PBE IFRS 17 Insurance Contracts for public sectors was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The Council has not assessed in detail effect of the new standard.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All items in the prospective financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST.

A1 REVENUE

ACCOUNTING POLICY

Council receives its revenue from exchange and non-exchange transactions.

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

Non-exchange transaction revenue arises when Council receives value from another party without having to directly provide goods or services of equal value. 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 council's significant items of revenue are recognised and measured as follows:

Type	Recognition and measurement
Rates	Rates are set annually by resolution of the Council and relate to a particular financial year in accordance with the Local Government (Rating) Act 2002. Rates comprise general and targeted rates and are stated net of rates remissions. Rates revenue is recognised at the date of issuance of ratings notice and is measured at the present value of cash received or receivable.
Grants and subsidies	Grants and subsidies are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants and subsidies are not met. If there is such an obligation, the grants and subsidies are initially recorded in the statement of financial position when received at fair value as grants and subsidies received in advance. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount recognised as revenue.
Financial contributions	Financial contributions are charged for new property developments to contribute to council's costs of building supporting infrastructure such as stormwater, roads, and footpaths. Revenue is recognised at the later of the point when the council is entitled to issue an invoice to developers for the contribution in accordance with milestones set out in council's financial contributions policy, and the point at which the council can provide the service for which the contribution has been charged. The timing of the recognition is dependent on the type of consent granted and the nature of the development.
Vested assets	Vested asset revenue represents infrastructure received from property developers who construct the infrastructure as a condition of development. Vested asset revenue is recognised when control of the asset is transferred to the council and is measured at the fair value of the asset received.

Type	Recognition and measurement
Infringement fees and fines	When the infringement notice is issued.
Finance revenue	Finance revenue comprises interest revenue and realised gains from the early close-out of derivatives. Revenue is recognised using the effective interest method.
Dividend revenue	Dividend revenue is recognised when the council's right to receive the dividend has been established.
Water and wastewater user charges	Water and wastewater revenue comprises the amounts received and receivable at balance date for water supplied to customers or sewerage processed for customers in the ordinary course of business. Water and wastewater revenue includes estimated unbilled amounts for unread meters at balance date. As meter reading is cyclical, management applies judgement when estimating the daily water consumption of customers between readings. Unbilled amounts from the last bill reading date to the end of the month are recognised as revenue.
Consents	Building consents provide approval for specific building works on a specific site, and resource consents provide approval for projects that impact the environment or others. Consent revenue is recognised when consents are provided at fair value of the amount receivable.
Licence and permit fees	On receipt of application as these are non-refundable.

Type	Recognition and measurement
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 dis-posed by users.
Development property	On earliest of settlement of transaction or unconditional sale and purchase agree-ment.

A2 OPERATING EXPENDITURE

ACCOUNTING POLICIES

GRANTS AND SUBSIDIES

Discretionary grants and subsidies are recognised as expenses when the council has advised their decision to pay and when the attached conditions, if any, are satisfied. Non-discretionary grants are recognised as expenses on receipt of an application that meets the specified criteria.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The initial measurement on property, plant and equipment and intangible assets are disclosed in Notes B1 and B2.

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, 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.

A3 EMPLOYEE BENEFITS

ACCOUNTING POLICY

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

A4 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 (Note B1).

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 (Note B2).

A5 FINANCE COSTS

ACCOUNTING POLICY

Finance costs include interest expenses, amounts paid or payable on interest rate swaps, amortised borrowing costs, net realised losses on the early close-out of derivatives, the unwinding of discounts on provisions and financial assets and costs directly incurred in managing funding. Interest on debt is recognised using the effective interest rate method.

A6 NET OTHER 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.

A7 INCOME TAX

ACCOUNTING POLICY

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

B1 PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

The property, plant and equipment consist of the Council are classified into three categories:

- **Operational Assets**
  Include property, plant and equipment used to provide core council services, either as a community service, for administration, or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books and furniture and fittings.
- **Infrastructural Assets**
  Infrastructural assets include land under roads and systems and networks integral to the council's infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded.
  - Roads, bridges and lighting.
  - Land under roads.
  - Stormwater.
  - Wastewater.
  - Water.
- **Restricted Assets**
  Include property and improvements where the use or transfer of title outside of the council is legally restricted.

