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Financial Information

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Photo by: Heather Keach

Prospective Income Statement

| For the year ended 30 June: | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| INCOME | | | | | | | | | | |
| Fees, Charges, Rents and Miscellaneous | 7,431 | 4,641 | 6,629 | 3,724 | 3,701 | 3,842 | 5,976 | 4,843 | 4,482 | 4,724 |
| Financial Assistance | 11,099 | 10,578 | 10,937 | 14,563 | 13,470 | 12,254 | 12,185 | 11,744 | 11,654 | 11,962 |
| General Rates | 3,084 | 3,202 | 3,249 | 3,317 | 3,358 | 3,442 | 3,514 | 3,601 | 3,692 | 3,794 |
| Rate Penalties | 120 | 124 | 127 | 130 | 133 | 135 | 139 | 142 | 145 | 149 |
| Targeted Rates | 16,700 | 18,097 | 19,897 | 20,763 | 21,462 | 22,014 | 22,667 | 23,293 | 23,855 | 24,635 |
| Total Income | 38,434 | 36,642 | 40,839 | 42,497 | 42,124 | 41,687 | 44,481 | 43,623 | 43,828 | 45,264 |
| EXPENDITURE | | | | | | | | | | |
| Community Leadership | 1,830 | 1,974 | 2,428 | 1,989 | 2,034 | 2,027 | 2,074 | 2,172 | 2,175 | 2,230 |
| Central Administration | 708 | 785 | 865 | 781 | 776 | 829 | 869 | 923 | 883 | 887 |
| Roading Services | 16,512 | 16,341 | 17,986 | 18,271 | 18,511 | 19,437 | 19,666 | 19,738 | 20,659 | 20,787 |
| Wastewater & Drainage | 1,696 | 1,906 | 2,140 | 2,199 | 2,267 | 2,317 | 2,407 | 2,483 | 2,616 | 2,775 |
| Water Services | 4,751 | 4,981 | 5,170 | 5,368 | 5,553 | 5,689 | 5,872 | 6,056 | 6,232 | 6,481 |
| Sanitary Services | 1,821 | 1,895 | 1,912 | 2,220 | 2,537 | 2,603 | 2,652 | 2,717 | 2,779 | 2,846 |
| Community Services | 3,255 | 4,067 | 4,634 | 3,651 | 3,731 | 3,778 | 3,932 | 3,973 | 4,068 | 4,376 |
| Regulatory Services | 1,139 | 1,190 | 1,204 | 1,249 | 1,262 | 1,308 | 1,323 | 1,379 | 1,395 | 1,454 |
| Emergency Services | 254 | 262 | 268 | 275 | 281 | 288 | 295 | 302 | 310 | 318 |
| In-House Professional Services | (28) | (28) | (30) | (30) | (31) | (32) | (33) | (33) | (34) | (35) |
| Total Expenditure | 31,937 | 33,373 | 36,577 | 35,973 | 36,921 | 38,244 | 39,057 | 39,710 | 41,083 | 42,120 |
| NET SURPLUS/ (DEFICIT) FROM ACTIVITIES | 6,497 | 3,269 | 4,262 | 6,524 | 5,203 | 3,443 | 5,429 | 3,913 | 2,745 | 3,144 |
| NET SURPLUS/(DEFICIT) | 6,497 | 3,269 | 4,262 | 6,524 | 5,203 | 3,443 | 5,424 | 3,913 | 2,745 | 3,144 |

FINANCIAL
INFORMATION

Included in Fees, Charges, Rents and Miscellaneous

| For the year ended 30 June: | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Reserve Interest ¹ | 875 | 597 | 485 | 315 | 312 | 381 | 456 | 642 | 708 | 798 |

¹ Interest that is credited to reserve funds and not directly to activities.

Included in Expenditure Above

| For the year ended 30 June: | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Depreciation | 11,363 | 11,711 | 12,853 | 13,043 | 13,247 | 14,037 | 14,095 | 14,138 | 14,959 | 15,008 |
| Interest | 572 | 552 | 533 | 512 | 490 | 466 | 441 | 417 | 393 | 383 |
| Other Expenses | 20,002 | 21,110 | 23,191 | 22,418 | 23,184 | 23,741 | 24,521 | 25,155 | 25,731 | 26,729 |
| | 31,937 | 33,373 | 36,577 | 35,973 | 36,921 | 38,244 | 39,057 | 39,710 | 41,083 | 42,120 |

Statement of Prospective Changes in Equity

| For the year ended 30 June: | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening Equity | 786,611 | 888,675 | 891,944 | 896,206 | 972,010 | 977,213 | 980,656 | 1,049,820 | 1,053,733 | 1,056,478 |
| Net Forecast Surplus/(Deficit) from operations | 6,497 | 3,269 | 4,262 | 6,524 | 5,203 | 3,443 | 5,424 | 3,913 | 2,745 | 3,144 |
| Revaluation Reserve | 95,567 | 0 | 0 | 69,280 | 0 | 0 | 63,740 | 0 | 0 | 71,171 |
| Total recognised revenue and expenses for the year | 102,069 | 3,269 | 4,262 | 75,804 | 5,203 | 3,443 | 69,164 | 3,913 | 2,745 | 74,315 |
| Closing Equity | 888,675 | 891,944 | 896,206 | 972,010 | 977,213 | 980,656 | 1,049,820 | 1,053,733 | 1,056,478 | 1,130,793 |