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Property, plant, and equipment is initially recognised at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. The cost of third party constructed assets generally comprises the sum of costs invoiced by the third party. The cost of self-constructed assets comprises purchase costs, time allocations and excludes, where material, any abnormal costs, and internal surpluses.

Subsequent costs then extend or expand the asset's future economic benefits and service potential are capitalised. After initial recognition, certain classes of property, plant, and equipment are revalued. Work in progress is recognised at cost less impairment, if any, and is not depreciated.

USEFUL LIVES

The useful lives used to calculate the depreciation of property, plant, and equipment are as follows:

Asset class	Estimated useful lives	Depreciation Rate
OPERATIONAL ASSETS		
Land	Not applicable	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	Not applicable	Not depreciated
Library books	7	14.3%
Infrastructural Assets		
Roads - formation	Not applicable	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	Not applicable	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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

DISPOSALS

Gains and losses on the disposal of property, plant, and equipment are recognised in surplus or deficit. Any amounts included in the asset revaluation reserve in respect of the disposed assets are transferred to accumulated funds on disposal.

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in surplus or deficit for the amount by which the carrying of property, plant, and equipment 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.

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 the expected future cashflows.

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

REVALUATION

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

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then those asset classes are revalued. Revaluations are accounted for on a class of asset basis.

Net revaluation gains are recognised in other comprehensive revenue and expenditure and are accumulated in the asset revaluation reserve in equity for that class of asset.

Revaluation losses that result in a debit balance in an asset class's revaluation reserve are recognised in surplus and deficit. Any subsequent gain on revaluation is recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenditure.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The method used by the council in revaluing its infrastructural assets as part of property, plant, and equipment, outlined below, is depreciated replacement cost (DRC). Operational land and buildings including land are not revalued.

DRC is calculated based on the replacement cost of infrastructure assets depreciated over their useful lives. This method takes into account the age and condition of the assets, estimated optimisation rates, and estimated remaining useful lives of those assets. The revaluation process involves physical inspection of selected assets at various sites to note aspects such as condition, use, replacement timing, and optimisation.

It is assumed that all asset classes have no residual value at the end of their useful lives.

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 for as property, plant, and equipment rather than investment property.

RESTRICTIONS

Various properties held by the Council have restrictions on the use of proceeds generated from them including the sales proceeds. These proceeds may only be applied to specified purposes, generally being to benefit the Clutha region.

The carrying value of the classes of property, plant and equipment where restrictions apply follow:

	2023 $000	2022 $000
Land and buildings, including parks and reserves	6,347	4,252
TOTAL	**6,347**	**4,252**

B2 INTANGIBLE ASSETS

ACCOUNTING POLICY

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Purchased intangible assets are initially recognised at cost. For internally generated intangible assets, the cost includes direct employee costs, a reasonable portion of overhead, and other direct costs that are incurred within the development phase of the asset. Intangible assets acquired at no cost are initially recognised at fair value where they can be reliably measured. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

USEFUL LIVES

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%

DISPOSALS

Gains and losses from the disposal of intangible assets are recognised in surplus or deficit.

IMPAIRMENT

Intangible assets are assessed annually for indicators of impairment. An impairment loss is recognised in surplus or deficit 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.

C1 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.

C2 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.

At initial recognition, Council measures a financial asset or financial liability at its fair value, plus or minus directly attributable transactions costs, in the case of a financial asset or financial liability not at fair value through surplus of deficit.

Financial assets are classified as either:

1. Amortised cost
2. Fair value through surplus or deficit (FVTSD), or
3. Fair value through other comprehensive revenue and expense (FVTOCRE)

The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them. A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT AMORTISED COST

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include cash and cash equivalents, trade and other receivables, term deposits and borrower notes.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council does not hold any debt instruments in this category. Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designates into this category all unlisted equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue. Instruments in this category include the Council's derivative financial instruments and its managed investment portfolio.