Prospective Balance Sheet

This statement summarises Council's financial obligations to others and financial assets as at the end of each financial year.

| As at 30 June: | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| CURRENT ASSETS | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and Cash Equivalents | 247 | 261 | 374 | 360 | 289 | 279 | 366 | 299 | 231 | 252 |
| Trade and Other Receivables | 2,939 | 2,939 | 2,939 | 2,939 | 2,939 | 2,939 | 2,939 | 2,939 | 2,939 | 2,939 |
| Inventories - development property | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Other Financial Assets | 11,947 | 9,700 | 6,303 | 6,244 | 7,614 | 9,125 | 12,842 | 14,165 | 15,962 | 19,208 |
| Total Current Assets | 15,167 | 12,934 | 9,650 | 9,577 | 10,876 | 12,377 | 16,181 | 17,437 | 19,166 | 22,433 |
| Trade and Other Receivables | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Other Financial Assets | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 | 94 |
| Property, Plant & Equipment | 876,207 | 881,684 | 889,207 | 965,057 | 968,936 | 970,853 | 1,036,188 | 1,038,821 | 1,039,813 | 1,110,835 |
| Intangible Assets | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 | 138 |
| Forestry | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 | 953 |
| Total Non-current Assets | 877,404 | 882,881 | 890,404 | 966,254 | 970,133 | 972,050 | 1,037,385 | 1,040,018 | 1,041,010 | 1,112,032 |
| TOTAL ASSETS | 892,571 | 895,815 | 900,054 | 975,831 | 981,009 | 984,427 | 1,053,566 | 1,057,455 | 1,060,176 | 1,134,465 |
| Trade and Other Payables | 2,957 | 2,957 | 2,957 | 2,957 | 2,957 | 2,957 | 2,957 | 2,957 | 2,957 | 2,957 |
| Employee Entitlements | 441 | 441 | 441 | 441 | 441 | 441 | 441 | 441 | 441 | 441 |
| Current Portion of Term Debt | 3 | 3 | 3 | 3 | 4 | 1 | 0 | 0 | 0 | 0 |
| Total Current Liabilities | 3,401 | 3,401 | 3,401 | 3,401 | 3,402 | 3,399 | 3,398 | 3,398 | 3,398 | 3,398 |
| Borrowings | 15 | 12 | 8 | 5 | 1 | 0 | 0 | 0 | 0 | 0 |
| Provisions | 389 | 367 | 348 | 324 | 302 | 281 | 257 | 233 | 209 | 183 |
| Other Liabilities | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 | 91 |
| Total Non Current Liabilities | 495 | 470 | 447 | 420 | 394 | 372 | 348 | 324 | 300 | 274 |
| TOTAL LIABILITIES | 3,896 | 3,871 | 3,848 | 3,821 | 3,796 | 3,771 | 3,746 | 3,722 | 3,698 | 3,672 |
| NET ASSETS | 888,675 | 891,944 | 896,206 | 972,010 | 977,213 | 980,656 | 1,049,820 | 1,053,733 | 1,056,478 | 1,130,793 |
| Accumulated Operating Funds | 33,210 | 36,176 | 49,899 | 45,562 | 51,568 | 55,455 | 62,116 | 65,510 | 68,914 | 73,568 |
| Ratepayer Equity | 219,469 | 219,469 | 219,469 | 219,469 | 219,469 | 219,469 | 219,469 | 219,469 | 219,469 | 219,469 |
| Revaluation Reserves | 615,885 | 615,885 | 615,885 | 685,165 | 685,165 | 685,165 | 748,906 | 748,906 | 748,906 | 820,076 |
| Reserves | 19,597 | 19,900 | 20,439 | 21,300 | 20,497 | 20,053 | 18,815 | 19,334 | 18,675 | 17,166 |
| Trust Funds | 514 | 514 | 514 | 514 | 514 | 514 | 514 | 514 | 514 | 514 |
| TOTAL | 888,675 | 891,944 | 896,206 | 972,010 | 977,213 | 980,656 | 1,049,820 | 1,053,733 | 1,056,478 | 1,130,793 |

FINANCIAL INFORMATION

Statement of Prospective Cashflows

This statement outlines the movements of cash in and out of Council's accounts.

| For the year ended 30 June: | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | | |
| <i>Cash was provided from:</i> | | | | | | | | | | |
| Rating and Sundry fees | 37,559 | 36,044 | 40,349 | 42,183 | 41,811 | 41,308 | 44,026 | 42,983 | 43,121 | 44,467 |
| Interest Income (external) | 875 | 597 | 485 | 315 | 312 | 381 | 456 | 642 | 708 | 798 |
| <i>Cash was applied to:</i> | | | | | | | | | | |
| Payments to suppliers and employees | -20,594 | -21,681 | -23,740 | -22,953 | -23,697 | -24,231 | -24,986 | -25,597 | -26,151 | -27,138 |
| NET CASH FROM OPERATING ACTIVITIES | 17,840 | 14,960 | 17,094 | 19,545 | 18,426 | 17,458 | 19,496 | 18,028 | 17,678 | 18,127 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | |
| <i>Cash was provided from:</i> | | | | | | | | | | |
| Repayment of Long Term Debtors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Decrease in Investments | 5,544 | 2,246 | 3,398 | 57 | 0 | 0 | 0 | 0 | 0 | 0 |
| Decrease in Development Property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>Cash was applied to:</i> | | | | | | | | | | |
| Increase in Investments | 0 | 0 | 0 | 0 | -1,369 | -1,510 | -3,716 | -1,324 | -1,798 | -3,247 |
| Purchase of Fixed Assets | -23,468 | -17,189 | -20,376 | -19,613 | -17,125 | -15,954 | -15,690 | -16,772 | -15,948 | -14,859 |
| NET CASH USED IN INVESTING ACTIVITIES | -17,924 | -14,943 | -16,978 | -19,556 | -18,494 | -17,464 | -19,406 | -18,096 | -17,746 | -18,106 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| <i>Cash was applied to:</i> | | | | | | | | | | |
| Settlement of long term debt | -4 | -3 | -3 | -3 | -3 | -4 | -2 | 0 | 0 | 0 |
| NET CASH AVAILABLE FROM FINANCING | -4 | -3 | -3 | -3 | -3 | -4 | -2 | 0 | 0 | 0 |
| NET INCREASE/(DECREASE) IN CASH HELD | -88 | 14 | 113 | -14 | -71 | -10 | 88 | -68 | -68 | 21 |
| Add opening cash brought forward | 335 | 247 | 261 | 374 | 360 | 289 | 279 | 367 | 299 | 231 |
| ENDING CASH CARRIED FORWARD | 247 | 261 | 374 | 360 | 289 | 279 | 367 | 299 | 231 | 252 |

Prospective Financial Statement Disclosures

Disclosures

- This document has been produced to meet legislative requirements of the Local Government Act 2002. It may not be appropriate for any other purpose.
- These financial statements comply with FRS - 42.
- Actual financial results during 2009/10 to 2018/19 are likely to vary from the information presented, and those variations may be material.
- Actual events and transactions have not been reflected in the prospective financial statements as they have not yet taken place.
- These prospective financial statements were authorised for issue on 23 April 2009 by a resolution of Council.
- The Clutha District Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other disclosures.
- It is intended that the prospective financial statements will be reviewed and updated annually via the Annual Plan process, and three yearly via the Long Term Council Community Plan process.
- The degree of uncertainty covered by the significant forecasting assumption, and therefore the prospective financial statements increases as the years increase.



Financial Forecasting Assumptions

| Assumptions/Uncertainty | Notes |
|--|---|
| Future price changes (inflation) | Existing inflation provisions per existing contracts and for non-contractual goods & services we will use BERL forecasts of price level change adjustors. |
| Revaluation of non-current assets | The roading network and utility assets (water, sewerage, stormwater) will be revalued every 3 years. Revaluation adjustments are either credited or debited to a revaluation reserve. If this results in a debit balance in the reserve the balance is expensed in the statement of financial performance. |
| Forecasted return on investments | Internal lending - 3 year swap bid rate plus a margin (no greater than 0.25%) (commitment facility + credit risk) For investments we are budgeting on a return of 5%. |
| Expected interest rates on borrowing | Internal lending - 3 year swap bid rate plus a margin (no greater than 0.25%) (commitment facility + credit risk) For borrowing we have budgeted 6% interest rate. |
| Depreciation rates on planned asset acquisitions | Depreciation rates are determined by the rate that allocates the cost of the asset over its useful life less any residual value on disposal. Deprecation on infrastructural assets additions will be accounted for in the year following asset expenditure. |
| Renewability or otherwise of external funding | Council has a multi option credit line facility of up to \$3.0 million. This facility was put in place to manage short term cash flow funding needs rather than long term funding needs. The facility is extendable annually at Westpac's option. We assume that the facility will be rolled over annually. |
| Other sundry income | We assume that council will continue to receive a petrol tax levy which is collected regionally. |

SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

The Clutha District Council (“the Council or CDC”) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

All available public benefit entity reporting exemptions under NZ IFRS have been adopted.

Basis of Preparation

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are presented in New Zealand dollars. New Zealand dollars are the Council’s functional currency.

The following accounting policies which materially affect the measurement of results and financial position have been applied:

SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

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



Rates Revenue

Rates revenue is recognised when it is levied.

Other Revenue

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Government grants are recognised as revenue when eligibility has been established with the grantor agency. Roading subsidies are recognised when the claims are approved by Land Transport New Zealand.

Dividends are recognised when the entitlement to receive the dividends is established.

Interest revenue is recognised on a time proportionate basis using the effective interest method.

Other Gains and Losses

Net gains or 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 the Council will receive the consideration due.

Grant expenditure

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

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

Leasing

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.

(a) The Council as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Council's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

(b) The Council as Lessee

Assets held under finance leases are recognised as assets of the Council at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

(c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Taxation

The Council is exempt from Income Tax in accordance with the Income Tax Act 2004, Section CW32.

Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and other short-term highly liquid investments that are readily convertible to a known amount of cash.

Financial Instruments

Financial assets and financial liabilities are recognised on the Council's Statement of Financial Position when the Council becomes a party to contractual provisions of the instrument. The 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.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

(i) Financial Assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, '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 income 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 Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss 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 the 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 profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Financial Performance. The net gain or loss is recognised in the Statement of Financial Performance and incorporates any dividend or interest earned on the financial asset. Fair value is

determined in the manner described later in this note.