EXPECTED CREDIT LOSS ALLOWANCE (ECL)

Council recognizes an allowance for ECL for all financial assets not classified as FVTSD. ECLs are the probability weighted estimate of credit losses, measured at the present value of cash shortfalls which is the difference between cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognized in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12 month ECL). However if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial assets (lifetime ECL).

When determining whether the credit risk of a financial asset has increased significant since initial recognition, Council considers reasonable and supportable information that is relevant without undue cost of effort. This includes analysis based on Council's historical experience and information credit assessment and forward looking information.

Council considers a financial asset to be in default when the financial assets is more than 90 days past due.

FINANCIAL LIABILITIES

Financial liabilities are classified as either:

1. Amortised cost
2. Fair value through surplus or deficit

Financial liabilities are generally classified and measured at amortised cost, unless they meet the criteria for classification at FVTSD.

A financial liability is classified as FVTSD if it meets one of the following conditions:

- It is held for trading, or
- It is designated as at FVTSD

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of re-purchasing in the near term or
- On initial recognition it is part of a portfolio or identified financial instruments that are managed together and for which there is evidence of recent

actual pattern of short term profit taking, or

- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective.

AC – Amortised cost; FVTSD – Fair sale through surplus and deficit, FVTOCRE - Fair value through other comprehensive revenue and expense.

DERIVATIVE FINANCIAL INSTRUMENTS

The Council uses derivative financial instruments, such as interest rate swaps to mitigate risks associated with interest rate fluctuations. The Council does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit. Council has not elected to adopt hedge accounting.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date.

C3 OTHER FINANCIAL ASSETS

ACCOUNTING POLICY

The Council's 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 surplus or deficit.

Other financial assets of the Council include wholesale Nikko funds, borrower notes and unlisted shares.

The accounting policies on classification of these financial assets for the purpose of measurement are outlined in Note C4.

BORROWER NOTES

Borrower notes are subordinated convertible debt instruments that the council subscribes for in an amount equal to 2.5% of the total borrowing from LGFA. LGFA will redeem borrower notes or convert to equity under specific circumstances when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cashflow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve.

UNLISTED SHARES

The fair values are determined by reference to the Council's share of net asset backing in these companies as there is no market information on the value of the organisations' shares.

C4 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 this 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 prospective 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).

Refer to Note C2 and C3 for the valuation techniques used to value derivative financial instruments and other financial assets, respectively.

For the purpose of measurement, the Council's 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 recognises these at fair value at initial recognition.

Subsequent measurement and the treatment of gains and losses are presented overleaf:

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 have financial assets for purposes of trading. Council has listed investments in managed funds 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.

Derivatives are, by their nature, categorised as fair value through surplus or deficit 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 expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

D1 CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments, net of bank overdraft classified under current liabilities. The carrying value of cash at bank and short-term deposits with original maturities less than three months approximates their fair value.

D2 RECEIVABLES AND PREPAYMENTS

ACCOUNTING POLICY

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

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.

Council applies the simplified Expected Credit Loss (ECL) model of recognizing lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due.

A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. 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. Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

All past due blanaces are considered collectable (except those specific debtors identified as requiring an impaired credit loss) however Council applies a simplified approach to measuring expected credit losses.

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

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

Other than NZTA, Council has no significant concentration of credit risk, as it has a large number of credit customers, mainly ratepayer. Council believes no further credit provision is required inexcess of the credit loss allowance.

The chief executive approved the write-off of rates receivable during the year under the LG(R)A 2002.

D3 PAYABLES AND ACCRUALS

ACCOUNTING POLICY

Current payables and accruals represent amounts payable within 12 months of balance date and 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 represent amounts payable more than 12 months from balance date and are measured at the present value of the estimated future cash outflows.