The Council has classified its managed funds, held with ING, as financial assets at fair value through profit or loss. This fund includes cash, bonds and tradable securities.

Held-to-Maturity Investments

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Council does not hold any financial assets in this category.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those that are designated as fair value through equity 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 that Council holds for strategic purposes.

Equity securities held by the Council 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 Financial Performance. 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 Financial Performance for the period.

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 the 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 Financial Performance.

Loans, including loans to community organisations made by the Council at nil, or below-market interest rates are initially recognised at the present value of their expected 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 Financial Performance as a grant.

Money Market Deposits and Sinking Funds are included within this classification. Until 1 July, 1998 in certain circumstances funds were required to be set aside each year to meet future payments of loans and commitments. These funds, described as Sinking Funds, are administered by an independent body of Sinking Fund Commissioners appointed by the Council. The funds are included in the Statement of Financial Position. The Council drew down the sinking funds in 2007 to discharge the related liabilities..

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

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. 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 uncollectible, 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 Financial Performance.

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 Financial Performance 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.

(ii) Financial Liabilities

Trade and Other Payables

Trade payables and other accounts payable are recognised when the 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 Financial Performance over the period of the borrowing using the effective interest method.

(iii) Derivative Financial Instruments

From time to time the Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 26 to the financial statements.

The 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 remeasured to their fair value at each balance date.

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

There were no derivative financial instruments held by Council at 30 June 2008 or 30 June 2007.

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 the 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. The 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.

Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the Statement of Financial Performance.

Inventories

Development Properties

Development properties classified within Inventory are stated at the lower of cost or net realisable value. Cost includes planning expenditure and any other expenditure to bring the Development property to its present condition.

Other inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis with an appropriate allowance for obsolescence and deterioration.

Property, Plant and Equipment

The Council has the following classes of property, plant and equipment:

(a) Operational Assets

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

(b) Infrastructural Assets

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

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

The nature of land under roads are considered equivalent to land improvements and as such they do not incur a loss of service potential over time. Accordingly land under roads assets are not depreciated.

Cost/Valuation

Property, plant and equipment is recorded at cost or valuation (as appropriate) less accumulated depreciation and any accumulated impairment losses.

All assets are valued at cost, except for the following:

- Stormwater, wastewater and water infrastructural assets were valued at depreciated replacement value as at 30 June 2006 by Council staff and reviewed by Opus International Limited. Additions subsequent to 30 June 2006 are valued at cost. Stormwater, wastewater and water assets are revalued every 3 years.
- The roading infrastructural assets (excluding land under roads) were revalued on a depreciated replacement value at 30 June 2006 by MWH Limited. Subsequent additions are recorded at cost. Roading assets are revalued every 3 years.

All valuations are carried out or reviewed by independent qualified valuers and are carried out at least tri-annually. Valuations will be undertaken more regularly if necessary to ensure that no individual item within a class is included at a valuation that is materially different from its fair value.

Of the property, plant and equipment at cost the following classes are at deemed cost:

- Land and buildings - based on valuation at October 1990 with subsequent additions at cost.

Additions

Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, land under forests and land under roads. Rates are calculated to allocate the cost (or valuation) less estimated realisable value over the estimated useful life of assets.

Expenditure incurred to maintain these assets at full operating capability is charged to the Statement of Financial Performance in the year 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 | 2%-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% |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Financial Performance.

The costs to maintain the forestry assets are included in the Statement of Financial Performance.

Finite life intangible assets

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

(a) Software acquisition and development

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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 from the date the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance

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

| | | |
|-------------------|-------------|-----|
| Computer Software | 3 - 5 years | 33% |
|-------------------|-------------|-----|

Impairment of Non-Financial Assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset’s ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it’s remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the

asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant

asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Landfill Post-Closure Costs

The Council, as operator of the District’s landfills, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post-closure care arises.

The provision is measured based on the future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with the landfill closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset. Components of this are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

Cash Flow Statement

Cash means cash balances on hand, held in bank accounts and demand deposits the Council invests in as part of its day to day cash management.



Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt structure of the Council.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

Reserves and Council Created Reserves

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

Council created reserves are reserves established by Council decision. The Council may alter them without reference to third party. Transfers to and from these reserves are at the discretion of the Council.

The Council's objectives, policies and processes for managing capital are described in Note 26.

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Allocation of Overheads

Those costs of service not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

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

- Landfill aftercare provision

Note 14 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

- Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which

are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 the Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform or review the Council's infrastructural asset revaluations.

Critical accounting estimates and assumptions cont

Critical Judgements

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2008:

- Classification of Property

The Council owns a number of properties that are held for service delivery objectives, primarily to provide housing to pensioners as part of the Council's elderly housing policy. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are accounted for as property, plant and equipment.

Funding Impact Statement

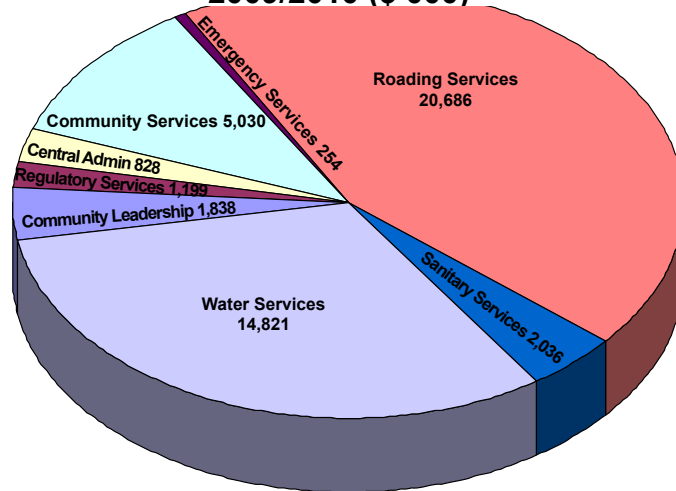
Introduction

In terms of the Local Government (Rating) Act 2002 and the Local Government Act 2002, Council is required to prepare a Funding Impact Statement disclosing the revenue and financing mechanisms it intends to use.

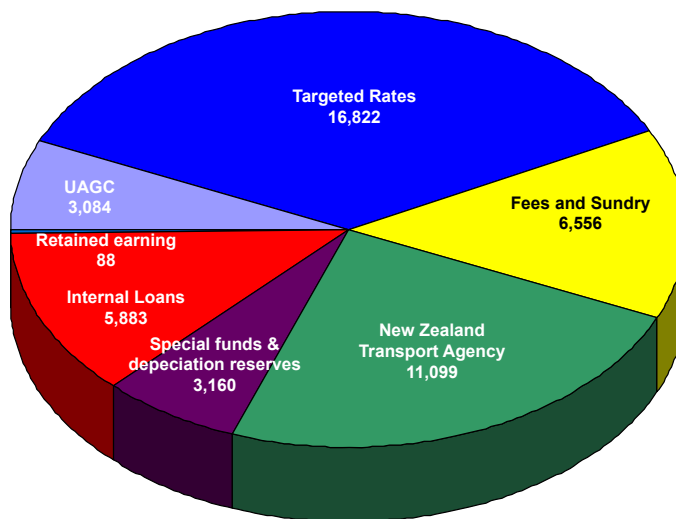
The information in this Funding Impact Statement is intended to achieve compliance with this legislation by, among other things, giving ratepayers full details of how rates are calculated.

This statement should be read in conjunction with Council's Revenue and Financing Policy which sets out Council's policies with respect to each source of funding of operating and capital expenses, i.e. the revenue and financing mechanisms to be used to cover the estimated expenses of the Council.

**Total Estimated Expenditure
2009/2010 (\$'000)**



**Funding Sources
2009/2010 (\$'000)**



The charts above show total estimated expenditure for the 2009/10 year, and how this expenditure will be funded for.

Estimated Expenditure & Funding Statement

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| ESTIMATED EXPENDITURE | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| Community Leadership | 1,838 | 1,983 | 2,437 | 1,998 | 2,042 | 2,036 | 2,083 | 2,181 | 2,184 | 2,240 |
| Central Administration | 828 | 910 | 1,109 | 898 | 896 | 952 | 996 | 1,053 | 1,018 | 1,163 |
| Regulatory Services | 1,199 | 1,213 | 1,228 | 1,272 | 1,286 | 1,333 | 1,349 | 1,406 | 1,423 | 1,481 |
| Community Services | 5,030 | 5,017 | 7,238 | 4,232 | 4,110 | 4,180 | 4,487 | 4,205 | 4,338 | 5,243 |
| Emergency Services | 254 | 262 | 268 | 275 | 281 | 321 | 294 | 302 | 310 | 318 |
| Roading Services | 20,686 | 19,121 | 22,393 | 25,928 | 24,254 | 22,792 | 22,913 | 22,478 | 22,313 | 22,905 |
| Sanitary Services | 2,036 | 1,963 | 1,976 | 2,333 | 2,748 | 2,684 | 2,777 | 2,766 | 2,829 | 2,898 |
| Water Services | 14,821 | 11,355 | 10,651 | 9,002 | 8,716 | 9,499 | 9,498 | 11,803 | 11,662 | 9,917 |
| Total | 46,692 | 41,824 | 47,300 | 45,938 | 44,333 | 43,797 | 44,397 | 46,194 | 46,077 | 46,165 |
| REVENUE & FINANCING MECHANISMS | | | | | | | | | | |
| UAGC | 3,084 | 3,202 | 3,249 | 3,317 | 3,358 | 3,442 | 3,514 | 3,601 | 3,692 | 3,794 |
| Targeted Rates | 16,822 | 18,220 | 20,025 | 20,893 | 21,594 | 22,150 | 22,804 | 23,436 | 24,000 | 24,784 |
| Fees & Sundry (1) | 6,556 | 4,043 | 6,143 | 3,409 | 3,389 | 3,462 | 5,520 | 4,202 | 3,774 | 3,926 |
| NZ Transport Agency | 11,099 | 10,578 | 10,932 | 14,563 | 13,470 | 12,254 | 12,185 | 11,744 | 11,654 | 11,962 |
| Special Funds & Depreciation | 3,160 | 2,487 | 3,232 | 3,652 | 2,102 | 2,511 | 1,802 | 3,660 | 2,580 | 1,857 |
| Internal Loans / Sinking Funds | 5,883 | 2,748 | 3,830 | 389 | 547 | 168 | 658 | 383 | 759 | 62 |
| Retained Earnings | 88 | 186 | 111 | 285 | 127 | 190 | 2,086 | 832 | 382 | 220 |
| TOTAL | 46,692 | 41,824 | 47,300 | 45,938 | 44,333 | 43,797 | 44,397 | 46,194 | 46,077 | 46,165 |

(1) Includes rate penalties and in-house business unit income but excludes interest income accrued in the income statement that is not used to offset expenditure.