D4 EMPLOYEE ENTITLEMENTS

ACCOUNTING POLICY

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

D5 PROVISIONS

ACCOUNTING POLICY

Provisions are recognised in the statement of financial position where the Council has a present legal or constructive obligation as a result of past events, 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.

JUDGEMENTS AND ESTIMATES

The management of the closed landfills and 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. It is assumed that Council will meet consent conditions and that conditions of resource consents currently held will not be significantly altered. It is assumed that updates to attain consent renewals will progress as programmed and that they can be achieved within allocated budgets.

The cash outflows for closed landfills are not expected to occur until 2027. 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 4.86%.

Other assumptions made in the calculation of the provision are:

- No major capital projects will be required at existing closed landfill sites and
- The current resource consent at Mt Cooee Landfill expired in 2023. Council has applied for the renewal of this consent, allowing operations to continue until it is approved. The request for renewed consent encompasses operation of the landfill for an additional 30 years and an investment in resource recovery infrastructure.

D6 RATEPAYER EQUITY

ACCOUNTING POLICY

Ratepayer equity is the community's interest in the Council.

Ratepayer equity has been classified into various components to identify those portions of equity held for specific purposes:

- 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

For the purpose of the council's capital management, the Council's capital is its ratepayer equity, which comprises contributed equity, reserves, and accumulated funds. Equity is represented by net assets. The Local Government Act 2002 (the LGA 2002) requires the Council to manage revenue, expenses, assets, liabilities, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, and general financial dealings.

In addition, the Local Government (Financial Reporting and Prudence) Regulations 2014 sets out a number of benchmarks for assessing whether the Council is managing revenue, expenses, assets, and liabilities prudently.

The objective of managing the council's capital is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the cost of using the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

To achieve this objective, the Council have asset management plans in place for major classes of assets detailing renewal and maintenance programmes to minimise the likelihood of ratepayers in future generations being required to meet the costs of deferred renewals and maintenance.

An additional objective of capital management is to ensure that the expenditure identified in the 10-year budget and annual budget are met in the manner set out in these budgets. The LGA 2002 requires the Council to make adequate and effective provision in the 10-year budget and annual budget to meet the expenditure needs identified in those budgets. It sets out factors that the Council is required to consider when determining the most appropriate sources of funding for each of the Council's activities.

The sources and levels of funding are set out in the funding and financial policies of the 10-year budget. The Council monitors actual expenditure incurred against the 10-year budget and annual budget.

No changes were made in the objectives, policies, or processes for managing capital of the council for the 30 June 2024 year.

D7 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.

E1 CONTINGENCIES, COMMITMENTS, AND SUBSEQUENT EVENTS

ACCOUNTING POLICY

The Council does not recognise contingent liabilities and contingent assets in the prospective 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; and
- Contingent assets are only disclosed when it is probable that they will crystallise.

Contingent liabilities and assets are assessed continually to ensure that developments are appropriately reflected in the prospective financial statements.

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2024	Transfers into the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2034
Internal Services					
Information Technology	Depn	-922	97	1,486	**-2,311**
Rosebank Terrace Main Office/Service Centres	Depn	518	813	50	**1,281**
Underground Insurance	Spec	643	-	-	**643**
Human Resources	Spec	21	-	-	**21**
Cars	Spec	235	-	3,007	**-2,772**
Gratuities	Spec	83	-	-	**83**
District Assets Infrastructure	Spec	2	-	-	**2**
Policy and Communications	Spec	55	-	-	**55**
Community Leadership					
Election Fund	Spec	-4	-	-	**-4**
Lawrence Tuapeka Community Board	Spec	53	-	-	**53**
TLCC Fund	Spec	50	-	-	**50**
West Otago Community Board	Spec	31	-	-	**31**
Tuapeka Bursary	Spec	28	-	-	**28**
Clutha Gold Trail	Spec	111	-	-	**111**
Opportunities Fund	Spec	80	-	-	**80**
Signage	Spec	8	-	-	**8**
Welcome to Signage	Spec	5	-	-	**5**