Borrowings

The Council is undertaking internal borrowing of just under \$6.5 million in the 2009/10 financial year. These loans are to be taken out in line with the Council Liability Management Policy. The loans will be used to fund the cost of upgrades of various infrastructure assets and renewal of older loans. Interest payments and capital repayments will be funded from rates. The term of the loans will be determined at the time funds are raised.

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Internal and External Debt | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening Balance | 8,716 | 14,315 | 16,652 | 19,993 | 19,801 | 19,742 | 19,255 | 19,231 | 18,929 | 18,949 |
| New Internal Loans | 5,883 | 2,748 | 3,830 | 389 | 547 | 168 | 658 | 383 | 759 | 62 |
| Capital Repaid | (284) | (411) | (489) | (581) | (606) | (655) | (682) | (685) | (739) | (802) |
| CLOSING INTERNAL DEBT | 14,315 | 16,652 | 19,993 | 19,801 | 19,742 | 19,255 | 19,231 | 18,929 | 18,949 | 18,210 |

Detailed Description of Rate Funding Mechanisms

Council sets the following rates for the year commencing 1 July 2009 and ending 30 June 2010 in accordance with the Local Government Act 2002 and the Local Government (Rating) Act 2002. All monetary values disclosed below are inclusive of GST.

DISTRICT WIDE TARGETED RATES

DISTRICT ROADING

The roading rating is split between general rates for district roading and targeted rates for local roading. District roading recognises that the roading network is used by everyone in the district. The allocation takes into account the hierarchy of roads (arterial, collector and local). The rate for district roading will be set according to the capital value of all rating units in the district, at a rate of 0.0471 cents per \$1 of capital value.

The amount to be collected is \$3,092,200.

COMMUNITY WASTEWATER UPGRADE SUPPORT

This Community Wastewater Upgrade Support rate is used to fund investigations into establishing new sewage schemes and improving sewage disposal from existing systems. This rate will be set on the Capital Value of all rating units in the district. The amount to be collected is \$0 for 2009/10 but will apply in 2010/11.

WASTE MINIMISATION

A waste minimisation rate will be charged at a fixed amount of \$16.40 per separately used or inhabited part of a rating unit. This will be used to fund waste minimisation education and the introduction of drop-off recycling facilities.

The amount to be collected is \$166,500.

PLANNING/REGULATORY

The District Planning/Regulatory rate is used to fund the ongoing expense of managing the District Plan and fund the operation of regulatory services. It will be set on the Capital Value of all rating units in the district at a rate of 0.0049 cents per \$ of capital value.

The amount to be collected is: \$319,000.

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

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

A uniform annual general charge has been set on each separately used or inhabited part of a rating unit. The UAGC is offset by income from various sources. This is also outlined in the table below.

The amount to be collected from rates is \$4,152,900.

The UAGC will be \$422.60 per separately used or inhabited part of a rating unit throughout the district.

The uniform annual general charge will be used to fund the following Council activities:

| Activity | Amount \$ | Amount \$ |
|--|------------------|---------------|
| Council | 707,100 | 72.00 |
| District Development | 653,500 | 66.50 |
| Community Support | 548,100 | 55.80 |
| Clutha Recreation Centre | - | 0.00 |
| Main street improvements | 27,300 | 2.80 |
| Parks, reserves, sportsgrounds and playgrounds | 274,300 | 27.90 |
| Halls and community centres | 91,500 | 9.30 |
| Swimming pools | 225,900 | 23.00 |
| Corporate Management | 428,500 | 43.60 |
| Service Centres | 510,900 | 52.00 |
| Libraries | 675,400 | 68.70 |
| Animal Control | 16,000 | 1.60 |
| Civil Defence and Emergency Services | 94,000 | 9.60 |
| Cemeteries | 159,200 | 16.20 |
| Public Conveniences | 285,200 | 29.00 |
| Environmental Health | 195,800 | 19.90 |
| Rural Fire | 64,000 | 6.50 |
| Waiholo Domain and Kaka Point Foreshore | 36,600 | 3.70 |
| Subtotal | 4,993,300 | |
| UAGC (without other income) | | 508.10 |
| Other income | | |
| Property including camping grounds | 164,800 | 16.80 |
| General - petrol tax and investment income | 643,600 | 65.50 |
| In house professional services | 32,000 | 3.20 |
| Subtotal | 840,400 | 85.50 |
| Total to be rated for | 4,152,900 | |
| TOTAL | | 422.60 |

TARGETED RATES

Local Rooding

The local rooding rate funds the construction and maintenance of roads and footpaths within a locality/rating area (including traffic services). For Balclutha and Milton the local rooding rate also includes their portion of costs of funding main street improvements.

The local rooding targeted rate has been set on a differential basis based on location and will be charged on the land value of all the rating units in the District according to the table below.

| Rating area | Amount | Cents in \$ land value |
|--------------|------------------|---------------------------|
| Balclutha | 341,900 | 0.34166 |
| Clinton | 35,800 | 0.88669 |
| Kaitangata | 112,000 | 1.25643 |
| Kaka Point | 40,500 | 0.11144 |
| Lawrence | 65,600 | 0.39272 |
| Milton | 158,000 | 0.32879 |
| Owaka | 34,500 | 0.51418 |
| Stirling | 24,000 | 0.53331 |
| Tapanui | 55,500 | 0.72079 |
| Waihola | 22,000 | 0.11345 |
| Rural | 4,447,100 | 0.10129 |
| TOTAL | 5,336,800 | |

New Footpaths

A new footpath targeted rate has been set for the areas listed below. The rate will fund the construction of new footpaths. The targeted rate will be set differentially for each area as a fixed charge for each separately used or inhabited part of a rating unit according to the table below:

| Rating area | Amount | Fixed Charge |
|------------------------------|----------------|--------------|
| Balclutha | 42,100 | 20.00 |
| Clinton | 3,700 | 19.80 |
| Kaitangata | 3,800 | 8.80 |
| Kaka Point | 5,100 | 18.30 |
| Lawrence | 2,100 | 6.00 |
| Milton | 36,400 | 33.60 |
| Owaka | 4,100 | 20.10 |
| Stirling | 1,500 | 10.00 |
| Tapanui | 4,500 | 9.90 |
| Waihola | 3,300 | 16.00 |
| Total to be collected | 106,600 | |

COMMUNITY SERVICES

The Community Services rate is used to fund Town Halls, Community Centres, Camping Grounds, Parks and Reserves, Berms Sportsgrounds (for Balclutha rating area this includes the proposed Recreation Centre), Rural Stormwater, Rural Fire, Swimming Pools.

The Community Services targeted rate has been set on a differential basis based on location and will be charged on the land value of the rating units according to the table below.

| | Amount | Cents in \$ LV |
|------------------------------|------------------|----------------|
| Balclutha Township | 522,400 | 0.50494 |
| Clinton Township | 27,300 | 0.66922 |
| Kaitangata Township | 105,900 | 1.17081 |
| Kaka Point Township | 8,400 | 0.02115 |
| Lawrence Township | 72,300 | 0.41775 |
| Milton Township | 173,200 | 0.32165 |
| Owaka Township | 21,000 | 0.29200 |
| Stirling Township | 2,400 | 0.04065 |
| Tapanui Township | 43,600 | 0.49670 |
| Waiholo Township | 18,200 | 0.07469 |
| Rural | 246,800 | 0.00565 |
| Total to be collected | 1,241,400 | |

WASTE COLLECTION CHARGES

Waste collection charges are used to fund the cost of waste collection and disposal.

An annual waste collection charge has been set as a fixed charge based on the level of service provided.

Where a Council provided collection service is available the charge is set on the basis of the number of containers of waste which the Council is prepared to collect as part of its normal waste collection service, that is, one wheelie bin per property per week.

Additional bins provided to a rating unit will be subjected to an additional charge on a per bin basis. The provision of additional bins is at the discretion of Council.

Waste Collection per Bin is \$168.50

The amount to be collected is: \$956,300.

WATER SUPPLY TARGETED RATES

Township Supplies

Water rates will be applied to the operating, maintenance and capital expenditure of urban water schemes. A targeted rate for urban water supply has been set as a fixed charge for each separately used or inhabited part (SUIP) of a rating unit within the district that is either connected to one of the following schemes, or for which a connection is available for each SUIP. This targeted rate is differentiated based on the provision or availability of the service provided by Council (the categories are “connected” and “serviceable”). The rate for each scheme is shown in the table below:

| Location | Amount | Connected Per SUIP | Serviceable Per SUIP |
|------------------------------|------------------|--------------------|----------------------|
| Balclutha | 456,000 | 211.50 | 105.80 |
| Benhar | 16,900 | 331.90 | - |
| Clinton | 104,200 | 602.20 | 99.40 |
| Kaitangata | 189,700 | 483.90 | 79.80 |
| Kaka Point | 84,400 | 341.70 | 56.40 |
| Lawrence | 158,400 | 441.20 | 220.60 |
| Milton | 388,300 | 373.40 | 186.70 |
| Owaka | 59,500 | 256.50 | 42.30 |
| Stirling | 41,200 | 267.80 | 133.90 |
| Tapanui | 231,900 | 461.10 | 230.60 |
| Waiholo | 81,800 | 355.50 | 177.80 |
| Total to be collected | 1,812,300 | | |

Rural Supplies

Water rates will be applied to the operation, maintenance and capital expenditure for individual water supplies. Targeted rates for rural water supply have been set based on volume of water supplied to all consumers connected to the water schemes in the table below:

| Location | Amount | Per Unit of Water |
|------------------------------|------------------|-------------------|
| Balmoral 1 | 130,100 | 177.80 |
| Balmoral 2 | 256,600 | 166.50 |
| Clydevale/Pomahaka | 566,700 | 337.50 |
| Glenkenich | 323,500 | 160.90 |
| Moa Flat | 306,400 | 120.40 |
| North Bruce | 319,300 | 166.50 |
| Richardson | 405,000 | 176.80 |
| South Bruce | 201,300 | 138.40 |
| Tuapeka | 381,900 | 242.10 |
| Waipahi | 116,400 | 187.70 |
| Wangaloa | 104,400 | 260.40 |
| Total to be collected | 3,111,600 | |