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2024	Transfers into the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2034
Community Services					
Library	Depn	171	1,004	1,361	**-186**
Balclutha Pool	Depn	16	517	329	**204**
Kaitangata Pool	Depn	182	103	-	**285**
Kaitangata Pool	Spec	43	-	-	**43**
Lawrence Pool	Depn	-2	27	-	**25**
Lawrence Pool	Spec	52	-	-	**52**
Milton Pool	Depn	138	150	-	**288**
Reserve Contributions	Spec	93	-	-	**93**
Parks and Reserves	Depn	32	1,646	-	**1,678**
Sportsgrounds	Depn	286	96	-	**382**
Grandstand 2000	Depn	168	-	-	**168**
Cemetery	Depn	157	255	25	**387**
Cemeteries	Spec	542	-	-	**542**
Kaitangata Cemetery	Spec	16	-	-	**16**
Lawrence Cemetery	Spec	32	-	-	**32**
Public Conveniences	Depn	106	774	529	**351**
Balclutha Town Hall	Depn	88	50	-	**138**
Balclutha Town Hall	Spec	64	-	-	**64**
Milton Civic Centre	Depn	16	8	-	**24**
Kaitangata Hall	Depn	-239	-	81	**-320**
Clutha Valley Hall	Depn	5	39	-	**44**
Hillend Hall	Depn	45	76	-	**121**
Kaka Point Hall	Depn	75	62	-	**137**
Lovells Flat Hall	Depn	10	4	-	**14**

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2024	Transfers into the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2034
Community Services					
Moneymore Hall	Depn	10	4	-	**14**
Paretai Hall	Depn	4	1	-	**5**
Owaka Hall	Depn	32	86	-	**118**
Waihola Hall	Depn	7	18	-	**25**
Waipahi Hall	Depn	17	14	-	**31**
Waitahuna Hall	Depn	292	129	-	**421**
Waiwera Hall	Depn	9	30	-	**39**
Various Halls	Depn	166	79	-	**245**
Naish Park Camping Ground	Depn	111	37	-	**148**
Kaka Point Camping Ground	Depn	59	13	47	**25**
Taylor Park Camping Ground	Depn	8	9	-	**17**
Pounawea Camping Ground	Depn	22	60	-	**82**
Waihola Camping Ground	Depn	14	5	-	**19**
Community Housing	Depn	-54	928	109	**765**
Endowment Land	Spec	663	-	-	**663**
Depots	Depn	394	133	-	**527**
Other Property	Depn	140	-	-	**140**
Dunrobin Recreation Reserve Board	Spec	78	-	-	**78**
Parkhill Recreation Reserve Board	Spec	5	-	-	**5**
Waikoikoi Domain Board	Spec	19	-	-	**19**

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2024	Transfers into the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2034
Funds Not Specifically Allocated to an Activity Group					
General Funds	Spec	4,080	11,131	-	**15,211**
Serdel - Externally Invested	Spec	4,773	-	-	**4,773**
Forestry Fund - Externally Invested	Spec	6,434	-	-	**6,434**
Investment Fund Balance by difference - Externally Invested	Spec	3,654	-	-	**3,654**
Rates Disbursement Reserve	Spec	5,163	-	-	**5,163**
Treasury Return to Balance Reserve	Spec	2,244	-	-	**2,244**
Education Fund	Spec	16	-	-	**16**
Emergency Fund	Spec	4,208	-	-	**4,208**
Capital Works and Purchases	Spec	158	-	-	**158**
Bulb Growing/Project	Spec	4	-	-	**4**
Milton Pipe Band	Spec	0	-	-	**0**
Momona Airport Refund	Spec	31	-	-	**31**
Regulatory & Emergency Services		-	-	-	-
Animal Control	Depn	29	21	-	**50**
Regulatory Reserve	Depn	66	51	-	**117**
Civil Defence and Emergency	Depn	34	12	-	**46**
Rural Fire	Depn	2	1	-	**3**
Roading		-	-	-	-
Roading - Bridge Lights	Spec	47	-	-	**47**
Roading	Depn	2,448	5,397	10,204	**-2,359**
Balclutha Main Street	Spec	59	-	-	**59**
Deferred Roading	Depn	2,518	-	-	**2,518**
Waste Management		-	-	-	-
Solid Waste	Depn	-	-	-	-