Note: A unit of water = one cubic metre per day

SEWERAGE CHARGES

Wastewater rates will be applied to the operating and maintenance costs and capital expenditure for respective schemes. A targeted rate for wastewater has been set as a fixed charge for each separately used or inhabited part (SUIP) of a rating unit within the district which is either connected to one of the following schemes, or for which a connection is available for each SUIP. This targeted rate is differentiated based on the provision or availability of the service provided by the Council (the categories are “connected” and ‘serviceable”). The rate for each scheme is shown in the table below:

| Location | Amount | Connected Per SUIP | Serviceable Per SUIP |
|------------------------------|------------------|--------------------|----------------------|
| Balclutha | 403,400 | 186.80 | 93.40 |
| Benhar | - | - | - |
| Clinton | 60,000 | 340.80 | 56.23 |
| Heriot | 37,200 | 483.80 | - |
| Kaitangata | 94,500 | 259.00 | 42.74 |
| Kaka Point | 67,000 | 266.80 | 44.02 |
| Lawrence | 70,600 | 220.50 | 110.25 |
| Milton | 201,700 | 202.50 | 101.25 |
| Owaka | 56,000 | 272.90 | 45.03 |
| Stirling | 52,900 | 378.00 | 189.00 |
| Tapanui | 70,800 | 155.30 | 77.65 |
| Waiholā | 68,900 | 337.50 | 168.75 |
| Total to be collected | 1,183,000 | | |

CAPITAL SEWERAGE LOAN

A targeted capital sewerage loan rate has been set as a fixed charge for each separately used or inhabited part (SUIP) of a rating unit within the historical area of Balclutha benefiting from the loan, that did not elect to make a lump sum contribution. This targeted rate is differentiated based on the provision or availability of the service provided by Council.

| Location | Amount | Connected per SUIP | Serviceable per SUIP |
|-----------|--------|--------------------|----------------------|
| Balclutha | 40,500 | 73.00 | 36.50 |

These charges are to fund the debt servicing costs of loans.

STORMWATER CHARGES

Stormwater rates will be applied to the operating, maintenance and capital expenditure for individual schemes. A differentiated targeted rate has been set for stormwater as a fixed charge for each separately used or inhabited part (SUIP) of a rating unit within the district that is either connected to one of the following schemes, or for which a connection is available. This targeted rate is differentiated based on the provision or availability of the service provided by the Council (the categories are “connected” and ‘serviceable”). The rate for each scheme is shown in the table below:

| Location | Amount | Connected Per SUIP | Serviceable Per SUIP |
|------------------------------|----------------|--------------------|----------------------|
| Balclutha | 231,800 | 114.10 | 57.05 |
| Clinton | 13,500 | 81.30 | - |
| Kaitangata | 45,300 | 129.40 | - |
| Kaka Point | 27,100 | 112.50 | - |
| Lawrence | 43,900 | 146.30 | 73.15 |
| Milton | 147,000 | 156.40 | 78.20 |
| Owaka | 14,100 | 73.10 | - |
| Tapanui | 61,400 | 146.30 | 73.15 |
| Total to be collected | 584,100 | | |

COMMUNITY BOARD TARGETED RATES

A targeted rate has been set as a fixed charge for each separately used or inhabited part (SUIP) of a rating unit for each community board area. The fixed charge for each area is the following:

| Location | Amount | Per SUIP |
|------------------------------|----------------|----------|
| West Otago Area | 78,400 | \$83.00 |
| Lawrence/Tuapeka Area | 75,800 | 111.50 |
| Total to be collected | 154,200 | |

These rates will fund the operations of the individual community boards. A portion of the rate collected will also fund 80% of main street improvements in Tapanui/Lawrence.

Payment of Rates

DUE DATES FOR PAYMENT OF RATES

All rates will be payable in four instalments. The due dates for these instalments are:

- Friday, 28 August 2009
- Friday, 27 November 2009
- Friday, 26 February 2010
- Friday, 28 May 2010

PENALTIES

A 10% penalty is to be added on the next business day (i.e. 31 August 2009, 30 November 2009, 1 March 2010, 31 May 2010 respectively) to so much of any instalment not paid on or before the due date.

Rates unpaid from previous years will incur a further 10% penalty on 1 October 2009 and again on 1 April 2010.

DISCOUNT

Council will allow a discount of 2.5% where a ratepayer pays the year's rates in full on or before the due date for the first instalment of the year, being Friday, 28 August 2009.

PAYMENT OPTIONS

Rates shall be payable by any of the following ways:

Cash, cheque or EFTPOS (excluding credit cards) made at any of the following places:

- Council Office, 1 Rosebank Terrace, Balclutha
- Balclutha Information Centre, 4 Clyde Street, Balclutha
- Milton Service Centre, 124-126 Union Street, Milton
- Tapanui Service Centre, Suffolk Street, Tapanui
- Lawrence Service Centre, 5 Peel Street, Lawrence

Cheques posted to Clutha District Council, PO Box 25, Balclutha

Monthly or quarterly direct debits

Automatic payments

Council does not accept payments by credit cards.

UNECONOMIC BALANCES

Rates set on rating units that are \$10 or less are considered uneconomic and will not be collected.