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2024	Transfers into the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2034
Trust Funds (Restricted Reserves)					
Tapanui Domain Trust	Trust	17	-	-	**17**
Butler Trust	Trust	0	-	-	**0**
Milton Brass Band	Trust	1	-	-	**1**
O'Hara Sports Trust	Trust	2	-	-	**2**
J D Swan Estate	Trust	10	-	-	**10**
George Melville Estate	Trust	175	-	-	**175**
Kate Leslie Trust	Trust	122	-	-	**122**
Elderly Citizens Trust (Lawrence)	Trust	30	-	-	**30**
Clinton Endowment Land	Trust	100	-	-	**100**

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2024	Transfers into the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2034
Water					
Urban Water	Depn	83	6,096	1,115	**5,064**
Urban Water	Spec	33	-	-	**33**
Greenfield	Depn	96	2,825	419	**2,502**
Greenfield	Spec	51	0	0	**51**
Clydevale / Pomahaka	Depn	-75	991	1,563	**-647**
Glenkenich	Depn	-64	1,340	70	**1,206**
Glenkenich Rural Water Scheme Renewal	Spec	1	-	-	**1**
Moa Flat	Depn	-23	1,214	227	**964**
Moa Flat Rural Water Scheme Pump Renewal	Spec	0	-	-	**0**
North Bruce	Depn	-33	1,073	88	**952**
Richardson	Depn	-121	1,438	219	**1,098**
Richardson Rural Water Scheme Renewal	Spec	101	-	-	**101**
South Bruce	Depn	-20	256	0	**236**
Waipahi	Depn	10	201	74	**137**
Wangaloa	Depn	-6	137	167	**-36**
Stirling Treatment Plant	Depn	15	503	68	**450**
Stirling Water Treatment Plant	Spec	31	-	-	**31**
Kaitangata Treatment Plant	Depn	33	391	72	**352**
Wangaloa Plant Renewal	Spec	8	-	-	**8**
Telemetry	Depn	318	170	-	**488**
Telemetry	Spec	190	-	-	**190**

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SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2024	Transfers into the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2034
Waste Water					
Urban	Depn	97	11,824	4,619	**7,302**
Tapanui Works Infrastructure Fund	Spec	9	-	-	**9**
Balclutha Sewerage	Spec	570	-	-	**570**
Kaitangata Sewerage	Spec	53	-	-	**53**
Kaka Pt Sewerage Renewal	Spec	89	-	-	**89**
Stirling Sewerage Plant	Spec	3	-	-	**3**
Waihola Sewerage	Spec	115	-	-	**115**
Storm Water					
Urban Stormwater	Depn	405	2,567	560	**2,412**
Milton Stormwater	Spec	26	-	-	**26**
Solid Waste					
Solid Waste	Depn	-109	1,611	280	**1,222**
Waste Minimisation	Spec	620	-	-	**620**
Telemetry	Spec	-	-	-	**-**
Telemetry	Spec	-	-	-	**-**
Telemetry	Spec	-	-	-	**-**
TOTAL RESERVE FUNDS		**44,021**	**56,051**	**26,302**	**73,770**

The Local Government Act 2002 requires the Long Term Plan to identify each reserve set aside by the council, the purpose of each fund, the activities to which each fund relates and funding flows for the period of the plan.

RESERVE	PURPOSE
Depreciation Reserves	These are reserves that have usually been accrued from funded depreciation in the past and are normally used for funding capital or renewals projects.
Special Funds	These are reserves that have been funded from historical sources or one-off income sources like power shares. These are generally used for capital or renewal purchases but have been used to pay for one-off grants or operational costs historically.